Sub: Outcome of Analyst/Investor Conference Call held on Friday, 12th August, 2022.


Dear Sir/Madam,

In reference to our previous communication dated 08th August, 2022 regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript (duly signed by CIRO) of the Analyst/Investor Conference Call held on Friday, 12th August, 2022, organised by M/s. IDBI Capital Markets & Securities Limited.

2. This is submitted for your information and record.

Thanking you,

[Signature]

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"RailTel Corporation
Q1 FY2023 Earnings Conference Call"

August 12, 2022

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MANAGEMENT:  MR. SANJAI KUMAR – DIRECTOR – NETWORK PLANNING & MARKETING & DIRECTOR PROJECT OPERATION & MAINTENANCE – RAILTEL CORPORATION OF INDIA LIMITED
MR. ANAND KUMAR SINGH – DIRECTOR FINANCE – RAILTEL CORPORATION OF INDIA LIMITED
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Ladies and gentlemen, good day and welcome to the RailTel Corporation Q1 FY2023 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “**” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vishal Periwal from IDBI Capital. Thank you and over to you Sir!

Good afternoon everyone. Welcome to the RailTel Corporation post result earnings call for this quarter and I also would like to thank the management for giving us this opportunity to host the call. From the management team today, we have with us Mr. Sanjai Kumar, our Director, Network Planning and Marketing and he has also additional charge of Director Project Operation and Maintenance. The second person we have today is Mr. Anand Kumar Singh, Director Finance, RailTel Corporation and Mr. Vineet Singh, Executive Director Enterprises Business so as usual we will have a brief overview from the management side and then we will have a question and answer session. Sanjay Sir over to you.

Thank you Mr. Vishal.

A very good afternoon to all so at the outset I would like to congratulate all of you on this last week of celebration of our Azadi Ka Amrit Mahotsav going on for past 75th week and 75th Independence Day in advance.

It gives me great pleasure to interact with you on the company's performance in the backdrop of Q1 results that is FY2022-23 which was declared on August 10, 2022. The company achieved consolidated operating revenue of Rs.377 Crores for Q1 as against Rs.307 Crores in the corresponding period of FY2021-22 registering a year-on-year growth of 23%. RailTel posted profit before tax of Rs.35 Crores during Q1 of financial year FY2022-FY2023 with growth of 25% on year-on-year basis. Profit after tax for the Q1 also registered the growth of 24% on year-on-year basis at Rs.26 Crores. Telecom business contributed Rs.274 Crores to the turnover and project business contributed Rs.103 Crores. Margin in project business has been under stress during the quarter but the company is confident of achieving overall project margins in line with the financial year FY2021-FY2022. Margins in the telecom business is also subdued due to increase in operation and maintenance cost of fiber and equipment but the company is confident that going forward with the flow of telecom business from new sections taken over the profit margin in the telecom sector will reach the level seen in the past. Earnings per share for Q1 of FY2022-23 has also increased by 23% as compared to Q1 of last year. EBITDA for Q1 of FY2022-23 is Rs.74 Crores and the EBITDA margin is 19.22%. During Q1 FY2023, the company received new orders totaling Rs.662 Crores and the current order book stands at Rs.5800 Crores plus. The company has also finalized the VSS tender under Nirbhaya fund project for providing video surveillance systems on important Indian Railways stations and Letter of Acceptance issued which are worth about Rs.411 Crores. The project execution will begin shortly and major part of this project shall be completed during current financial year. With a robust order book position and continued participation in high ticket tenders, we are confident about continuing the momentum of profit and growth in future. We are committed to provide best services to all our stakeholders and will continue to expand diversify and upgrade our portfolio of products. The management humbly acknowledges the trust reposed by the investors.
in the company and would like to assure you all that in spite of different challenges still being faced by the country in general and the economy in particular, the company is and will continue to strive to achieve new benchmarks in the current financial year and in the years to come. Thank you all.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Good afternoon Sir. Thanks for taking my questions. The first one is on the telecom services revenue per se, it has declined sequentially while the perception of the expectation was that as the railway ramps up and as the lockdown eases the things should potentially move towards a better revenue trajectory? Can you help us explain what has led to this sequential decline in the telecom services revenue and how should this would pan out for this year that is the number one question? Number two question is on the project revenue side? Now that we have given LOA so this Rs.400 Crores of additional revenue from the VSS will come so what is the total project execution out of this Rs.5800 Crores of order book is expected to happen in FY2023 that is number two? Number three is on the tendering of COD, RDN and I think we were also in the process to put towers and data centers so what is the outlook on these tendering and how should one expect the revenue coming in from these things? So these are the three initial questions? I have a few more let me come back on them after these questions thank you?

Sanjai Kumar: Regarding sequential decline in telecom revenue first we will answer that question so actually in the telecom sector generally what is happening there is continuous pressure on prices that is one factor. That is not the only factor but our billing pattern is such that generally in Q1 the revenue is not as much as in other quarters. The billing patterns in some cases is annual and in some is quarterly so because of that I think you may be perceiving that.

Sanjesh Jain: Okay so what you are telling and what Sanjai Sir is telling what I can conclude from it is that despite Rs.13 Crores not being there and despite seasonally Q1 being slightly slower on the revenue recognition these numbers are good so that establishes a base for a much better growth coming in next three quarters of the nine months is that a fair assumption?

Sanjai Kumar: Absolutely yes.

Sanjesh Jain: Okay great and on the project revenue side with the VSS being awarded and large order book what should be the project execution for this year?

Sanjai Kumar: So if we talk of project business VSS in particular out of this Rs.400 plus Crores order we expect that we can book about close to somewhere around Rs.300 Crores of revenue this year and overall project business revenue we are expecting to book this year is around somewhere around Rs.800 Crores to Rs.900 Crores.

Sanjesh Jain: Including this Rs.300 Crores right?
Sanjai Kumar: Yes.
Sanjesh Jain: And here we are not facing any challenges in terms of equipment supply and all that?
Sanjai Kumar: We are in fact taking this into account so that if any other eventuality is there or other any other incidental hurdle does not come into play, we are expecting that international semiconductor shortage issue will continue to be basically subside and we will be able to deliver.
Sanjesh Jain: So this is assuming that the easing of chipset happens and should there be no supply chain issue so we should be able to do Rs.800 Crores to Rs.900 Crores normalized basis?
Sanjai Kumar: Yes.
Sanjesh Jain: Where are we in terms of tendering COD and RDL?
Sanjai Kumar: RDN tender is under evaluation is under final stages and COD tender is also is likely to be opened this month itself. It’s last date is till I think August 22 for the bid submission.
Sanjesh Jain: Okay and by when we should see this revenue?
Sanjai Kumar: The third question was about towers and data centers so these two projects data center as well as towers this year or maybe even next year first half we are likely to get any revenue because these are the long gestation period tenders. This will take some time to get executed and then only the revenue will start.
Sanjesh Jain: So it will only come in second half of FY2024?
Sanjai Kumar: Yes.
Sanjesh Jain: So we are at least 18 months away for this right?
Sanjai Kumar: Yes.
Sanjesh Jain: Okay thanks for these initial questions to get answered and I have a few more. Project business EBIT margin has been under focus for two quarters so what is leading because earlier I think we were doing like 9%, 10%, 11% and 12% and in few quarters it was better than that because I think there was a contribution of COD but even if I remove we have always been about 8% to 9% EBIT margin so what is causing this subdued EBIT margin in the project business.
Anand Kumar Singh: Currently if you compare with the sequential quarter of March we have crossed 3.94% margin in the project business which is basically because of the execution of project which was a defense related project which was taken at a margin of 4% so we are executing this project and this will in fact be completed in this financial year but let me assure you from the management side that going forward by the end of this financial year, we will achieve the profit margin in the project around 8.37% to 8.5%.
Sanjesh Jain: Okay got it and the lower margins in the telecom which Sanjai told in his opening remark was more to do with the equipment challenge and all how are we seeing that trend? Is that easing out? Will the margins which we were doing earlier at 28% to 29% are we on track to go there?
Anand Kumar Singh: I will take this question. Here we need to understand one thing. We take sections OFC sections from the railways okay. Now these sections need to be maintained. There are some sections which are taken where the margin of revenue is very skeletal, but it provides me a ring for the
existing network so that the SLA penalty does not occur but yes when we take these sections, we are looking for fresh businesses, new businesses and when the new businesses will be on boarded the profit will be there for all to see.

Sanjesh Jain: So what profit should we look on a normalized basis?

Anand Kumar Singh: 19% which we are showing it can go up. On these new sections if we are able to onboard new business the revenues can go even higher. The margin can go even higher but 19.5% will be the basic norm going forward also.

Sanjesh Jain: Sir 19.5% steady state at least we will do and if we were able to sweat the asset better then the margins can only go up right?

Anand Kumar Singh: Right yes absolutely right.

Sanjesh Jain: Got it Sir. Just two last bookkeeping questions. Employee cost of this 50 Crores is a steady state right? It is after the revision of the wage?

Anand Kumar Singh: Yes. It is due to increasing the salary of outsourced staff where we need to maintain with the minimum wages act. Then is a 10% escalation also, so this employee benefit this is a normal increment.

Sanjesh Jain: Okay and the access charges were also higher this quarter is it more to do with the supply chain challenges is it?

Sanjai Kumar: Access charges yes. Access charges are generally related with the telecom business from projects which we are taking up so there we are going away from railway network. Basically our network is in two parts. One is where we have network along the railway track but we are now going beyond railways to wherever customer needs are there and till now we have been able to build around 20,000 plus kilometer of network which is not along the railway track so we are earning revenue from such network also. Hence our access network expenses are there.

Anand Kumar Singh: And it is contributed by the O&M expenses also. The access charges are going up due to the O&M expenses also.

Sanjesh Jain: Got it and what is the capex expectation for the full year?

Sanjai Kumar: Rs.150 Crores.

Sanjesh Jain: Got it. Thank you Sir. Thank you for answering all my questions and best of luck for the coming quarters.

Moderator: Thank you. The next question comes from the line of Dixit Doshi from Whitestone Financial. Please go ahead.

Dixit Doshi: Thanks for the opportunity. Sir my first question is related to this RDN project? You mentioned that it is under evaluation so is my understanding right that I think the last date of bid submission was somewhere in the first week of July or end of July so we must have received the bid and now we are evaluating and as and when the evaluation finishes we will announce the final bidder is it right?
Sanjai Kumar: Yes. It is under final stage of evaluation so as and when it is decided the final winner will be announced.

Dixit Doshi: I understand you cannot mention the name of the bidder but if you can just give us a broad understanding that how many bids we have received and just the kind of company?

Sanjai Kumar: It is under the custody of tender committee which is a confidential matter so it is not disclosed prior to final declaration of winners.

Dixit Doshi: Okay even you cannot say how many bids we have received?

Sanjai Kumar: No.

Dixit Doshi: Okay and any broad sense of only the domestic or the international?

Sanjai Kumar: I think let us avoid such questions in this quarter.

Dixit Doshi: Okay and my second question is regarding this rail wire, our broadband business so how many subscribers we have and how much was the ARPU this quarter?

Sanjai Kumar: Subscribers 4.69 lakhs and the ARPU is around 560.

Dixit Doshi: 560?

Sanjai Kumar: Yes.

Dixit Doshi: And how do you see this subscriber addition by this year end because I assume that in one of the six months back presentation it was mentioned that we were targeting 10 lakh subscribers by year end so do you see of doing that?

Sanjai Kumar: See what is happening this industry there is always a volatility and new operators are coming in. They are launching new models, OTT, IPTV and all that so there is a struggle and RailTel is basically targeting urban, semi urban and rural segment. We have recently launched our OTT plus IPTV in localized one or two circles and we are expecting good results from that so growth over this during this financial year if not 10 at least we are expecting that it will be somewhere around seven to eight lakhs.

Dixit Doshi: Okay fine Sir. That is from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Venkatesh Subramanian from LogicTree. Please go ahead.

Venkatesh Subramanian: Good morning Sir. Sir I have two questions. Sir one is can you give us some update on how the Kavach project is proceeding is there anything that we need to know any new developments and the second question is for the full year Sir broadly for FY2023, I think in your last concall we guided for about 20% to 25% growth any sort of revenue guidance can you give us?

Sanjai Kumar: So Kavach is basically under development state. In fact, Ministry of Railways has set up a center of excellence for complete specification of Kavach. It is not yet developed completely but a few tenders were floated by some zonal railways. RailTel did not participate in those tenders because of this reason only that we would like to partner with some OEM at least where the product has completely or to a large substantially matured. We will certainly be in this segment but we are waiting and regarding FY2023 guidance 20% growth will be there.
Venkatesh Subramanian: Broad top line growth Sir?
Sanjai Kumar: Yes.

Venkatesh Subramanian: And is it safe to assume EBITDA margins at 19% to 20% what would that number be?
Sanjai Kumar: Yes.

Venkatesh Subramanian: Yes okay. Sir coming back to Kavach, so Kavach significant developments or partnering who do you want to tie up with will happen this financial year or next financial year Sir?
Sanjai Kumar: This financial itself.

Venkatesh Subramanian: Okay Sir. I have one or two more questions Sir but I will come back and join the queue.

Moderator: Thank you. The next question comes from the line of Amit Kumar from Determined Investments. Please go ahead.

Amit Kumar: Thank you so much for the opportunity Sir. I just wanted to get a sense with the 5G on the horizon what kind of growth visibility you are looking at in your towers business both in terms of new towers as well as tenancy in existing tower base for the second half of the year because in fact my sense is 5G was supposed to be launched in August itself but got delayed a bit so can we expect anything in the second half of this year but the question is more of fiscal 24 perspective?

Sanjai Kumar: 5G per se I think you might be reading every day the telecom operators they are being given time to deposit their spectrum fees basically and the momentum to basically install equipment I do not think that there will be a sizable expansion on this account. They will be launching it in few select cities so this year or maybe next H1 of the FY2024 also there is not going to be much movement due to this technology inclusion in these services but certainly 5G is going to play a major role. As far as RailTel is concerned, we are interested in private network rollout and we are in fact exploring opportunities to tie up with some private investment and use our right of way so that we offer our right of way to other telcos and industrial establishments which are along the railway track, we are exploring and we are consulting on this with experts also so we have this is on the enterprise business side. As far as tower is concerned, we are likely to come out with RFP wherein we will invite private investment again to install towers at least one at each station to begin with so that because right now we have roughly around 1000 towers and we have 6000 plus stations. There is still space to have more towers and the 5G deployment we expect that average tower tenancy should be in the range of 1.5 to 2 minimum it can be more also depending upon onboarding of Idea, BSNL. There are some players where we cannot expect a lot but two operators are there so we are still keeping our fingers crossed but we see that this tower infrastructure will be a good opportunity for RailTel because we are providing fiberized towers. Whatever towers we will be offering those. All those will be fiberized.

Amit Kumar: Thank you. In fact two small followup. One what is the current tenancy in your tower business and the second is you mentioned BSNL? I forgot BSNL also is planning for a 4G launch apparently this month itself? Have they signed up with you on 4G?

Sanjai Kumar: BSNL 4G will also I think will take not less than a year because they are probably doing POC. They have done POC and complete rollout will take time because it is indigenous product. This
will take some time to be manufactured within the country and with the kind of semiconductor chip shortage and all that I am not the right person to comment on this but I cannot comment much for BSNL opportunity.

Amit Kumar: The initial point what is the current tendency in your towers?
Sanjai Kumar: Current tendency is around 1.25 to 1.5.
Amit Kumar: All right that is it from me. Thank you so much.
Moderator: Thank you. The next question comes from the line of Viraj Mithani from Jupiter Financials. Please go ahead.

Viraj Mithani: Good afternoon Sir. Sir my question is only one. I read about this low orbit satellite being launched in India sometime soon what kind of technological thing is this to our company would be or is it an advantage or is it a threat that is question one?
Sanjai Kumar: I do not see any threat at least but I am not confident that it is going to play a major role in Indian telecom industry. This is my personal opinion but nothing much is going to be basically be affected in the industry. It may be of use in some remote areas that I can see but those remote areas are very scanty populated such as Ladakh region.

Viraj Mithani: Sir railways have a lot of projects for army projects is there any way that RailTel is thinking to monetize this in future for some private things or any government organization?
Sanjai Kumar: Can you please repeat your question.

Viraj Mithani: There was hospital management project done by RailTel for I think railway hospital it was more or less on a non-profit basis correct and is there anything? I understand we must have an expertise from doing this kind of project so is there any thought in the management to monetize this kind of capabilities?
Sanjai Kumar: It was not on non-profit basis. It was on profit basis. It is with proper profit healthy profit margin so yes.

Viraj Mithani: Is there any further thing we are looking to monetize this?
Sanjai Kumar: The digital transformation of health sector is a focus area for RailTel and we are working with many bodies like AMTZ that is Andhra Medtech Zone where we have set up our data center. We have already done a POC project of around Rs.9 Crores with Karnataka Government ESIS and we are executing POC kind of projects in few of the All India Institute of Medical Sciences also. In Indian health sectors there is a lot of requirements of digitization as all of us know that there is shortage of doctors and para medicals so this is our focus area.

Viraj Mithani: So if you can give some color like how big it could be next say four to five years not immediately but some management vision on this thing?
Sanjai Kumar: Four to five years right now maybe I may not be in position but before the beginning of FY2024 we may be able to arrive at some number but we are continuously working with the partner to develop like there is requirement of application for health management information system, hospital management information system is one which is from the management point of view.
Viraj Mithani:
Okay that is it from my side and all the best.

Sanjai Kumar:
NLD revenue this year this quarter is Rs.127 Crores, ISP is Rs.93 Crores, IP-1 is Rs.54 Crores and this is from telecom and revenue from railway project is Rs.36 Crores and other projects is Rs.67 Crores.

Sanjai Kumar:
I think Director Finance has already commented that we are going to maintain this because we are doing two kinds of projects. One is wherein we have a top line as well as a bottom line so then the margin is around 8% to 9% in such projects but we are doing some projects which are consultancy kind of projects where we are consultants to the project and we are basically master system integrators. We float the tender on behalf of the purchasers, fix the agencies, get that work executed for them and in such cases we have hardly any expenditure so such project business will certainly help us in maintaining the margin or even maybe improving the margin.

Anand Kumar Singh:
Vishal if I can add what I said regarding the EBITDA margin of being 19% we tend to be a bit conservative in this regard but yes the company's endeavor will always be to see that it exceeds 19% for which as sir just said we can have some contracts which will straight away add to the bottom line without any expenditure or commensurate expenditure being incurred for that.

Vishal Periwal:
Okay Sir and then probably segmental wise if the numbers in the project you mentioned probably will do 8% to 8.5% for a full year basis and for telecom at a PBT level margins and for telecom how exactly do you see things because I think historically we have done pretty strong numbers in
terms of PBT margin for telecom in the range of like 20% odd plus or minus so how do you see this for FY2023 anything that you have seen or probably worked out?

Anand Kumar Singh: Yes I have said this to an investor on the call earlier. You see the margin of 19% was maintained but simply maintaining the sections will not help us so we are in the process of taking over more section from the railways and there are sections where the earnings from those sections compared to the cost which will be incurred to maintain it the earnings are negligible so yes that impacts the margin but the potential of getting higher business newer business from taking over those sections by creating a ring we save on the SLA that benefit will translate going forward.

Vishal Periwal: Okay so but then from business point of view we are expanding so then will it that expense will be it be more like a capex on balance sheet or probably it will impact on P&L?

Anand Kumar Singh: It is the revenue expenditure. Now see if we have a section where we have a linear section in case there is any cut or disruption the services are impacted which results in loss of revenue. Now if I am getting a section from the railways which help me to create a ring I am able to continue giving uninterrupted services my revenue is maintained and further on the new sections taken over we explore new businesses one of them onboarding new customers other it helps us to increase the revenue so it not only matches the cost but exceeds the cost so we look at it in this way that we have new section. Initial stages we may need to incur expenditure but going forward it will be a revenue generating action from our side.

Vishal Periwal: Okay sure Sir and second thing I think on Kavach you mentioned couple of zonal railway they have come out with the tenders but I think any reason that RailTel has not participated because that would have given us some bit of experience in terms of execution and then probably a couple of other capex which is like tower look related capex links and that so I just wanted to understand I mean like no one thing is like the reason for not participating and how big?

Sanjai Kumar: Presently Kavach industry is close to monopolistic. There are I think two or three OEMs only are there and they are trying to play monopoly in such environment and in such circumstances it is very difficult to get competitive rate number one. Number two the technology itself is not yet foolproof. It has been tested in the present form but it is still being tested with LTER features and those are being still tested by the railways and related R&D bodies. I told you we have recently set up a center of excellence in Secunderabad for the same so we are waiting for that moment to come. We are waiting for the right moment to come which in but I can assure you that there is no other system integrator in the industry who is better suited than RailTel to do such projects. There is huge opportunity for Kavach and there are around Rs.30,000 Crores funds basically sanctioned projects are there.

Vishal Periwal: Okay and then so I think you mentioned on a couple of players who are I mean like the structure which you mentioned so is it possible to name like who all are the players probably they are probably a monopolistic cutting?

Sanjai Kumar: I will not name but they can still find from Google search. There is nothing to hide in that.

Vishal Periwal: Okay sure and maybe last thing and then come back in the queue I think our order book continue to remain strong? I think execution again you are guiding it will be 8% to 9% so in terms of
Sanjai Kumar: This quarter we have received orders more than Rs.660 Crores.

Vishal Periwal: They are in terms of margin trajectory will be possible to guide like the incremental order that we are getting it is on 8% to 9% or margin or it is more like a low margin project?

Sanjai Kumar: There are some projects which are 8% and 9% margin. There are projects which are related to telecom also which are mix of telecom and project part also so of course margin will go up because there are telecom services being provided by RailTel in that so margins certainly is more than 8% because there are some bandwidth kind of elements included in those projects like one order which we are executing for Delhi Safecity which is around Rs.220 Crores which has an element of bandwidth also telecom bandwidth also and such projects will help us in actually growing our RailWire business also because we will be laying a lot of fiber within the city which will give us an opportunity in growing our last mile basically we will be going close to the customer.

Vishal Periwal: Right and will it be fair to say that incremental orders that we are getting Rs.600 Crores to Rs.700 Crores that you mentioned for this quarter it is on competitive bidding there is no nomination as well?

Sanjai Kumar: Yes these all are competitive bidding.

Vishal Periwal: Okay sure thank a lot, I will come back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Parimal Mithani an Individual Investor. Please go ahead.

Parimal Mithani: Thanks for the opportunity. Sir I just wanted to know the update in terms of the railway network as well as content on demand when you expect them to pick up in terms of revenue Sir for which quarter or may be a year can you give the guidance in terms of projects finalization?

Sanjai Kumar: This tender is yet to be bidded so we cannot forecast right now may be by the next quarter we may be able to say something about COD.

Parimal Mithani: Sir for railway display network Sir?

Sanjai Kumar: Railway display network is under the final stages.

Parimal Mithani: Sir for RailWire business I just wanted to know do we provide service for common service centre also of government?

Sanjai Kumar: No not yet. The Common service centre is not government. The Common service centre is an SPV of government. We are providing certain services directly to them.

Parimal Mithani: But there are no outstanding dues pending from them right Sir if I understand?

Sanjai Kumar: No not pertaining to this. We have not yet started any relationship with CSC in this regard. There are other projects going on with CSC but not this.

Parimal Mithani: Okay Sir thank you.
Thank you. The next question comes from the line of Venkatesh Subramanian from LogicTree. Please go ahead.

Venkatesh Subramanian: Two questions follow-up Sir. One is we were talking about Kavach and the center of excellence in Secunderabad and you said something like we are probably the most competent one of the best in the class in terms of bringing in system integration into this? Can you elaborate a little bit more on it and if this the order size of our execution is going to be in Rs.30,000 Crores range plus you mentioned value added projects? Is this a project where the entire thing will go to one bidder or would it be split into two to three parties and would this be like an annuity kind of project over the next five to 10 years? Can you give us some color on it what do you think of this Sir?

Sanjai Kumar: Number one this is a project on Pan India basis and zonal railways will be inviting tenders for fixing agencies so there will be multiple sections and they will invite tenders for section by section so this is not going to be going to be one, two or three. Number two you talked about center of excellence. The center of excellence has been set up by Government of India to basically fine tune these specifications and that too more in the line to basically align it with LTE technology because right now it is not developed for LTE. It is future technology so that would be second and if you talk about value added Kavach firstly it will not bring any value added because this is entirely for in-house usage for Indian Railways but yes there are many third world countries where once we establish ourselves as a player we can take this technology and it is indigenous technology so we can export this also once we develop ourselves as a player we can take this technology and it is indigenous technology so we can export this also once we develop a domestic manufacturing ecosystem?

Venkatesh Subramanian: My question was like once you implement the Kavach order Sir once it is place then is there like a maintenance angles to it every year? For example if you talk of other public sector companies or DRDO or anything there is an agency that develops the whole thing? Then there is somebody who implements it and then there is an annual maintenance that goes in that is what I was basically looking at?

Sanjai Kumar: The practice whatsoever is basically deploying it they have the annual maintenance contract also generally.

Venkatesh Subramanian: We will be bidding or we will be going for it once we are ready with what we want to bid we will be joining hands with somebody else and then bidding for this project is that right Sir?

Sanjai Kumar: Of course we need to join hands with some OEM who is developing or who has developed. There are two to three at least two to three OEMs which we know they are under the development stage.

Venkatesh Subramanian: Are we already talking to them Sir?

Sanjai Kumar: Yes.

Venkatesh Subramanian: Okay wonderful and Sir what is this Rs.30,000 Crores project if it comes to light would that be split between two to three bidders or how does it work?

Sanjai Kumar: I told you there will be multiple. There will be N number of bids separately coming out.
Venkatesh Subramanian: Sorry I think my question was a little bit it needs more clarity? Will this order be split into three or four orders Rs.10,000 Crores and Rs.10,000 Crores would that be the way?

Sanjai Kumar: No. There will be Rs.200 Crores to Rs.300 Crores kind of orders.

Venkatesh Subramanian: Okay right depending on the zone?

Sanjai Kumar: Yes depending upon the zones and importance of the sections and busy sections. There are tier two section so first they will concentrate on the high density traffic sections. The sections depend basically on distance, they are basically part of different zonal railways.

Venkatesh Subramanian: Right okay so would it be fair to assume in an open bidding system with multiple bidders and if we join hands with the right OEM can we aspire for getting say 20% to 25% share of the entire project?

Sanjai Kumar: Yes conservatively yes. That is clear.

Moderator: Thank you. The line has been disconnected. We will take the last question now. The last question comes from the line of Viraj Mithani from Jupiter Financials. Please go ahead.

Viraj Mithani: Sir three questions? One from what you are saying this quarter was a subdued quarter but coming quarters it will be a good quarter is it fair to assume right?

Sanjai Kumar: Yes.

Viraj Mithani: Sir what is our cash in the balance sheet cash?

Sanjai Kumar: Cash is Rs.557 Crores.

Viraj Mithani: Okay and sir there was a talk of IRCTC merger sometimes from media report any updates by the government on that?

Sanjai Kumar: We are the wrong person to comment on this because it is for the government to decide so I think we are not the right person.

Viraj Mithani: Okay Sir and Sir the last question is broadly you are guiding double digit growth that is a 20% growth top and 20% EBITDA margin is that the correct way to assume right?

Anand Kumar Singh: Yes. Viraj I stand corrected. My own cash fund is Rs.522 Crores and not Rs.572 Crores. I apologize for that Rs.522 Crores and yes revenue guidance of 20% top line and EBITDA of 19% to 20% is yes which the management is looking forward to.

Viraj Mithani: Okay thank you and all the best to you Sir. Thank you and have a great day.

Moderator: Thank you. This was the last question. We have reached to the end of question and answer session. Now on behalf of IDBI Capital that concludes the conference. Thank you for joining us. You may now disconnect your lines.