Ref: RailTel/Sectt/21/SE/S-16 Date: May 31, 2022

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

Sub:- Outcome of Analyst/Investor Conference Call held on Friday, 27th May, 2022.

Ref:- Our Letter of Even no. dated 25th May, 2022 and 27th May, 2022.

Dear Sir/Madam,

In reference to our previous communication dated 25th May, 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, 27th May, 2022, 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

31/05/2022

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।

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"RailTel Corporation Q4 FY-22 Post Results Conference Call"

May 27, 2022

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CHORUS CALL®

MANAGEMENT: MS. ARUNA SINGH – CMD
SH. SANJAI KUMAR,
DIRECTOR [(NETWORK PLANNING & MARKETING) AND (PROJECT, OPERATIONS & MAINTENANCE – (ADDITIONAL CHARGE)]
MR. ANAND KUMAR SINGH – DIRECTOR FINANCE

MODERATOR: MR. VISHAL PERIWAL – IDBI CAPITAL

Moderator: Ladies and gentlemen, good morning, and welcome to the RailTel Corporation Q4 FY22 Post Results 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.

Vishal Periwal: Thank you Lizann. Good morning to RailTel management and all the investor and analyst attending this call. Thanks for taking out the time and participating in the call. And also, I would like to thank the RailTel management for giving us this opportunity to host the call. From the RailTel management side we have with us Ms. Aruna Singh – CMD. Mr. Sanjai Kumar – Director Network Planning and Marketing and Mr. Anand Kumar Singh – Director Finance. So, as usual, we'll have an opening remarks from the management team and we'll have a Q&A post that. Yes ma'am, over to you.

Aruna Singh: A very good morning to all of you. It gives me great pleasure to interact with you on the company's performance in the backdrop of Q4 audited results of the company as well as results of FY22 which were declared by the company on 24th of May 2022. The company achieved consolidated operating revenue of Rs.466 crores for Q4 as against Rs.418 crores in Q3 for FY21-22 registering the growth of 11% quarter-on-quarter basis. Year-on-year basis growth in operating revenue for the fourth quarter of FY22 has been 8% as compared to corresponding period of the last year.

For the financial year 21-22 the company registered the growth of 12% in the operating revenue with turnover of Rs.1548 crores as compared to Rs.1378 crores in the previous financial year. The company registered growth of 15% with total revenue at all-time high of Rs.1628 crores for FY21-22 as against Rs.1411 crores in the previous financial year. RailTel posted profit before tax of Rs.281 crores during FY21-22 with growth of 43% as compared to last financial year. After adjusting ECL of Rs.38 crores still the profit is 23% higher than that of last year. PAT for the financial year registered the growth of 47% at Rs.209 crores which stands at 20% after ECL adjustment. For the quarter ending March 22 the company achieved the PBT of Rs.74 crores. Earnings per share for FY21-22 has grown to Rs.6.51 per share, as compared to Rs.4.44 per share during the last financial year.

EBITDA for Q4 of FY 22 is Rs.117 crores and EBITDA margin is 23.9%. The company's EBITDA margin for the financial year 21-22 has been 27.08% as against previous years margin of 25.23%. The company's core EBITDA margin has increased in Q4 to 20.32% as against Q3 core EBITDA of 16.75%. The company's core EBITDA for financial year 21-22 remained intact at 23%. During Q1 and Q2 of FY21-22 the second wave of COVID impacted company's working and performance. By the end of the reporting financial year, the COVID situation in

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India has improved significantly resulting in normalization of business activity to a greater extent. However, due to the global shortage of semiconductor chips, the project business has been impacted. It is expected that this shortage will ease by second quarter of FY22-23.

Your company bagged several awards and recognition in FY22 including award for excellence in the financial reporting for the year 2020-21, instituted by country's prestigious and highest accounting body "Institute of Chartered Accountants of India". Right now, the order book of RailTel stands at Rs.5800 Crore and we have been winning multi Crore orders consistently through competitive biddings. We are focused on getting more business and with COVID situation slowly normalizing and expecting easing of semiconductor chip shortage, sustained growth in the top line is what we are aiming at for FY23. We are also in the process of setting-up Edge Data Centers at 102 locations in tier two and tier three cities to take advantage of OTT boom and reducing latency for IoT based applications.

Our retail broadband service "Rail wire" has reached 4.65 lakh subscribers and we are targeting for 6 lakh subscribers by the end of March 23. In order to expand the reach of its services, MOU with various state power transmission companies are being entered into for utilizing their OFC networks. The company is working on opportunities of Safe Cities Surveillance Projects, IP based CCTV Surveillance System for Police Stations, District Courts and Sub division Courts, Smart Energy Meters, Automatic Number Plate Recognition, RFID Boom Barrier based Weighbridge Automation, Vehicle Tracking and Fleet Management System, etc. RailTel is also playing a pivotal role in the implementation of PM-WANI, Wi-Fi Access Network Interface Project, which envisages creating a nationwide public Wi-Fi ecosystem. We have already launched Prime Minister Wi-Fi Access Network Interface (PM-WANI) scheme-based access of its public Wi-Fi services across 100 railway stations having 2384 Wi-Fi hotspots. It would be extended to all 6100 railway stations in phased manner by mid-year.

RailTel has deployed India's first neutral shared Radio Access Network (RAN) at nine stations of Mumbai Suburban Western Line. RailTel, with the signaling and telecommunication expertize, got a total of 5 tunnel communication projects costing Rs.350 Crore and we are exploring more such opportunities. The technology that we have, we are using is first of its kind on Indian railways.

Expanding our existing stream of business with railways, we intend to become a key player in the national transporters plan to modernize train control system over LTE/4G communication backbone.

We are already implementing various projects in different and core sectors and also entering in education and health sector.

With a robust order book position and continued participation and high ticket tenders, we are confident about continuing the momentum of profit and growth in future as well. We are committed to provide best services to all our stakeholders and we'll continue to expand, diversify and upgrade our portfolio products.

The company is actively working towards successful finalization of RDN tender process and once completed, it will significantly add to company's top line and bottom line over a period of next 10 years. The company is also aggressively pursuing new business opportunities like cable landing station. For the current financial year, the company plans to invest around Rs.100 to Rs.125 Crore towards CAPEX for strengthening the existing OFC network.

The management humbly acknowledges the trust reposed by the investors in the company and would like to assure you all that in spite of the challenges still being faced by the country in general, and the economy in particular, due to COVID and Ukraine crisis and consequent inflation worldwide, the company is and will continue to strive to achieve new benchmarks in the current financial year and years to come. Thank you.

Moderator: Should we open up for questions?

Aruna Singh: Yes please.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead. The next question is from the line of Divyesh M from Investec. Please go ahead.

Divyesh Mehta: My first question was regarding the expected EBITDA margin for both the segments. And the increasing telecom and the project business in the last one year. So, if you can give some clarity on that?

Aruna Singh: Can you please repeat the question the margins you're talking about?

Divyesh Mehta: So, can you give some, what would be the expectations or the direction of EBITDA margins for the telecom and the projects business. And can you explain the, why was the total capital employed for the projects business increase in the recent quarters?

Aruna Singh: The EBITDA margin for telecom and for project will be of the order of 20% and 8% to 10% effectively. And what is your second question please?

Aruna Singh: The increased capital employed in the projects business. So, can you explain that why did that happen. It is increased by around 83% Y-o-Year?

Management: I think your question is not getting clear to us. Can you please repeat your question once again.

Divyesh Mehta: Capital employed for the projects business?

Management: Capital employed towards the project business. See, in project businesses there is no capital expenditures from RailTel side as such. Those are the projects RailTel executes on behalf of our customers and they pay towards the expenditure we make. There are no such projects where we are investing from RailTel side, is that clear to you.

Divyesh Mehta: Okay, yes. Can you also give what is your future view regarding the content on demand business and railway display network?

Management: Railway display network tender is already floated, is already invited. And we expect it to be decided very soon maybe by mid of July and regarding COD we are shortly coming up with the tender again.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: I got few questions. I'll go one-by-one first on the project business the execution is slow we understand that you did mention the shortage of chipset while we keep accumulating the order book for entire FY23 assuming that in Q2 the shortage on the equipment side normalizes what is the execution for the project business are we expecting in FY23?

Management: We cannot disclose that figures as of now but we are hopeful that from quarter two as ma'am has already mentioned in her opening address, that from quarter two, the supply will be easing out and we expect to achieve a good number by the end of FY23.

Sanjesh Jain: Fair enough sir. No, I'm not asking how much we will book the revenue, but considering the order book we have and the commitment we have given what is the kind of execution which is required to be done by the company assuming that things are normalized right, we are not looking for a guidance we are just asking in terms of the age of the order book. So, what is that we assuming this order books remains here, what is the execution we are expected to do out of this 5800-crore order book this year, next year and year after that.

Management: So, these projects will take six to nine months' time.

Sanjesh Jain: Okay. And what percentage of all the project out of 5800 which is six to nine months of execution?

Management: Order book actually is spread over a period of three to five years because there is a capital expenditure portion, fixed cost where we get onetime cost paid by our customer and there is an AMC portion, also because it's spread over three to five years period. So, in that view, you can say that roughly around 40% to 50% is the CAPEX portion which we'll be executing and then getting completed.

Sanjesh Jain: Okay. So, 40% to 50% is the CAPEX part of the business and remaining is the usage based revenue or a recurring revenue AMC kind of a revenue for three to five year?

Management: No, let me complete so few maybe 40% to 50%, few maybe 30%, few maybe even more.

Anand Kumar Singh: Sanjesh, Anand this side. If I can supplement what sir said, from 40% to 50% of the orders may be executed within the period of nine to 12 months, which is the CAPEX part 150, now I'm giving an average balance 50 part will be over a period of three to five years that is the AMC.

Sanjesh Jain: And margins in the AMC will be better than the initially when we do the CAPEX is that the right understanding Anand?

Anand Kumar Singh: Obviously, we do the overall margin calculation, which is 8% to 10% obviously that's pretty there, but 8% to 10% is the overall project margin which we do not bifurcate it.

Management: There's one more concept which you should consider is that there are milestone payments even if we complete the project, many times milestone payments are not due. So, it's possible that the payments are received in the FY24 also. So, you should not take that if we complete 40% to 50% projects during this year, we get the milestone achieved because there are sometimes six months monitoring period or something like that.

So, there are milestones related to each and every project, specifically to the project.

Sanjesh Jain: Fair enough sir. And this AMC revenue will be booked in the project itself or will be booked in the telecom?

Management: Obviously it's a project business revenue so it will be booked in the project.

Sanjesh Jain: Got it. And we also have some revenue accruing to telecom because of this project like we have told that?

Management: I got your point. Few of the projects, where there's a mix of telecom revenue as well as project revenue. So, that project, the telecom revenue is of course of recurring nature and the margin in telecom revenue is much better than the product revenue.

Sanjesh Jain: Right, So, when we say 5800 that also includes the telecom revenue or that doesn't include the telecom revenue?

Management: Yes, it includes telecom revenue also, these are new order apart from the existing orders which we have in telecom.

Sanjesh Jain: Got it. So, how much in the order book will be revenue which will be booked in the telecom services out of this 5800?

Management: You can take roughly around 20%

Sanjesh Jain: Okay, got it. And why was the project business margin EBIT margin in this quarter was very low at three point some percent. What led to shrink in the margin in the project business?

Management: I'll tell you this, as CMD ma'am just pointed out because of the semiconductor shortage. We were not able to deliver one major project in a big way. And the projects that were delivered basically were of different sectors, which had a very tight margin of 3% to 4%. So, you will see in the quarter, in the quarter per se, there is a dip in the margin because one big margin project could not be delivered because of the crisis. But overall you will see the margin is around 8% to 10%.

Sanjesh Jain: Defense project is over right, this low margin project or we still have more in the book?

Management: The project, when we bid for projects, mostly we are getting on through competitive bidding. So, the margins in various projects is decided based on many factors including the expertise of RailTel because many times these are activity-based tender, competition in that particular RFP. So, margins are not uniform over all projects which we get through competitive bidding. So, that is why incidentally, during Q4 of last FY, the projects which DF has also explained to you, they are the one big margin project which we were contemplating to complete, could not get but overall on average, we assure you that the EBITDA margin will continue to be in the same range 25% to 27%.

Sanjesh Jain: In FY23 onwards right, so this is for the company as a whole right, this 25% to 27%?

Management: Yes. So, there can be incidental variation aberrations, but overall on average we are very sure that we will have a healthy EBITDA margins in the coming years.

Sanjesh Jain: Fair enough sir, that is pretty much clear. And going into a little bit detail into the telecom services revenue, can you give us the segmental revenue growth for FY 22, the three segments, NLD, ISP and the IP-1?

Management: Yes. For NLD on a consolidated basis, we grew by 10% over last financial year, ISP grew by 37%. IP-1 grew by 12%.

Sanjesh Jain: ISP was sorry I missed that.

Management: 37%.

Sanjesh Jain: 37% and this was predominantly because of the rail wire?

Management: Rail wire, yes. And IP-1 grew by 12%. So, you see, there is an all-round healthy growth in the telecom sector, other projects grew by 26%.

Sanjesh Jain: Got it. And what is expected growth for telecom service FY23?

Management: We have maintained the telecom on totality basis the telecom sector has grown by 18% in the current financial year, over the last financial year, we will continue to maintain these and exceed it.

Management: This growth pattern is going to remain in the same pattern, because NLD what is happening the capacity is growing but the NLD tariffs are going down. So, that is because of that reason, NLD growth is not seen in terms of money, but the traffic is growing.

Sanjesh Jain: Okay. But prices are declining despite that the volume growth is so much that we would still be able to give a positive revenue growth.

Management: Yes, the volume will make up in the decrease in the tariff, the volume will make it up, more than make it up.

Sanjesh Jain: Got it and all this we are still not including RDN and COD in this right, that is over and above these right?

Management: No, they are not.

Sanjesh Jain: They are not right. So, RDN whenever the tender happens and COD whenever the tender happen post that, that will be our incremental flow through to our margins right?

Management: In a substantial way.

Sanjesh Jain: Got it. One on the cost side, why is the employee cost inflation be so high this year?

Management: Employee cost includes the PRP portion which we pay on an annual basis and these pay and allowances are all guided by the structure which is paid by the pay commission. Basically the impact of the PRP has come, two PRP and the provisioning which we do on a regular basis.

Management: Actually earlier there was delay in payment of performance related pay to employees. So, last year we are now at par with the last year we paid performance related pay for two consecutive years that is why the employee benefit expenses seem to be slightly higher.

Management: There is a natural payment of PRP and provision for the current financial year also. So, all taken together and considering the pay structure of the employees, the employee costs appears to be on a slightly higher side, but there is no substantial addition in the employee strength.

Sanjesh Jain: Okay. And this was completely been booked right from next year none of the accruals are left from the earlier PRP revisions now right for FY23?

Management: Nothing on account of pay revision, but yes, the PRP accrual will be considered as we go forward every year we consider the PRP provision for the relevant year though paid in the next year.

Sanjesh Jain: But that is already significantly in our number from here onwards that there is no inflation to the PRP payment.

Management: No, there is no backlog.

Sanjesh Jain: Okay. One of the edge data center which ma'am spoke in her opening remarks are quite interesting, we are looking at +100 kind of edge data center. This 100 to 125 crore CAPEX include the edge data center or will it be done by the RailTel and will be funded by railway. How is it and are we building this edge data center on the basis that somebody has given us an anchor tenant kind of a position or we will build and then go to the market and try to figure it?

Management: Sanjesh nice question. First let me clear as ma'am said 100 to 125 crores CAPEX is for strengthening the OFC network, I hope I am clear there. As regard edge data center it will be a PPP model which will be entirely funded by the partner who will come on board, this will be on a revenue sharing basis. So, we will not be incurring any CAPEX in this regard.

Sanjesh Jain: Land will be given by the railway?

Management: Yes, we have the right of way, we have the land in the **(Inaudible) 26.33** we have which we will utilize, in a normal rental which will be as per the agreement will be paid to the railways by the franchisee, who will be taking up this job, they will pay for our broadband connection also, our network also, they will pay for that, every cost will be borne by them and thereafter the revenue sharing model will be worked out.

Management: In a sense this is similar to RDN and COD.

Sanjesh Jain: Got it. So, again we will come up with a tender for this, it will be again a tender process and once the tender is approved the partner will come.

Management: We have already invited partners for empanelment while the evaluation of empanelment is going and post this empanelment we will come out with an RFP.

Sanjesh Jain: Got it. So, can you give us a rough timeline on what are we looking to closing the tender for all the three ones which is RDN, COD and the edge data center, rough timeline I understand there's no hard and fast but what is the internal anticipation or what is the internal target line?

Management: I told you by July we are expecting RDN maybe it's slightly here or there. About COD we will have to wait for at least one more quarter maybe by November. And this edge data center maybe by Q3, end of Q3.

Sanjesh Jain: Fair enough.

Management: Things will be visible from Q3 onwards, because this requires a lot of surveys and those things at hundred places.

Sanjesh Jain: No, sir, I understand that but fairly enough. So, we have a lot of tailwind for FY23 the way I look at it certainly times looks interesting for us. So, best of luck from my side and hope to see a much stronger result from RailTel.

Moderator: Thank you. The next question is from the line of Swechha Jain from ANS Wealth. Please go ahead.

Swechha Jain: I just have a few clarifications here and there. So, regarding the telecom segment, I just wanted to understand usually we used to do an EBIT of 25% and that was also the guidance that we were targeting but in this quarter the EBIT margins have come down to 20% and you have also guided in the earlier participants answer that telecom would do a 20% kind of margins. So, should we assume that 20% EBIT margin is something that we will maintain in telecom on a sustainable basis, or do we expect this to be going back to 25% kind of a number?

Management: It will be in the same range you can assume it to be 20% to 25% because technology changes also happening very fast. So, we assume to be in the same range 20% to 25%.

Swechha Jain: Okay. And sir you were also mentioning that we are seeing good growth and telecom segment wise you did give us the growth. So, just wanted to understand, just a clarification. So, basically we are saying the telecom sector primarily will grow the contribution will mainly come from rail wire right. Do you see any other segment also?

Management: Yes, rail wire. See the telecom sector business will continue as we are growing but any growth which you are anticipating on which we are pointing out will yes, come from the rail wire side.

Management: There's another factor which will contribute to our revenue is post this 5G spectrum coming out, so the country will have requirement of huge number of towers and RailTel has a good potential to provide the tower co-location to the service provider. So, that is also but I don't know whether this year we'll be able to, it depends upon the spectrum, success of the 5G spectrum.

Swechha Jain: Right. And ma'am in her opening comments did mentioned 4.65 lakh subscriber in rail wire and we are targeting 6 lakh in FY23 am I correct, I kind of missed that number?

Aruna Singh: Yes.

Swechha Jain : Okay, thank you. And also regarding the project and COD, RDN and edge data, sir you did mention that we plan to close the tendering entire process by July 22, November 22, and end of Q3. So, typically, when will the revenue start coming in in all these segments the RDN, COD, and the edge data project?

Management: RDN and COD there is a provision of minimum guarantees, so revenues start immediately as soon as we award the projects. So, there's no time lag and revenue sharing will start subsequently of course, when the project is live. As far as edge data centers, it will take time because you need to build the infrastructure. So, that is time taking and we hope that semiconductor chips supply issue also get resolved by the time we come out with the winner partner.

Swechha Jain: Okay. Sir any potential.

Management: You can assume to be maybe September 23 for the edge data center.

Swechha Jain: Okay. So, any potential revenue that you can guide us in the entire data center project kind of a thing, because you're trying to set up 100 to 125 centers, right?

Management: We can't say right now because there is a lot of traction a good number of people participated in pre bid meeting, but depends upon the response to RFP. But we are very much hopeful that it will give good business potential but we can't tell about the numbers right now.

Swechha Jain: Okay. Sir I have just last two quick questions. Sir in the receivables, receivables have come down but if you can just give me out of the current outstanding receivables, how much it is more than six months old and do you think we need any more provisions in this receivable going forward?

Management: Yes, the receivables in FY22 has come down. If you will see the financial there is a right back of provisions for ECL which was done in previous years, right back whole year is to the tune of 39 crore. So, we are on a path of realization yes, we have realized a substantial amount in the financial year gone by and we will continue to maintain the drive on realizing receivables. So, I don't foresee any provisioning in regards to the debtors.

Swechha Jain: Okay. And sir how much of it would be older than six months from this sir?

Management: Older than six months, but if I can share only greater than three years, greater than three years, which is a cause of concern area is only 10 crore out of which I stand corrected, greater than three years is 100 crore out of which few amounts are under litigation, but we are working to realize the same, we are working aggressively to realize the same.

Swechha Jain: Okay. And sir last quick question, would you be able to give any revenue and margin guidance in FY23 for the project business sir?

Aruna Singh: 8% to 10%.

Swechha Jain: 8% to 10% the margin right?

Aruna Singh: For the project business.

Swechha Jain: Okay. And any revenue number that you can guide?

Management: A top line growth of +20% as ma'am said, we will sustain the growth which we have achieved and will continue to outperform that.

Moderator: Thank you. The next question is from the line of Apoorva an Individual Investor. Please go ahead. The next question is from the line of Nilesh Doshi from Prospero Tree. Please go ahead.

Nilesh Doshi: Sir, I would like to draw one attention that the company has the possible two new revenue generating projects, namely COD and RDN. The COD was supposed to start in the Q1 23, but now it is informed that the tender is floated and RDN is once again it is postponed. So, whether it was because of the non-participation of anybody or because of the any litigation with the

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	earlier bidder, namely the Zee Group was the successful bidder for the earlier for the COD project, can you throw some light on it?
Management:	Yes, there is no relation with the litigation whatever is going on with the previous partner number one, number two recently what has happened because these two projects are the capital hungry project and both this Ukraine crisis, the investors are actually playing very cautiously. So, they are asking many questions and we are continuously in touch with them. The COD tender we are yet to invite now but RDN tenders we have seen that there is good traction among the investor.
Nilesh Doshi:	But do we have received any bidders interest on the COD project or it will be once again process will begin once again?
Management:	The COD tender has to be invited once again. RDN tender is already on and is likely to be opened in the end of June.
Nilesh Doshi:	Okay. Sir the second question is related to ECL provision, it is very difficult to understand the account because in the last year, we have made some provision for the ECL and this year we have reversed the provision. If we exclude the ECL provisioning numbers from the PAT number, so if this year we have reversed the provision around Rs.38 crore and in previous year FY21 we made the provision of Rs.83 crore. In the reverse effect, then the PAT is actually down it is my understanding, am I right sir?
Management:	I'll take your question. I have received your mail also in this regard, we have seen a clearer perspective last year provision which was made can we compare with the profit PAT of the year before that, the provision was made in FY21 of 83 crore now with the rationalization and realization of the receivables the right back has taken place to the tune of 38 crore. As CMD ma'am has pointed in her opening remarks if you see the PAT, the margin position if the PBT is 43% above and adjust the ECL right back it is still 20% above.
Nilesh Doshi:	Yes, the margin part is correct, sir, but because the ECL is a book entry. And if we remove the ECL entry, this year the ECL is reverse and so there is another income of Rs.38 crore, if we remove that Rs.38 crore then the adjusted PAT will be the Rs.171 crore and for the previous year it was Rs.226 crore.
Management:	In that case as what you are calculating is, you're removing the entire 83 crore but there was some part of ECL for this last financial year has gone by. I'll just clarify your doubt because I understand. I admit that there have the margin, pressure on the margin this financial year because of the crisis and the semiconductor chip shortage which we were not able to deliver this project. But this is a one off case actually, going forward you'll see the margins will continue to remain healthy.

Management: And moreover this cycle of ECL has started so this will continue, some reimbursement will always continue to get so we cannot basically evaluate these things in a perpetual manner because.

Management: CMD madam had in her speech brought this out that the PBT adjusted PAT still a healthy growth.

Nilesh Doshi: I still feel that if we remove the ECL part from the PAT, which is the normalized profit of the respective year, then the profit for the current year is lesser than the previous year that is my understanding. Anyway, you are saying that the margin, margin may have improved.

Management: We will clarify separately when we have grown on the top line by 12% obviously the profits cannot go down, this is but normal. But yes, I come back to you separately.

Nilesh Doshi: Okay, sir my last question is related to the order position, the earlier participant asked and detail answer is given, but the company's order book is very healthy of Rs.5800, but only the order book will not generate the profit for the company it is the execution level which will generate the profit, in many companies we have seen that there is a very good order book, but we could not execute in time manner can we expect now the run rate of the execution will improve in a substantial manner so, that there will be margin improvement and the earnings will improve?

Management: Actually, if you remember I have already said that the semiconductor chips problem earlier into one of the last financial year, the COVID pandemic the severity of the COVID pandemic in phase two. So, these were the issues now, we are coming out of COVID as well as we are seeing that there is traction in the semiconductor chip supply chain also though it is coming out slowly out of the delays. So, we hope that not substantially but slowly it will recover and by end of 2023 we are confident that we will be able to achieve a very fairly good number.

Nilesh Doshi: So, does it mean that it is the semiconductor which is the only problem for our execution or it is the other problem also?

Management: Semiconductors chips is a very major problem as of now, because projects are getting delayed OEMs are not able to supply the equipment they need to execute the project.

Nilesh Doshi: But the person who has given the order will charge any liquidated damage or anything there is a provision so rather than making the profit?

Management: In fact, most of our customers are government customers. We take them on board when we speak with OEMs also. They are also helping in getting those supplies when we talk.

Nilesh Doshi: Okay. So, I can expect that the FY23 will be much better in the execution part at least?

Management: There's no doubt about it.

Moderator: Thank you. The next question is from the line of Vishal Periwal. Please go ahead.

Vishal Periwal: Sir, before any question comes let me ask a couple of them. Sir, you mentioned the revenue growth for FY23 in the range of 20% odd. So, this is at a console level or you mentioned the project site this 20% kind of a number?

Aruna Singh: Consolidated level.

Vishal Periwal: Okay. Fine and second coming back on the margins, there was a previous question also in this quarter it was around 19% EBIT margin for projects and going ahead, the target range is like 20% to 25% odd. So, can we say that, this is probably the bottom that we have seen in terms of margins for telecom?

Aruna Singh: As a data margin what we have stated is slightly lesser for the project sector however, including the telecom portion, it will be in the range of 20% to 25%.

Vishal Periwal: Okay. And I was coming since you give segmental result also. So, at a EBIT level, the margins are at around 19%, 20% odd and our guidance is like for the next year it is 20%, 25% odd. So, we're just trying to understand is it the bottom that we have achieved in this quarter and probably things should look better?

Aruna Singh: Yes, indeed because every one of us have gone through this COVID situation and every one of us know about Ukraine crisis or maybe this is the bottom one which have already reached world over.

Vishal Periwal: Okay. Ma'am is there implication in terms of margin what exactly drives the margins to move up or down or probably the couple of macro factors which you have mentioned, so, what could drive the margins higher in the next year, maybe qualitatively if anything can be explained?

Management: See, we have always maintained that we are committed to maintain our margins in the healthy range this Q4 as you have also already accepted that Q4 have been an aberration. And on overall basis because different projects come with different margin and we have a mix bouquet of orders. So, I'm sure that this will continue to be there, there's no single factor which we can point out or we can single out for contributing to margin, as I told you during discussion today, that there could be competition in some projects and then margins could be low, there could be other projects where we see that the competition is not there and we have a very niche experience. So, then they are again on margin account. So, they can't be a single factor which we can single out.

Vishal Periwal: Okay. And then in the project side, overall there was a comment made that other projects in the project segment it has done a pretty strong set of revenue growth around 29% odd for the full year basis, but if you look at the margins for company as a whole in the project side, though the proportion for the railway has come down and other projects has increased, but still the margin if you look at it has come down in FY22 is it purely because of the content on demand or because the understanding was like in railway side of project the margins are there in the private side which is other the margins are higher. So, just wanted to get some clarification.

Management: content and demand is certainly a major factor for 22, you are right.

Vishal Periwal: Okay and next sir, a bit of clarification only you mentioned 5800 crore is the order book in the project side, the division is 20% telecom, 80% is the project, is that right understanding?

Management: No, it can be more. Project segment is hardly 40%, 45%, telecom is 55%.

Vishal Periwal: Okay, so it's roughly like half and half.

Management: That's not, more in project but yes, in coming years projects would be overtaking telecom.

Vishal Periwal: Okay. No, I was saying on that order book.

Management: Project order book, you are talking about project order book is 20% 25% is from telecom.

Vishal Periwal: Okay. And then just a clarification when you say 20%, 25% is telecom so that is spread over maybe like over the next eight, nine year?

Management: Yes. Five to eight years, there is three years term also, five years terms also and eight years also.

Vishal Periwal: Okay. And then remaining the 80% or 70% or 75% of the order book, which we do as a kind of one shot like once we execute we book the revenue. So, what is the timeline that you mentioned for execution of that maybe you can just clarify?

Management: We have answered this question earlier also that there would be some projects, most of the projects will be over by 24 months from now, and 50% of the projects will be because there are completion period also some of the projects they require 24 months to execute itself. So, as I told you mostly 50% of the project will be over by September 23.

Vishal Periwal: Okay, in the next one and half year.

Management: Yes, the payments would come based on milestones defined in those projects, because there will be a warranty period, there would be AMC period. So, if you talk of total completion of projects, those will of course extend to five years or eight years.

Management: Vishal if I can just supplement what sir said, so you can take it the range of execution is nine to 24 months major, few of the projects will be beyond that.

Vishal Periwal: Right. Sir, basically even I'm an investor having this main query, the order book is there, when can we see the execution which quarter probably the things will or probably the needles will move for us. So, we're just trying to understand this regard. Like what exactly the breakup is and you clarify it.

Management: This order which you see is 5800 crore, there are orders which we got, we must have got maybe five, six months back, there is an order which we got maybe yesterday. So, there is a time gap also among the orders also. So, maybe one project which we got today, it has a timeline to complete from the customer itself of 24 months. So, there's no if we get a project, generally it complete in six to nine months, maximum from the date of award.

Vishal Periwal: Right sir. Probably I would like to thanks also, though not give any closing remarks. But thanks for the management because in the last two odd months we are seeing consistently a lot of orders, have been received by us what we notified to make changes. And probably we look forward to the execution. Maybe one last thing, and I'll come back in the queue, sir any comment that you would like to make on the modern train control system that will be helpful.

Aruna Singh: Yes. See this modern train control system which our national transporter is planning is based on 'Kavch' and indigenized technology, presently working on a particular frequency and UHF band, and they already have a spectrum for LTE 4G. Since RailTel, has the edge of being having exclusive rights of Tower and Fiberization in the railway area. The company expects that no sooner covered with LTE is successful RailTel will get major pie for the LTE portion.

Vishal Periwal: Okay. Ma'am just to on this, like couple of timelines have been given like COD by November, RDN by July as data center by Q3, So, anything that we can say that like probably when can some sort of traction will probably orders that we can get any timeline?

Management: As soon as finalize the order, like RDN by July, and COD by November, the orders will be placed on the partner and revenues will be coming.

Vishal Periwal: Sorry, I was saying that the way we have given timelines for all these for the same thing, modern train control system anything that you see right now?

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May 27, 2022

Aruna Singh: That will depend on the success of the Kavach being tried out on LTE and we should get this information say by third quarter. The trials are already on between CDOT and Indian railways.

Moderator: Thank you. The next question is from the line of Swechha Jain from ANS Wealth. Please go ahead.

Swechha Jain: Ma'am, I just have a quick small clarification. For the telecom segment you said the EBIT margins, sustainable margins would be 20%, 25%, right?

Management: Yes.

Swechha Jain: Okay. So, right now we are at 20%. So, we do see that it may go up from here, right?

Aruna Singh: Yes.

Moderator: Thank you. As there are no further questions we now conclude the conference call. On behalf of RailTel Corporation, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.

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