



Ref: RailTel/ Sectt/ 21/ SE/ S-16

Date: August 19, 2021

<p>लिस्टिंग विभाग नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड 'एक्सचेंज प्लाजा', सी-1, ब्लॉक जी, बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (ई), मुंबई - 400 051</p> <p>Listing Department, National Stock Exchange of India Limited 'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051</p> <p>Scrip Symbol- RAILTEL</p>	<p>कॉर्पोरेट संबंध विभाग, बीएसई लिमिटेड, रोटुंडा बिल्डिंग, पी जे टावर्स, दलाल स्ट्रीट, किला, मुंबई - 400 001</p> <p>Corporate Relationship Department, BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001</p> <p>Scrip Code- 543265</p>
---	--

**Sub: Outcome of Analyst/ Investor Conference.**

Dear Sir/Madam,

In reference to our previous communication dated 11<sup>th</sup> & 13<sup>th</sup> August, 2021 regarding Investors/Analyst Conference Call, please find enclosed the transcript of the Conference Call held on 13<sup>th</sup> August, 2021, organised by M/s. Haitong Securities India Private Limited.

2. This is submitted for your information and record.

धन्यवाद,

सादर,  
रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड के लिए



*[Handwritten Signature]*  
19/08/2021

जे एस मारवाह

कंपनी सचिव और अनुपालन अधिकारी  
सदस्यता संख्या - एफ सी एस 8075

Encl: As above

रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड (भारत सरकार का उपक्रम)  
RailTel Corporation of India Ltd. (A Government of India Undertaking)

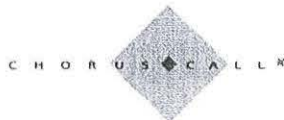
CIN : L64202DL2000GOI107905

Registered & Corporate Office : Plate-A, 6th Floor, Office Block, Tower-2, East Kidwai Nagar, New Delhi - 110023  
T : +91 11 22900600, F +91 11 22900699 | Website : www.railtelindia.com



“Railtel Corporation of India Limited Q1 FY-22 Analyst & Investor Conference Call”

August 13, 2021





*Railtel Corporation of India Limited  
August 13, 2021*

**MANAGEMENT:** SHRI PUNEET CHAWLA – CHAIRMAN &  
MANAGING DIRECTOR  
SHRI SANJAY KUMAR – DIRECTOR  
(NETWORK PLANNING & MARKETING)  
SHRI ANAND KUMAR SINGH – DIRECTOR  
FINANCE & CFO

**MODERATOR:** MR. URMIL SHAH – HAITONG SECURITIES





*Railtel Corporation of India Limited  
August 13, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY22 Analyst and Investor Conference Call of Railtel Corporation of India Limited. As a reminder, all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Urmil Shah from Haitong Securities. Thank you and over to you.

**Urmil Shah:** Thank you Zaid. Good evening everyone, I trust you and your dear ones are safe. Welcome to Railtel Q1 FY22 Earnings concall. From the senior management of the company we have on the call the Chairman and Managing Director, Shri Puneet Chawla, Director of Network Planning and Marketing, Shri Sanjay Kumar, and the Director Finance and CFO, Shri Anand Kumar Singh. We at Haitong Securities are thankful to RailtelCorp management, for providing us the opportunity to host the call. We will start with opening remarks from CMD sir. And then we will open up the floor for Q&A. CMD sir, over to you.

**Puneet Chawla:** Good evening everybody. Welcome you all to this concall of Railtel Corporation of India Limited for the Results of quarter ended 30th June 2021. I hope you and your dear ones are safe in these challenging time. In Q1 FY22, the second wave of COVID impacted the country in a big way .

However, now it's good to see that the infections are coming down from the peak of Q1 and also there is an increase in the vaccination rate. The risk of the third wave of infections is not yet behind us and remain difficult to predict. Excluding this impact of severe third wave we remain optimistic about the rest of financial year 22. Yesterday, the company had announced the financial results for the quarter ended June 21. And the same has been disclosed on both the stock exchanges. I shall first give a brief overview about Q1 FY22 results post which we shall have the question-and-answer session.





*Railtel Corporation of India Limited  
August 13, 2021*

For Q1 FY22 consolidated revenue grew 21% year-on-year to a 307 crore and PAT grew 31% year-on-year to 21 crore. The telecom segments continued on its growth momentum and reported a growth of 18% year-on-year to Rs.231 crore. The project segment reported a growth of 29% year-on-year to Rs.76 crore. Importantly the segmental EBIT margin of the project segment increased to 22.5% in Q1 FY22 from 19.9% in the corresponding last quarter, quarter of FY21. This offset the decline in EBIT margin of the telecom segment to 16.7% versus 18.9% in the corresponding quarter of FY21. ECL provision for Q1 FY22 was at Rs.30.23 crores versus Rs.15.86 crores in Q1 of FY21. The CAPEX for Q1 FY22 was at Rs.18 crores. The new orders received during the quarter was 341 crore, the order book at the end of Q1 FY22 stood at around 4000 crore.

In Q1 of this year impact of COVID was even more than first wave . Railtel also suffered a lot with around 25% of our executive being affected. The same is now under control, we have also seen a significant improvement in vaccination. However, the third wave of COVID and the impact of the same remain still uncertain. At Railtel we continue to be resilient, and I'm confident that we would come out stronger from these tough times and in coming months to come. With this, we can now move on to be question-answer session. Thank you.

**Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from line of Divya Jain from ICICI Mutual Fund. Please go ahead.

**Divya Jain:** Sir, I just wanted to know the reason for the dip in margins in the telecom segment and if you could just provide a outlook there or so?

**Puneet Chawla:** The dip has occurred due to some reduction in the NLD business , though our ISP segment has grown substantially, it has grown by 77%. But the dip is due to some about Rs.20 crore which was down in the NLD segment. This is primarily due to the size of MPLS sites not being available due to COVID, people not being permitted to enter there. And then in fact the





*Railtel Corporation of India Limited  
August 13, 2021*

orders also not coming during this period because of various government offices being closed or staff not being available. So, the hit on Q1 on this NLD and these projects to an extent. Though projects the EBIT margin has increased, that is there but in absolute terms the project execution was also hit.

- Divya Jain:** And that will be come back with the revenue coming back, is that the fair way to assume?
- Puneet Chawla:** Yes, that revenue will come back, that revenue had to come to us only. Right something which we have to commission by June, it got deferred and it's commissioned by August like some coal companies, where revenue got deferred.
- Divya Jain:** Okay. And sir when you keep talking about the order book of 4000 odd crore, can you just give us a sense in terms of how much of that will flow in telecom and how much would be in project or is this going to be project basis?
- Puneet Chawla:** It is basically project business. Both were in crores, this includes the projects which are ongoing also. This is mainly this does not include the telecom service sector.
- Divya Jain:** Okay. So, it will be not be something like, maintenance or recurring thing in telecom and one time in projects, it's not going to be that way, it's just going to be everything in project?
- Puneet Chawla:** No, telecom of course it's there, recurring of course is there. Right now, about 800, more than 800 Crore is our recurring thing in the telecom services sector, recurring revenue. In this 4000 this recurring we have included but this is included once, but it will recur every year.
- Divya Jain:** I just want to understand how much like your rough range of this 4000 which could be recurring, in terms of, like you said for the existing business





*Railtel Corporation of India Limited  
August 13, 2021*

more than 800 crores is the recurring, in that same way if you could just define for this 4000?

**Puneet Chawla:**

In 4000 recurring will be to this tune only.

**Divya Jain:**

Okay. And sir in terms of the impact from COVID, do you see any green shoot - government spending, have started spending considering things are opening now?

**Puneet Chawla:**

Yes, when things are opening now, we have started getting more orders. Our orders have started coming in at an increased pace.

**Divya Jain:**

Sir, when you say increase pace it's just that, you're getting the past lost orders back or it's incremental about that?

**Puneet Chawla:**

No, incremental new orders I am talking about.

**Moderator:**

Thank you. Next question is from the line of Vishal B, an Investor. Please go ahead.

**Vishal Bulbule:**

I'm an individual investor over here in Railtel, and my question is regarding that we have won the new spectrum, the five megahertz spectrum. So, I just want to know when can we expect the new contract from the government you said that around 5000 crores of work will be coming to Railtel out of 25,000 crores so when can we expect that in this year?

**Puneet Chawla:**

See, of course spectrum has been allotted to the railways. So, very soon, I cannot commit by what time, but when it is expected that they will decide on it in the near future in coming months that their line of action to execute the work and we are certainly very hopeful that from the TCAS and LTE both, we will get our pic .

**Vishal Bulbule:**

Okay. And my next question would be on the towers which are going to be co-located. So, what is the plan exactly on this, are we going to set up new





*Railtel Corporation of India Limited  
August 13, 2021*

towers across India, across the rail lines and will this happen this year in the coming two, three quarters?

**Puneet Chawla:**

No, see at least 35000 route kilometers is sanctioned for LTE, it will require approximately 3500 towers, if we take a conservative figure. So, this cannot come in this year, whole cannot come in this quarter or next two quarters. This year we can expect that some of the towers will start getting constructed and because this is a thing which will take about two years to be completed.

**Moderator:**

Thank you. Next question is from the line of Dharamveer Sharma an Investor. Please go ahead.

**Dharamveer Sharma:**

When will the dividend be credited?

**Puneet Chawla:**

As per the annual general meeting, so we hope to hold it in September.

**Dharamveer Sharma:**

Okay. Is there any cutoff date for that?

**Puneet Chawla:**

Cutoff date we have not yet fixed but it will be done in September.

**Moderator:**

Thank you. Next question is from Hiral Shah from Investec. Please go ahead.

**Hiral Shah:**

I actually have two questions. One is on the margin trajectory going forward given the dip in margins in the telecom business this quarter and the second one is, how do you expect the ECL provisioning to be going forward was this quarter an unusual quarter in terms of the provisioning or do we expect provisions at similar levels going forward?

**Puneet Chawla:**

As I have told earlier also that telecom margins in this quarter was less because of the NLD segment though the ISP segment you see it has grown by 77%. But, NLD since we were dependent upon others in the NLD sectors and in COVID affected this implementation as well as new orders badly, so that is why it could not be, it was lower and we expect in the coming quarter







*Railtel Corporation of India Limited  
August 13, 2021*

it will be made good. And ECL provisioning will be ideally around 40 crore or so.

- Hiral Shah:** Okay. Got it, and on this project margins do we expect to maintain the project margins at this trajectory and also are we winning, could you give some color on the new kind of project deals which we have started winning post the lockdown?
- Puneet Chawla:** Post lockdown?
- Hiral Shah:** Sir post the lockdown got over the second wave of COVID you mentioned that the order wins have started increasing. So, could you give some color on the new orders which you have been booking?
- Puneet Chawla:** Like order of.
- Hiral Shah:** Sir on the 341 crore new orders which you received this quarter?
- Puneet Chawla:** Order of air force is there, which was around 89 crore, so that was one order which we got from the Air Force. And then the other orders include some, there were orders PGDA, Controller General of Defense Account from there we have got the order, we have got the order ECL- Eastern Coalfield, then Coal Field, then from Cotton Corporation of India, then this private sectors like Sagar Cable Networks, then Odisha State Transport Authority, then CMPDL, these are lot of which we have won.
- Hiral Shah:** Understood. And sir, last question from my side, would it be possible to quantify this COVID related revenue decline this quarter, which we expect to come through in the coming quarter?
- Puneet Chawla:** Quantification will be difficult but around 50- 60 crores in that range you can consider.
- Moderator:** Our next question is from the line of Urmil Shah from Haitong Securities. Please go ahead.





*Railtel Corporation of India Limited  
August 13, 2021*

- Urmil Shah:** Sir, just to clarify, you said the COVID related impact on revenue was to the extent of 50 crores?
- Puneet Chawla:** Yes.
- Urmil Shah:** Sure. And just wanted to understand that, if given the impact in Q1 on the telecom segment if we look at term of full year, Sir my question was that, given the impact on the telecom segment in the Q1, if we look at the full year as a whole for FY22, what would it take for the segment to report a double-digit growth, I'm looking at FY22 and a Y-o-Y growth comparison.
- Puneet Chawla:** I am confident that it will be double digit growth, about NLD because I have already enumerated the reasons due to which it was negative growth actually, but in the whole year, it will be near, since we started delivering, started getting order, started showing results, so I have no doubt that it will improve, it will certainly grow into double digits.
- Urmil Shah:** Sir the second question was on the project segment, earlier we have talked about Bharat Net development in towards the state and meaningful ones, a update on that would be helpful. Sir we have talked about opportunity in Bharat Net deployment in towards the large states, so update on that would be helpful, should we expect that to come in the rest of the year, or it's likely to move to the next year?
- Puneet Chawla:** We had already submitted the detailed proposal, approval has not yet come but they are not in the list of the projects, which have been called for which PPP RFP have been called. So, we are still hopeful that for those two states, we are still in the reckoning because it is for DOT to decide. So, I cannot commit anything here for that, but we are still hopeful.
- Urmil Shah:** Sure. Sir and just a last question was, a while it will be difficult to gauge that, but what will be the period from when there is a upside risk of recoveries from the ECL provision that we have made. So, what I'm referring to is, we started making this provision in Q4 of FY20 onwards,





*Railtel Corporation of India Limited  
August 13, 2021*

and it's been like a six quarter. So, from what period you believe that actually, there could be recoveries that can start coming in and I'm not asking for a number on the recovery front, but when is the time from which the provisions can reverse and become a upside to our numbers?

**Puneet Chawla:**

This is a continuous process. So, which will continuously be reversed and then some number will be added.

**Urmil Shah:**

Okay. Sir so would it be possible to share since we started doing the provisioning, how much would have got reversed? If we started doing the ECL provisioning from FY20 onwards, what would be the amount that would have got reversed, the recovery sir?

**Management:**

See ECL provisioning is being done on the debtor, now we started this from FY20, with the increase in turnover, the debtor position also increases. And as per IndAS 109 provision, we require to do ECL provisioning. Now, I will just compare the debtors position, as on Q1 of FY21 it was 730 crore, in Q1 FY22 the debtors is 960 crore, there is a growth in the debtor of 230 crore basically it's the government debtors like BSNL, and VSS. So, the ECL provisioning that has been done in Q1 of FY22, 28.73 crore ECL provision is for the government-debtors with the provisioning is as per the requirement of IndAS 109. But we never doubt that this recovery, this amount will not be recovered, though the payment is slow, but the amount will be recovered and there will be no question of writing it off. As we got private dues, the provision has been done to the tune of 1.50 crore. This shows that the private parties are prompt in payment. So, we are complying with the requirements of IndAS 109 by making the provision going forward. Since this COVID situation is stable the offices are now starting to run with the full force. We are hopeful that we will continue to realize our dues from government and as the dues are realized the provisioning will either be static or it will reverse.

**Moderator:**

Thank you. As there are no further questions, I now hand the conference over to Mr. Urmil Shah for closing comments. Over to you sir.



104707/2021/O/o ED/Finance/CO/RCIL



*Railtel Corporation of India Limited  
August 13, 2021*

**Urmil Shah:**

Thanks, Zaid. Thank you everyone for participating in the call. CMD sir you would want to give any closing remarks?

**Puneet Chawla:**

So, in the end, I would just want to reassure everybody that the company's on a good growth trajectory and the results of further quarters also of FY22 will be encouraging and much better than the FY21 quarter performance. So, the customers, the government customers, both the government and the private customers both are having good confidence in us and on our service. Thank you.

**Moderator:**

Thank you very much sir. With this, we conclude. Ladies and gentlemen on behalf of Haitong Securities, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

*H.C. Batra*  
H.C. Batra  
(CRO)

