

RailTel/Sectt/21/SE/S-16

Date: August 1, 2023

लिस्टिंग विभाग, नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड, 'एक्सचेंज प्लाजा', सी-1, ब्लॉक जी, बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (ई), मुंबई - 400 051	कॉर्पोरेट संबंध विभाग, बीएसई लिमिटेड, रोटुंडा बिल्डिंग, पी जे टावर्स, दलाल स्ट्रीट, किला, मुंबई - 400 001
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**Sub: Outcome of Analyst/Investor Conference Call held on Friday, 28<sup>th</sup> July, 2023- Transcript.**

**Ref: Our Letter of even no. dated July 25, 2023 and July 28, 2023.**

Dear Sir/Madam,

In reference to our previous communication dated 25<sup>th</sup> July, 2023 regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript of the Analyst/Investor Conference Call held on Friday, 28<sup>th</sup> July, 2023, organised by M/s. IDBI Capital Markets & Securities Limited.

2. This is submitted for your information and record.

धन्यवाद,

रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड के लिए

जे. एस. मारवाह  
कंपनी सचिव एव अनुपालन अधिकारी  
सदस्यता संख्या – एफ सी एस 8075

संलग्न: ऊपरोक्त अनुसार

वितरण:- 1) सहायक कंपनी सचिव को फाइल में रखने हेतु।

2) सहायक महाप्रबंधक/पी.आर.ओ.को वेबसाइट पर अपलोड करने हेतु।

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

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“RailTel Corporation of India Limited  
Q1 FY '24 Earnings Conference Call”

July 28, 2023



**MANAGEMENT:** **MR. SANJAI KUMAR, CHAIRMAN AND MANAGING DIRECTOR, RAILTEL CORPORATION OF INDIA LIMITED**  
**MR. V. RAMA MANOHAR RAO – DIRECTOR (FINANCE), RAILTEL CORPORATION OF INDIA LIMITED**  
**MR. MANOJ TANDON, DIRECTOR (PROJECT, OPERATIONS & MAINTENANCE-POM), RAILTEL CORPORATION OF INDIA LIMITED**  
**MR. YASHPAL SINGH TOMAR – DIRECTOR (NETWORK PLANNING & MARKETING – NPM), RAILTEL CORPORATION OF INDIA LIMITED**

**MODERATOR:** **MR. VISHAL PERIWAL – IDBI CAPITAL**

*M. Manohar*



**Moderator:**

Ladies and gentlemen, good day and welcome to the Q1 FY '24 Earnings Conference Call of RailTel Corporation. 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 an operator by pressing star and then zero 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 Mr. Periwal.

**Vishal Periwal:**

Yes, good afternoon everyone. First of all, like you know, extremely I'm sorry and apology to everyone for waiting for this call. There was a continuous rain in the NCR region and there has been a technical glitch in reaching out and giving a clear line. So please accept this apology. So as usual, we'll start this call. From the management side we have Shri Sanjai Kumar the Chairman and Managing Director, Shri V. Rama Manohar Rao, the Director Finance, Shri Manoj Tandonji, Director of Project Operation Maintenance and Shri Yashpal Singh Tomarji, Director Network Planning and Marketing. We'll have a brief from the management and then we'll open the line for Q&A. Yes, sir, over to you.

**Sanjai Kumar:**

Thank you, Vishalji. A very good afternoon to all of you. We are really sorry for keeping you waiting for these 20, 25 minutes because of some actually noise is still coming, but we will try to listen carefully and answer your questions. At the outset, let me introduce my new colleague Director Shri Yashpal Singh Tomar who has recently joined as Director Network Planning and Marketing. He brings on board, rich experience of both railways as well as RailTel as he has worked already in his earlier stint as GGM Marketing.

So now, one more thing I would like to share that we have all the four functional Directors on Board after a long time. It gives me great pleasure to interact with you on the company's performance in the backdrop of Q1 financial results of FY '24, which were declared by the company on July 27, 2023. The company achieved consolidated operating revenue of INR468 crores in Q1 of FY '24 as against INR377 crores in Q1 of FY '23, registering Year-on-Year growth of 24%. The telecom segment contributed INR292 crores and project segment contributed INR176 crores in company's operating turnover.

As regards the total revenue, the Year-on-Year growth is 25% with INR483 crores in Q1 FY '24 as compared to INR385 crores in Q1 of FY '23. The Profit Before Tax in Q1 of FY '24 is INR51 crores as against INR35 crores in Q1 of FY '23, registering Year-on-Year growth of 46%. The Profit After Tax in Q1 of FY '24 is INR38 crores against Rs. 26 Crore in corresponding quarter of FY '23.

Earning per share in Q1 of FY '24 stands INR1.20 against INR0.81 of Q1 of FY '23, registering an Year-on-Year growth of 48%. EBITDA margin before exceptional item for Q1 of FY '24 is 18% as against previous quarter of 15% registering a growth of 21% Q-on-Q. I am happy to inform you that the CAG has offered nil comments on annual financial results of FY22-23. Your company maintains strong and sustainable order book of the order of INR4,500 crores as we bagged new orders of INR527 crores in Q1 itself.

*M. Manohar*



In the last six months, we have bagged orders of the order of about INR1,600 crores. Notable amongst them are INR294 crores from Tamil Nadu State Marketing Corporation limited, TASMAL, INR48 crores from Central Bank of India, INR18 crores from Commercial Tax Department Lucknow, INR21.5 crores from Indian Oil Corporation, INR75 crores for e-office implementation from various different government organizations. INR39 crores order from NICSII for providing Security Operations Center and Network Operations Center solution for IVFRT, ie Immigration, Visa, Foreigners, Registration, and Tracking Project of Ministry of Home Affairs.

These orders reaffirm our position in the domestic IT ICT space. Another feather in the cap of RailTel is our partnership with ITPO as a telecom solution provider for the prestigious Pragati Maidan complex in New Delhi, which has been recently handed over to the public by Honorable Prime Minister of India; this agreement covers next eight years for all the events being organized, to be organized in the campus.

We are the exclusive telecom and cyber security solution provider also for the upcoming G20 summit in September '23 in the same complex. RailTel maintains the agility of exploring new business across new sectors like education, MSME, smart cities, and so on. We are also expanding our existing IT solutions like HMIS, eOffice, to wider net of organizations. We are happy to inform that, our Hospital Management Information System deployed in Indian Railways has achieved a unique milestone of one crores prescriptions even in last 18 months. This shows the resilience and extent of our HMIS solution. Our focus remains on establishing edge data centers across the country and also expanding our data center footprint in PPP mode, being empaneled MeitY data center. The installation of an IP-based Video Surveillance System at 5,102 railway stations is progressing well, with work already completed at 349 stations, including Nirbhaya-funded stations. This will be a unique project, across the world once completed, showcasing the strength of RailTel to deal with complex projects spread across geographical locations and involving wide spectrum of stakeholders. We are eyeing very closely on the signalling modernization requirement of Indian railways, the importance of which has tremendously increased post recent unfortunate accident on Indian railways. I'm also happy to inform you that, the Board of Director of RailTel in its meeting held on 9<sup>th</sup>, July, 2023 recommended a final dividend for the financial 2023 at the rate of 10.50% that is INR1.05 per share in total amounting to INR3,369.87 lakhs out of the profit of the company for the financial year '22- '23 to those equity shareholders, whose names stand in the register of members as beneficial owners in the records of NSDL/CDSL holding shares as on record as fixed by the company for the purpose of payment of final dividend for FY '22-'23. This is subject to the approval of the shareholders at the 23rd Annual General Meeting to be held. Transparency, integrity, and efficiency are fundamental to our functioning, and we deeply value the trust of our investors and stakeholders. We are committed to pursuing growth and diversification, creating value for our investors. Thank you, Jai Hind.

**Moderator:**  
ahead.

Thank you very much. The first question is from the line of Sanjesh Jain from ICICI Securities. Please go

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**Sanjesh Jain:** Good afternoon, sir. Thanks for taking my questions. First on the 3i Infotech deal, has the revenue recognition towards the Wi-Fi monetization where we had INR14 crores or minimum of certain percentage of revenue. So what is the contribution of 3i Infotech for this quarter?

**Sanjai Kumar:** So, basically actually this is quarterly payment, so this is basically you can say INR3.5 crores for this quarter.

**Sanjesh Jain:** Okay and we have received the INR3.5 crores?

**Sanjai Kumar:** Yes.

**Sanjesh Jain:** Okay. Any further monetization? How has been the trend of advertisement on our Wi-Fi? Do you think there could be a higher payment than this INR14 crores from the monetization of Wi-Fi?

**Sanjai Kumar:** If you remember my last meet with you on the same forum, we had already shared that this will take some time because they have to, this is first of its kind in the world. So it will require some time. Maybe this financial year, we may not have any additional revenue from this project, this monetization effort.

**Sanjesh Jain:** Next on the telecom services business, it has grown by 6.5% Y-o-Y. The growth looks slightly muted considering that we are also implementing VSS and there is increased demand for the data center and video-based surveillance and IP services in general. Can you help us understand, why the overall revenue growth on a Y-o-Y basis in telecom services is just 6.5%?

**Sanjai Kumar:** So, yes, that is noticeable because one big project actually was got concluded last quarter and we are hopeful that, the same project will again come on board and we are also expecting some other revenues in telecom segment. So this quarter yes, I accept the fact you have noticed. But I'm not worried by this because I know the reason.

**Sanjesh Jain:** So what is the expected revenue growth for telecom services this year and next year?

**Sanjai Kumar:** We will be continuing with the same trend, 10% to 12% overall telecom growth.

**Sanjesh Jain:** Okay, so 10% to 12% for the full year is still achievable is what you're telling?

**Sanjai Kumar:** Yes.

**Sanjesh Jain:** Got it. On the project side, again, the project execution this quarter versus previous quarter looks slightly muted. While our order book continues to remain very healthy. We have spoken of thousand crores plus kind of a project revenue for FY '24. With Q1 being softer, do you think any challenge for this INR1,100 crores of revenue in project for FY '24?

**Sanjai Kumar:** See, actually, if you see the trend for previous years also, Q1, Q2 are slightly under pressure. They are being reasonable because these are the government funded projects. So generally in all government (projects), Q3 and Q4, there is always momentum. And Q1 and Q2 are slightly muted. So if we see Year-on-Year, you will find the rhythm.

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- Sanjesh Jain:** Correct. Year-on-year, we are very healthy at 70%.
- Sanjai Kumar:** So I'm sure that we'll be reaching INR1,400 crores to INR1,500 crores.
- Sanjesh Jain:** Okay. INR1,400 crores to INR1,500 crores for this entire year?
- Sanjai Kumar:** That is; we are more than assured.
- Sanjesh Jain:** Okay. With what margin expectation, sir?
- Sanjai Kumar:** Margin expectation will strive to keep it 5% to 6%.
- Sanjesh Jain:** Okay. It's much below what we were anticipating earlier and these projects were won earlier, while the market...
- Sanjai Kumar:** This is the conservative figure, which I am sharing with you and maybe, because, see what is happening, because of digitalization drive throughout the country; in the IT ICT projects, (there) is a lot of competition. So sometimes, we have to decide, whether to go ahead or whether to leave. We know that this business will come to me because I have better chances of getting it delivered and the customer has more confidence, better confidence in us. So then it is our choice, whether we leave it or lose it, get it or leave it, even with the lower margin. So sometimes you have to take some aggressive calls. That's why I'm saying 5% to 6%, I'm keeping on conservative side.
- Sanjesh Jain:** Last question on the LTE rollout by the railway and project Kavach. Any further update you want to share there? Is the tower rollout tender being done and how are we participating in the Kavach project? We earlier said that, we didn't have the technology and you believe that the technology is still to mature. Where are we in this entire cycle of both the project?
- Sanjai Kumar:** To Kavach, one of the OEM is still, they are in the last phase of I think getting approved by RDSO. And beside that OEM, we are also in fact now approaching the existing, though they are very big, but we are still trying to approach them so that they are convinced that yes, RailTel can be the best partner for them. So we are still on and we are very much hopeful of getting a good share out of this business from Railways.
- Sanjesh Jain:** And on the LTE rollout and the tower?
- Sanjai Kumar:** LTE; we have, actually on the LTE rollout, we have participated in POC for LTE for Kavach and we are expecting a center of excellence basically establishment of a center of excellence in railways. That order, we are expecting maybe. I'm not sure but we are hopeful that we'll get. Though we are continuously focusing on both LTE as well as Kavach.
- Sanjesh Jain:** What could be the...
- Sanjai Kumar:** Because of our expertise in optical fiber-based communication network, the our strength in LTE and Kavach is certainly better than anybody else.

*M. N. K. 12*



- Sanjesh Jain:** Fair enough sir. What could be the project size, we are expecting both from LTE and Kavach individually?
- Sanjai Kumar:** Actually, total size of the project over the next five years is around INR30,000 crores. And we are not sure that, how far the railways could be coming out with the tender. But I can say out of this pie, at least INR4,000 crores to INR5,000 crores of value should be with us.
- Sanjesh Jain:** Fair enough, sir. That's all from my side and best of luck for coming quarters.
- Moderator:** Thank you. We have the next question from the line of Bala Murari Krishna from Oman Investment Advisors. Please go ahead.
- Bala Krishna:** Good afternoon, sir. Regarding this Video Surveillance System, actually what is the total project order quantity and how much we have executed and still how much is in balance and timeline for execution? Could you share the numbers..
- Sanjai Kumar:** Actually, so total size of the order is around INR750 crores and out of that, we have delivered around INR200 crores over last two years to three years and we expect that, this year, we should be booking at least INR200 crores and remaining in the coming year.
- Bala Krishna:** In this video surveillance system itself, actually we are anticipating some orders from the state government and state police forces like UP and Punjab. Any update on those orders, sir?
- Sanjai Kumar:** We have got an order in Gujarat for video surveillance. We have also got an order from, another two orders from Indian Oil Corporation for video surveillance. So we are obviously trying to get orders in this domain. Now having expertise in this.
- Bala Krishna:** And one more...
- Sanjai Kumar:** The tender you are talking about, UP tender; now, they have not come back again. They have cancelled the last tender. Now they have not come back. So we are waiting.
- Bala Krishna:** Punjab also has the same thing?
- Sanjai Kumar:** Punjab was decided long back. Punjab is not there now. I think it was decided last year. '21- '22 itself, it is implemented also. It didn't come to us.
- Bala Krishna:** Okay, sir. And regarding Kavach, sir? Actually earlier we were anticipating around 25% of the total order project cost, sir. Now we are downgrading that projection. And one more thing, some Ashoka Buildcon has collaborated with one of the OEM and they have also bid for this Howrah Delhi section. So do you have any plan to collaborate with this existing OEM. I think, you have said that you are going to collaborate with OEM, which is under approval. So is there any possible with the existing OEM, sir?
- Sanjai Kumar:** See the Ashoka Buildcon, they are executing one order in Eastern region. But actually, I have downgraded it to INR4,000 crores, but still hopeful. We can always; 25% is not something big which we cannot. But I'm eyeing at least INR4,000 crores to INR5,000 crores. And as far as partnership is concerned with OEMs, I have already answered to the previous investor's question

*M. Murari Krishna*



that we are waiting for the RDSO approval for the new OEM, which is in the last stages. So we'll wait.

**Bala Krishna:** And regarding the existing OEMs, they will get to you for this fiber optic cable services, even they get order from railway.

**Sanjai Kumar:** Yes.

**Bala Krishna:** And that revenue also included in this projection?

**Sanjai Kumar:** That revenue will not come from OEMs. That is already coming from railways. See, railways is the user. OEMs has to deliver the project only.

**Bala Krishna:** Okay. And lastly, on the smart meter side, and we have got some orders from also from Pondicherry and AP, whether these orders are executed and what would be the scope from any other states regarding smart meters there? Sir because we have shoot up in order to various vendors to install smart meters over the entire state like Chhattisgarh or some other states. Recently we have seen so much news regarding this. So, do you have any scope in this segment again?

**Sanjai Kumar:** Smart meters, we have not done much even now. But smart city, (yes), I think you may be (referring) Puducherry (where) we are doing a smart city project, not smart meters. Smart meters, we are yet to start, we have not done much.

**Bala Murali Krishna:** Okay, that's all, thank you, all the best.

**Sanjai Kumar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.

**Rahil Shah:** Thank you. Hello, am I audible?

**Sanjai Kumar:** Yes please.

**Rahil Shah:** So, firstly so you said you have 4,500 crores worth of order book right now?

**Sanjai Kumar:** Yes.

**Rahil Shah:** Okay, so can you tell me what kind of order intake are you expecting this year further?

**Sanjai Kumar:** See, this year; we, I think I told the last interaction that we will be eyeing around 1,500 minimum this year. So, 500 we have already received new orders and down the line year; next three quarters we should be getting minimum INR 1,000 crores, but we may exceed also.

**Rahil Shah:** Right, right and what is the pipeline like can you share the information what kind of orders?

**Sanjai Kumar:** Sorry.

*Murthi*



**Rahil Shah:** Like the pipeline what kind of orders they are and which, can you share that?

**Sanjai Kumar:** In the pipeline right now?

**Rahil Shah:** Yes and also what are the orders you're expecting?

**Sanjai Kumar:** We can't say much about it.

**Rahil Shah:** Okay, okay. No, no, got it, got it. And other, secondly, just on, so outlook in terms of revenue, growth and margins, can you share for the full year? Will you be?

**Sanjai Kumar:** See, we should be talking about 2,500 for sure; and margin guidance, you could take, we will maintain the same which we were doing the last year 18% to 19% EBITDA.

**Rahil Shah:** 18 to 19. Okay. All right sir. Thank you and all the best.

**Sanjai Kumar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Divya Daga from Vijit Global Securities. Please go ahead.

**Divya Daga:** Hello, sir. Thank you for the opportunity. My first question is, as you have mentioned in your presentation that you are expecting 10 lakh subscribers from RailWire. So, can I know your strategy to achieve this target or is it a conservative target or we are optimistic really about it?

**Sanjai Kumar:** See, 10 lakh subscribers we were expecting some time back, maybe last year. But the competition is so intense that it's not so easy. There's a lot of churning also and the ease of switching is also very high. So, we are not expecting very high number, but Yes, we will be continuously remaining in this sector and we will be targeting rural segment more, where there's a lot of – there is more opportunity, but the momentum is slightly lesser. Urban segment, there's a lot of churning. So, that is why we are not now expecting any such high numbers. This year, maybe we may reach 6 lakhs.

**Divya Daga:** you are going to have a data center in Noida?

**Sanjai Kumar:** Yes.

**Divya Daga:** So, can I know the status and revenue model of a data center as well as a RAN that you have launched?

**Sanjai Kumar:** See, I think shortly we will be coming out with the EOI for PPP and revenue share and all those details we cannot share now because the EOI is likely to come out so then only it will be visible to public. But we are sure because there is lot of interest shown by the industry and the investors.

**Divya Daga:** So, what will be the...

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- Moderator:** Sorry to interrupt ma'am, we request you to please mute your line after you've asked your question while the management is answering because there's background noise coming from your line ma'am.
- Divya Daga:** Okay sure, no problem. So, I want to know that what will be the revenue addition from this data center, if you can tell?
- Sanjai Kumar:** See, this is PPP model and the revenue monetization will be discovered through the open process which is called Expression of Interest. But still, we are expecting that, at least, 10% to 12% of the revenue will be shared by the PPP partner. This is our expectation.
- Divya Daga:** Okay. And my last question is, can you tell me the business overview of Security Operation Center? Is it for the existing operation supporting that or we have introduced a new vertical over here?
- Sanjai Kumar:** See, cyber security operations, it is an offshoot of data center business and we are trying to evolve it as a separate vertical, but the time has not come. We are talking to the industry, to the OEMs, to the top of the class, cyber security solution providers. So, we are still working on it and we are right now also providing these services, but we have not created any separate vertical.
- Divya Daga:** Okay. Okay. That's all, sir. Thanks so much.
- Sanjai Kumar:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** Yes, thanks for the opportunity. Sir, one clarification, I think you briefly mentioned on the Kavach opportunity of 30,000 crores. So LTE plus Kavach is 30 or is that different number?
- Sanjai Kumar:** Yes, both put together, both put together.
- Vishal Periwal:** Okay. And if one has to get a breakup of it, will that be available, sir, LTE is how much and Kavach is how much?
- Sanjai Kumar:** I'm not very sure about it, so, better not to say any number. But actually there is one project. This is basically anti-collision project. So, both basically are a part of the same project.
- Vishal Periwal:** Okay, got it, sir. And sir, can you give a break up of this telecom services that we do in NLD, ISP, IP-1 for quarter one?
- Sanjai Kumar:** Yes. So, NLD we did 146 crores, ISP 96 crores and IP-1 49 crores.
- Vishal Periwal:** Okay, got it. So, I think it looks like in NLD, I mean like year-on-year good growth rate is there, but ISP and IP-1 they are a little bit of flattish to margin decline, so that...
- Sanjai Kumar:** Yes, I told you there was one project in the last one question. This quarter, the number, yes, you have rightly noticed that the growth is not that good, but we are expecting that over a whole years basically financial year period, we have no worry and we will continue to have the same 10% to 12% of growth.

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- Vishal Periwal:** Okay, got it sir and sir is there any one-off number of provision in our quarterly result whether NER provision or on the ECL provision if anything that is?
- Sanjai Kumar:** Nothing
- Vishal Periwal:** Okay fine and in terms of one more data point RailWire can you provide what is the subscriber and can you give some qualitative commentary in terms of how the ARPUs are moving that will be helpful, sir?
- Sanjai Kumar:** ARPUs are there only 550-540 and we are continuously actually experimenting. So, we have recently come out with an experiment in Tamil Nadu and we expect a lot good numbers there. So, actually, this is an industry which is continuously under the eye of regulation also because OTT has also come into play. So, there are many factors and then the satellite communication, this licensing, auction of the spectrum, many factors playing in this segment and competition, of course, not only from the big service providers, but from smaller ones also is there. So, that is why I have downgraded my 10 lakhs number to 6 lakhs now.
- Vishal Periwal:** Okay and what will be this number at the end of quarter one?
- Sanjai Kumar:** This is 5.32 lakhs.
- Vishal Periwal:** Okay, got it. And one last question from my side, in project services, can you also give breakup for the revenue between Indian Railway and others?
- Sanjai Kumar:** So, for Q1, railway income was around 38 crores and non-railway was INR138 crores out of a total 176.
- Vishal Periwal:** Okay, fine. Sure, sir, I'll come back in the queue for more. Thank you.
- Sanjai Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Swechha Jain from ANS wealth. Please go ahead.
- Swechha Jain:** Hi sir, just a clarification, if you could again give the telecom service breakup I somehow missed that number on the NLD, ISP and IP-1?
- Sanjai Kumar:** NLD 146 crores, ISP 96 crores and IP 49 crores.
- Swechha Jain:** Okay, okay. Thank you sir. Sir and just one more question. How many subscribers did we add in Q1? I think you did say at the end of Q1 we were 5.32 lakhs, but if you could just give the addition that we did in FY'24 Q1 FY'24?
- Sanjai Kumar:** During Q1 around 17,000 to 18,000.
- Swechha Jain:** Okay, okay. And sir no update on the RDN, right? Any update on the RDN side?

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- Sanjai Kumar:** I think RDN, we had already shared during our meet in May that RDN we have now discounted at least for now, till the time Ministry of Railway takes a final decision.
- Swechha Jain:** Okay, thank you sir, that's it from my side, I appreciate this.
- Sanjai Kumar:** Thank you, thank you very much.
- Moderator:** Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.
- Bala Murali Krishna:** Thanks for the opportunity sir, do we have any update on the COD content on demand?
- Sanjai Kumar:** COD again same. COD and RDN, we have now stopped eyeing these two projects because Ministry of Railway is yet to take any decision, any final decision on this.
- Bala Murali Krishna:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Amit Kumar from Determined Investments. Please go ahead.
- Amit Kumar:** Thank you so much for the opportunity. Actually, just following up to the previous participant, the COD, RDN projects which we had, exactly what decision is the ministry has to take with regard to these opportunities?
- Sanjai Kumar:** So, see, actually, we are not the user organization. User organization may decide, may not decide, we cannot pursue them beyond an extent. So, that is why I can't comment further.
- Amit Kumar:** No, no. So, that's understood that user organization in railways, but you have been pursuing both of these opportunities for some time. What I'm just trying to understand is that what is, I mean, COD basically has to let's say decide on an OTT partner and they will provide the entertainment content to the end consumers basically on your network. So, I mean, what decision making for this is required at MOR level for this to go -- to proceed basically?
- Sanjai Kumar:** See, they may or may not decide in favor of RailTel. It's their decision. We have completely discounted these two opportunities from our business spectrum. It's up to them. If they decide, we are there. But if they don't decide, we can't continue waiting.
- Amit Kumar:** So, the Ministry of Railways may very well decide to go with another rail PSU with respect to both these opportunities as well. Is that what you're saying?
- Sanjai Kumar:** We cannot respond on behalf of Government of India. This is their policy decision, they may -- so I cannot go beyond my limit.
- Amit Kumar:** See, that's where little bit of confusion basically is there because it wasn't sort of -- when we were sort of discussing these opportunities about a year, year and a half back, it was not sort of clear that any sort of policy decision from MOR was required to be taken, because you have the network, right? I mean the -- you are sort of running the network across and you have the exclusive right to sort of run the network across railways, Indian railways essentially. And this

*Murshid*



is just a monetization opportunity. There's not really, I mean, there is no sort of incremental capex or incremental investment which is required per se. Of course, there could always be, I mean, which is more of a commercial decision that of the...

**Sanjai Kumar:**

Mr. Amit sorry to.....

**Amit Kumar:**

How much do we shared with Railways and all that. But it was not clear to us about a year back that any sort of policy decision in this regard and I mean, at least we thought that RailTel had the right to basically call out for these contracts and give it out to third private parties, essentially?

**Sanjai Kumar:**

I think we may not deliberate much on this question, but I think last two quarters I had...

**Amit Kumar:**

Fair enough, Yes. I have understood your position, but where did this confusion arise from is what is not sort of clear to us?

**Sanjai Kumar:**

See, government may decide on their own. They have their own agenda, their own policy decision-making system and we cannot question that. But whenever it is rolled out, certainly we have the telecom network of RailTel (which) will only be used. There is no other choice. That is what you are saying. So, that is right. So, we are waiting. Let us wait for some time if it comes at all.

**Amit Kumar:**

All right. Understood, sir. Thank you. That's it from my end.

**Moderator:**

Thank you. The next question is from the line of Pratap Maliwal from Mount Intra Finance Private Limited. Please go ahead.

**Pratap Maliwal:**

Hello, am I audible?

**Sanjai Kumar:**

Yes, Yes.

**Pratap Maliwal:**

Hi, sir. Thank you for taking my question. So, first, just a clarification on my side that the projects, the margin expectation we're getting 5% to 6%, that is at the EBITDA level. Is that correct?

**Sanjai Kumar:**

Yes.

**Pratap Maliwal:**

Okay, now just a question around the Kavach project. So, as I understand that the railways have actually initiated the project already and they've spent about 350 odd crores on the project. And I think it's been installed in a certain number of locomotives and about 1,400 or 1,500 route kilometers. So, what I'm just trying to understand is when does our role actually as RailTel come into this project, the expectation that we have around 4000 crores of value should be with us for this project. So, how do we maybe arrive at this number and when does our role come in for Kavach?

**Sanjai Kumar:**

No, no, we will be participating in bids which are likely to come in future. So, these which you are talking about already under rollout, we had neither participated nor had any intent to

*M Maliwal*



participate because I told you that these are, this technology was still maturing and still I would say it is evolving. So, we are waiting and watching. We don't want to be in any panic.

**Pratap Maliwal:**

So, as I understand that there's LTE plus the Kavach project. So, one is that we provide the connectivity for the project that is required, that is one role for RailTel and what is the other offering that you are providing?

**Sanjai Kumar:**

There is hardware part of it. There is application part of it. All those things will also be there. Connectivity is, of course, there is one.

**Pratap Maliwal:**

Okay. Okay. Thank you, sir. That's it from my side.

**Moderator:**

Thank you. As there are no further questions, we will conclude the call here. Thanks for attending the earnings call of RailTel Corporation. And you may now disconnect your lines.

**Sanjai Kumar:**

Thank you very much.

*Munish*