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
Listing Department, National Stock Exchange of India Limited 'Exchange Plaza', C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051	Corporate Relationship Department, BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001
Scrip Symbol- RAILTEL	Scrip Code- 543265

Sub: Transcript of Analysts/ Investors physical group meeting held at Mumbai on Wednesday, 24th July, 2024.

Ref:- Our Letter of Even no. dated July 16, 2024, July 20, 2024 & July 24,2024

Dear Sir/Madam,

In reference to our previous communication dated 24th July, 2024 regarding Analysts/ Investors physical group meeting, we are forwarding herewith the transcript of the Audio Recording held on Wednesday, 24th July, 2024.

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

वितरण:- 1) सहायक कंपनी सचिव को फाइल में रखने हेतु।
2) सहायक प्रबंधक/पी.आर.ओ.को वेबसाइट पर अपलोड करने हेतु।

RailTel Corporation of India Limited

Transcript of Analysts/ Investors

Physical Group meeting held on

Wednesday, 24th July, 2024 at Mumbai

MANAGEMENT: MR. V. RAMA MANOHAR RAO – DIRECTOR FINANCE
MR. MANOJ TANDON – DIRECTOR (PROJECTS OPERATIONS & MAINTENANCE)
MR. N. MANOHARAN: INDEPENDENT DIRECTOR
MR. HARISH PAWARIA ED/CORPORATE COORDINATION
MR. J S MARWAH, COMPANY SECRETARY

MODERATOR: MR. VISHAL PERIWAL -ANTIQUE STOCK BROKING LTD, INSTITUTIONAL EQUITIES

Name of the Speaker		Description
Introduction	:	So I will just introduce the RailTel Management to you everyone. We have Director – Finance and We have Director (Project Operation and Maintenance) with us and we have Independent Director and we have Company Secretary and ED/CC. Director (Network, Marketing and Planning) will be joining in a while and in the meantime, we will probably start the communication. I think many of you if any queries are there any jotted down queries are there you are pose the question to the Management will be open to answer.
Question	:	Before queries for 5 – 10 minutes if you can brief about how do you see the opportunity in the next 2 – 3 – 4 years. If you can give a brief about RailTel position for that, how do you see the growth.
RailTel Management	:	Do I presume all of us are having little idea about the company kind of thing so...
Question	:	I presume nobody has any idea.
RailTel Management	:	We can give some brief.
Question	:	So any quick round of introduction will do?

RailTel Management	:	See this – RailTel is a Mini Ratna Company – Ministry of Railways is the main stake holder – 72.84% and it came into existence in the year 2000 and listed in 2021 and main portfolio of our activity is into two streams. We have categorized into telecom and project space. Telecom in the sense we have NLD license, we have ISP license, we are registered for IP – Infrastructure Providing License. Alongwith telecom services we provide data center services also. We have our own data services – two data services – one at Hyderabad and one at Gurgaon. Both put together around less than 1 megawatt capacity. Normally these data centers are measured in terms of megawatts. Less than one megawatt. This is the activity as far as the telecom and then as a part of NLD we provide long distance connection to enterprises. National Knowledge Network is on our NLD and as far as the ISP is concerned, we provide enterprise broadband connections as well as direct to the customers - FTTH – Fiber to the Home. We have a product called RailWire which is a broadband connectivity to home. Our subscriber base is around 5.7 lakhs subscribers across the country as far as RailWire is concerned.
RailTel Management	:	So this is basically telecom stream part of it. Now coming to the project space. Projects - What do we mean by projects is we are actually into system integration activity. Having our network connectivity capabilities having trained manpower in data center and also technically we are having trained manpower. We have organisation having 700 employees little additional outsourced employees we per the requirement. But out of the 700, 600 will be engineers – electronics and telecommunications. So that way we have our own very strong engineering resources. So we entered into ICT System Integration Works. The System Integration Works we are taking up across various sectors – you name the sector and we are into that kind of sector. Hospitals for eg. Health sector in the sense – we have implemented hospital management information system across Indian railways 700 hospitals and by virtue of that experience we participated in other tendres and then we secured recent order three months back for Brihan Mumbai Corporation Hospitals. Also we are service providers for Hospital Information System. Similarly, our strength is rolling out paperless office for Indian Railways across all the layers of the organisation. Based upon that experience this is a product of NIC which has been rolled out by NIC.
Question	:	NIC?
RailTel Management	:	National Informatics Center. They are the proprietary of that Application called e-office. We roll it out across organisations by virtue of that experience having rolled out on Indian Railways we got orders across 85 organisations of Government of India and some other public sector undertakings. So, these are all some of the examples of system integration. We undertake smart city activities also – Puducherry Smart City - we are the PLC for the Puducherry Smart City like command control center establishment and intelligent traffic management system kind of thing. So end to end solution. We have a strong base of business associates around 250 plus across various sectors – across various capabilities – depending upon the opportunity we keep engaging with our partners and then stitch a solution and keep bidding the opportunities. This is our strength. Next coming to the specific projects with the Indian Railways. We have already mentioned e-office and hospital management system. Ongoing project is video surveillance system across 3000 stations or 6000 stations.
Question	:	5000 stations
RailTel Management	:	5000 stations we are implementing video surveillance system. That is a big project of almost 800 Crores project which has been given to us and around 300 crores have already been booked. With Railways for one or two years we have actively considering and we are in the direction of competing signaling work also. So normally ours is a telecom company so we were not looking into the signaling works but day by day the signaling activity is becoming more and more technical and communication based. We thought why can't we diversify into that also. Also, the additional advantage what we have top layer officers are all coming from

		Indian Railways. All Indian Engineering Service Officers of high ranking and then they are into signaling and telecom service having gained experience of 20 – 25 years for example our E.D. Corporation Communications is a signaling and telecommunication engineer of 25 years of experience. Our Projects Director – Marketing has around 30 years of experience. Having that kind of expertise, I want to drive the point that signaling works are very very niche area which is not taught in any engineering colleges. So one need to learn on the Railway networking only. So they have learnt and we are trying to gain the strength. There comes after discussed subject Kavach implementation also. Kavach is a system which Indian Railways is planning to implement. We have to roll out. There are 4 – 5 players who have been approved by the RDS Organisation of Indian Railways. We have tied up with one of them. M/s. Quadrant. As and when the tenders are rolled out we are going to participate in those tenders.
Question	:	So if Rs. 100 Quadrant wins what is your scope of work? Rs. 100/-?
Question		Let us suppose you win Rs. 100 Crores contract which Quadrant wins
RailTel Management		Quadrant is not planning to. Quadrant is a original equipment manufacturer = OEM. We have a tie-up. I already told we are playing a system relationship role. We are implementing OEM manufactured unit to be put into the system that system needs to talk to various other systems where our expertise comes into picture. Not only stake holder management – not only stake holder management is also another very big area especially railway related activities. They will be collaborating with us, we will be bidding together in this.
Question	:	For 1 KM of Kavach implementation what is the revenue for us as well as contractor?
RailTel Management	:	So it is very very at this point in time I would often asked question across many analyst. But it is very premature at this point in time these tenders are yet to be rolled out, scope is to be known and that contains so many components also. One is the basic equipment part of it which is sitting on the locomotive another is the communication system across the track so that is separate activity and for that separate tenders are being called for example LTE-Tenders are already being rolled out – two tenders are right now out in the market – one is for Rs. 900 Crores and one is for Rs. 850 Crores kind of thing. So all these things work together to give final solution of Kavach. Kavach means it is not one single component it is multi-component. Bringing it down to per kilometer is also difficult in the sense that it fits into various moving objects locomotives. So, locomotives we cannot measure in terms of kilometers. Number of locomotives they are going to implement. At this point in time it is not crystalized understanding.
Question	:	But to further simplify that it is a Rs. 100 Crore opportunity.
RailTel Management	:	From that perspective I can tell the Railways – the Government's statement has been that they will implement modernization work across various including civil engineering and purchase of locomotives, purchase of Vande Bharat etc. All put together around Rs. 12 lakhs Crores for a period of five years is the road map the Government had already given.
QUESTION	:	Are there 3 or 4 bidders.
RailTel Management	:	No no. I am giving the Entire budgetary this thing.
QUESTION	:	Participation? The guys who are participating in the Kavach programme.
RailTel Management	:	I will come to that point little. Just one second. So out of that Rs. 12 lakhs crores it comes to Rs. 2 lakhs crores per annum kind of thing. In this Rs. 12 lakhs crores – Rs. 1 lakh crores is for signaling and telecom modernization work. In that existing signal replacement modernization also is a part and additionally the Kavach is also a part.
QUESTION	:	So 20,000 per year includes Kavach plus modernization.
RailTel Management	:	Rs. 1 lakh crores for entire five years kind of thing. You cannot split 20,000 per specifically annum that way. Because it all depends how quickly these Railways. *Mota mota sab samaj sakte hai.* For example, specifically to answer that question

		in this financial year they have rolled out Rs. 20,000 Crores there may not be any component for Kavach also. That way we cannot correctly say that. Under Rs. 1 lakh crores we are aiming around 15% in next five years. We will be competing for entire one lakh.
QUESTION	:	So we will be competing for entire 1 lakh.
RailTel Management	:	We will be eligible so but we don't know about competitor's tendering activity. We are hopeful about that 15,000 cr
QUESTION	:	And in that when you say you are aiming for final 15,000 that 50% will be your entire work or including.
RailTel Management	:	I will make it very simple for you. In project space the margins are ranging from 5% to 10%. In this case also it will fall somewhere between ... after all those activities instead of splitting it into step by step analysis. Our pie finally between that 5 – 10% depending upon the complexity of the project, depending on the competition, scope. So many other aspects into that.
QUESTION	:	Understood
RailTel Management	:	Kavach I think already 3 have been approved by the RDSO. RDSO is an organisation of Railways designed and standards organisation. They are the OEMs. Systematic Integrators can be anyone. Like us, Once the tender is out how the entire market reacts as of now no clarity.
QUESTION	:	I thought. Quadrant is directly a kind of Medha right?
RailTel Management	:	MEdha, M-E-D-H-A. Medha also have an ETC also, can they directly bid? They can bid. See for example, normally the trend in the market is OEMs directly won't, because it involves lot of other activity. To yeah to make it little simpler it is like Microsoft won't participate in lan creation for an office. I mean Very very vague example but something like that.
QUESTION	:	So this includes this basically covers the Kavach part but in terms of the you know if I look at your order book say roughly 4600 crores order book what is the execution time frame of this order book.
RailTel Management	:	Average it is 1.5 years to 2 years kind of thing and some of them will be having a component of AMC also. So, depending upon the AMC, some of them are going up to 8 years. For example, this VSS I mentioned that is Video Surveillance System on Indian Railways, Once that is done, 8 years is the maintenance part.
QUESTION	:	So when you say 4600 crores includes AMC
RailTel Management	:	A component will be there.
QUESTION	:	So is it a big component?
RailTel Management	:	A very small component. Around 10 to 12 percent.
QUESTION	:	How long this 8 years you told AMC will continue?
RailTel Management	:	Once we complete in the implement as and when we are rolling out the project and hand over those many stations to the railways to their satisfaction. From that date onwards the AMC will start it is a parallel activity kind of thing. It is not completion from their 8 years kind of thing so if I complete 100 stations then I'll hand over them then from there onwards it counts.
QUESTION	:	Is it 5-10% margin business for us?
RailTel Management	:	It is 8.5 – 9 kind of thing.
QUESTION	:	Ok Ok.
RailTel Management	:	Telecom margins are fairly good around 21%.
Question	:	21%.
QUESTION	:	Yeah. And you know, so this 4600 crores, you know, order book to be executed over 18-24 months, except that 500 crores which is spread over 8 years, am I right?
RailTel Management	:	Come again please.

QUESTION	:	So, 4600 crores include the 500 crores order which is spread over 8 years, otherwise it means 4000 crores is to be executed over 1.5 to 2 years. And this basically the order book what we have because it is a breakup of government, tender and private but if you if i break it up between telecom and project then how that will look like?
RailTel Management	:	I think that is not covering repeat orders of telecom because we have repeat telecom orders because if some for an enterprise, we are providing the broadband, they will continue year after year.
QUESTION	:	Understood
RailTel Management	:	So, that we are not showing it as an order book, order book is mainly the project space.
QUESTION	:	So, basically it is the telecom business what we have, which is roughly about what 40-50% of your revenue is here. So there basically how we should look at the growth?
RailTel Management	:	Now it is 48%. Telecom business is a very steep, I mean, very tough competition area for us. And growth we are setting up as a target for ourselves internally around 10% year on year in totality or telecom part so telecom part 10% growth itself is a tough challenge for us. We'll sometimes we reach around seven percent eight percent.
QUESTION	:	You know recently you had some subscribers some in Gujarat I think there was some project going on, there was some tie up in Gujarat broadband subscribers.
RailTel Management	:	See that is a government project where they are having their own optical fiber and they wanted a player who can monetize it, reach out to the rural area customers so that they want to provide the broadband connectivity to the rural communities. That target in one year - we need to come up with 1 lakh subscribers. What is the value of that tender? We will supply the details to you on that.
Question	:	Total value is per unit
RailTel Management	:	Actually see I tell you see basically when you are reaching out to a customer there is a subsidy element by the government. So we receive the main objective of the government is to reach out to the customer. Not only just providing the broadband on that providing various other services like government schemes etc. how they can reach out to the rural areas wherein they can directly I mean apply certain things on so those applications part are also involved and on that I mean on that subscriber base whatever we are earning there is a revenue sharing arrangement with the government.
QUESTION	:	Correct - So that's what i'm saying so in this year for example how much this this business in effect 25 26 or 23 years how did this business can be fully.
RailTel Management	:	See I mentioned it no one lakh is the subscriber base we need to expect in year one in a year one itself.
QUESTION	:	So, it is not that big, it means it is small.
RailTel Management	:	See, I will put this entire thing in perspective, we have the RailWire customer base of 5.7 lakh out of that we are earning around Rs. 350 Crores.
QUESTION	:	Rs. 350 Crores you are earning as a revenue. Within Telecom it would be higher margin? Yeah, it is a higher margin. This would be higher margin business.
Question	:	Pardon? If this was a competition, is it only Bharti, Jio and all?
RailTel Management	:	See, we have no serious illusions of competing with very big players like Jio's and, because they are very very big players. We have our own niche area our focus is on rural areas and our availability of optical fiber is across the country so we engaged with almost five thousand nine thousand partners nine thousand partners across the country who are local connectors they will take it from us and then reach it to the homes. So there is a kind of sharing arrangement with them. So we play on that front and but we are decent enough in that space we are the 13th larges and if we take rural areas we are the 4th largest.
QUESTION	:	There are different segment in the telecom like NLD then IP, rail wire so in the base what would be the growth expectation in individual segment.

RailTel Management	:	See around RailWire 10% kind of thing. NLD is not very promising that way. I mean 5% to 6% kind of thing. ISP is also around but data center is giving us data center also we are actually combining with the telecom space because it is correlated activity kind of thing so that is giving us very good growth.
QUESTION	:	So what will be how much will be the data center into our current place.
RailTel Management	:	See right now I mentioned we have two data centers both put together we are getting a top line of Rs. 70 cores and we are planning for a bigger data center at Noida with 10 megawatts capacity and we have already rolled out, I mean we have engaged a partner through tendering process who is yet to start that execution part. This we are doing with Anantra right, two techno. Techno commercial, techno electrical yes. So, hundred and two edge data centre. Yes, edge right.
QUESTION	:	But we have a tie up with Anantra.
RailTel Management	:	No, Anantra as of now we do not have any specific tie up. See the data centre space we are working on different models one is we are owning out by our own wherein we invested and then our manpower is managing etc the other one is we engage a partner who will bring in the investment and then take care of day-to-day management and then there can be a revenue sharing arrangement there that is another shade of a model. The third one we are actually looking into is if already big players like Anand Raj or maybe L&T or any other, Heranandani, LJUas kind of thing, if they are forthcoming or billing, they have excess capacities. So then we can rent, take it on lease kind of thing on a agreed terms and conditions wherein we buy the space from them, secure it, apply additional layer of security and access control and make it purely government space kind of thing wherein which will attract the government customers. So that is another shade of model we are actually working on it. Nothing is materialized as of now.
QUESTION	:	How are we looking as a demand opportunity especially from government because the way we understand that lot of government work is on paper right now and the way you have been saying that they want to take it to cloud.
RailTel Management	:	See now I mentioned we are rolling out e-office on 85 organizations. Rolling out e-office does not simply mean that making it workable to the lower level, but whatever data that is being generated is being hosted on our data centers. So that way many applications are forthcoming in various organizations of government including public sector undertakings where data storage is going to grow only it is going to be in a up curve only
QUESTION	:	And in that the cloud layer will be provided by us?
RailTel Management	:	We have our own cloud by name rail cloud which is METI empaneled cloud so METI is an organization I mean Government Ministry of Information and electronics and technology.
RailTel Management	:	Data center actually feeds the telecom growth also because ultimately, they will be accessing all customer will be accessing application which are hosted in DC through telecom network only. So cross fitting is always there in data center application.
Question	:	In case of edge data center, what do you believe provided in such a service?
RailTel Management	:	See, I will just bundle it them in for you. See, I mentioned we are having that expertise for last almost 10 years. We have our own specific recruited manpower for that. So, the deep technology integration part we bring on to the table and the spaces in the railway this thing is our thing on to the table. At the same time connectivity because we are already available in railway stations, strong connectivity is what we are bringing on to the table. The partner will bring in the initial investment then run the show on day-to-day basis maintenance and those operations and maintenance are also supervised by our own experts. So that way it is a stitched solution.
QUESTION	:	So what can we do with Anant Raj for example? Pardon? I mean why you should approach Hiranandani Sudha for investment to build.

RailTel Management	:	No, no not investment. If they have already established their own data centers, they have access capacity, they are willing to provide that capacity, then I am ready to take it and make it secure for the Government customers.
Question	:	The active part, the security part, the storage part, the networking part, by years only. It will be only passive.
QUESTION	:	But then you will be paying high charges because like you said, you are actually, if it is your space, connectivity, near rail.
RailTel Management		Correct, correct. See, I mentioned there are different business models and all business models need not be on the same IRR level. And the time to level, that is one thing, the other thing is when the demand is there, I am not in a position to cope up say option a and option b say only 3 to 5 years how much you plan to build under your own railway. 10 megawatts we mentioned no about the how much basically you think you are sourcing and how much you think you will be doing on your own.
RailTel Management	:	see 10 megawatts we are going to build on our own in our own Noida space we have our own land parcel there and where we are going to build our own data center 10 megawatts so that also we are going to involve a partner so that is point number one and the other part where already data centers existing and then space we are ploughing into that space that is not a finalized model it is initial discussions model.
QUESTION	:	And have you also identified other spaces where you already have space connectivity and light mode because I mean the infrastructure.
RailTel Management	:	There exactly you are right there because those spaces will be outside my railway premises. Correct. And there will be connectivity issues also the issues in the sense connectivity will be available it is at a price, isn't it? So unlike where I am having my presence, so I am when the business and commercials work out only, we venture into that, it is initial discussion stage and we have not sealed anything as of now.
Question	:	But the connectivity can always be extended to the new areas.
QUESTION	:	Yeah, so you know let's assume hypothetically say suppose at your own space near railway and where you are strong suppose you do 10 megawatt for example you know how big this opportunity can do something what it does transit from the revenue perspective and the profitability perspective and is it tough to do say 10 megawatt over say three years kind of thing or is it too small number I don't know.
RailTel Management	:	No, it is like this 10 megawatts means it incorporates planning part for 10 megawatts. Planning in the sense power is, I can't keep improving the power as per requirement. I can scale up my servers as and when demand is coming. But for power I need to be secure and then plan for 10 megawatts kind of thing. Building I can't. So those are all solid costs. They will come into picture in the first 1-2 years itself. And later part when I am building it as per the demand as and when demand is coming and short notice of one to two months kind of thing, I will be in a position to scale up the server requirement so that component is going to be linked to my demand growth.
QUESTION	:	So how much of the capex will you require for this see 10 mega watts.
RailTel Management	:	See 10 mega watts it is initially around 500 to 600 crores. so that is one see that also we are actually tying up we had we floated a tender recently that tender elicited lot of response from various players but many players had their own understanding it is a new concept we brought into the market they were trying to understand raising so many queries etc etc we could not finalize that at this point in time we will come back we will take a feedback and then come back so what is the difference between this and the edge, like this has a capacity. Yeah, edge data centre is basically where the data is generated, the centre is available there. The travel part of the communication part is cut down as much as possible, so that it will not be costlier for the users and the players there. So edge data

		centers are very very small in scale in the kind of seeing it will be point two mega watts one edge data center this room can be decent enough edge data center so that much space is enough for us. It is 20 racks 10 to 20 racks kind of thing and each data center may be around investment wise around 5 to 6 crores kind of thing. Sometimes they may come with a container also and to the container they can secure a data center so that kind of scale is possible.
QUESTION	:	About the Kavach related to Indian railway opportunities, but apart from Indian railway you are also working with DFC and many other such projects are working with. So, can you just give some colour on what kind of various opportunities you are looking for in the project sector?
RailTel Management	:	See, I just, I mean scattered that data when I was talking, we are into smart city activity, we are into health now I have already mentioned. We are into defence sector also. We are the connectors for all coal fields, Coal India Limited, all subsidiaries. They are all very remote locations where connectivity will not be there. We are providing the connectivity. We are providing connectivity to NMDC also, I mean minerals corporation into their mines kind of thing. And education sector. This all comes in the projects? This all projects. Because their connectivity means not that connectivity, we establish their connectivity as a I mean as a project yes.
QUESTION	:	So basically therefore are you seeing any kind of a in terms of the size the big project the big tenders are you seeing any big project coming up. See for example I mentioned the LTE tenders which are rolled out by railways. For the Kavach implementation they need a robust separate communication system. They are coming up with 4G along the railway track. That involves establishment of towers for 4G and establishment of 4G network. We are participating there and if we win the tender can be 800 crores, 900 crores kind of. This is including your 1 lakh crore what you told us. Yeah. This is all is included in the tax. So apart from railways, I think so railway 1 lakh crores and 15 percent that's what we said.
RailTel Management	:	Recently, Brihan Mumbai Corporation hospital management system 350 crores. Yeah. So likewise are there any other big projects which are coming? In the sense they are all of that range, 200, 300, some of them are small, as small as 20 crores also. We don't differentiate because if 20 crores is that I don't want to enter is not the approach may be able to complete as early and then book our top line and bottom line and then gain a little more experience in as a credential scope of margin extension in the segments or it is just a one year basis whatever numbers are there they are going to be there for next coming three to four years kind of scenario as far as telecom is concerned thanks roger projects also i mentioned five to see but current order book would have got implied margins because that order will be already we have got. See that's what i am saying see i mean I cannot drill down to that level which project is how much percentage I am giving you ball park range because I already mentioned that railway I mean VSSI I am getting 8.5 percent and for example, Pondicherry that is around it was one at ten plus but while implementation there may be some issues and then we may end up at around 8.59 kind of thing. So I am trying to say averaging out see the point here is as far as the projects are concerned it is a very tough competitive space many of our competitors I don't want to name anyone some of them are taking the projects at even 1 percent can you imagine they are taking at 0.75 percent 2 percent kind of thing just to float around and then have their but we are not going into that space we are trying to secure ourselves at minimum five four to five percent and in case of any kind of thing which is going to quickly deliver and then gain my top line in that financial year i may look into one or two projects but very selective on a lower end so we try to afloat around 5 to 8 percent kind of average.
QUESTION	:	It is a different margin you are saying Yeah Last quarter the number was quite low close to 2 percent so it is quite volatile quarter.

RailTel Management	:	See I mentioned no see it is a kind of so many number of projects, some of them how they are actually getting converted into my top line in that particular financial year. Though I have VSS which came into my kitty 4 years or 3 years back, there were many technical reasons, certification related issues which cropped up later after we finalized the activity because the government policy little changed they wanted additional certifications and that took some time for the vendors so that didn't materialize much had it materialized in that earlier financial year it would have given me additional so volatility in the sense it all how much I am actually bringing it on to that financial year booking it all depends.
QUESTION	:	So business class telecom growth and margin in case of project what should be the in your understanding growth expectation from 4 to 5 year first of you see now.
RailTel Management	:	See last year last two years we have grown one year I mean year on year wise the growth rate has been 45 percent, next again it was 65 percent. So but maintaining this 65 percent year on year is highly unsustainable for anyone. So I am actually reasonably looking at very conservatively, I can maintain 30% growth rate for next coming five years that much we are see through.
QUESTION	:	One question on the cloud part of it. So that and already we have a platform there so is it that whenever the government load will be coming on the data center, they are obliged to get our cloud service only.
RailTel Management	:	There is no such obligation and nominations whether data center or any other works nomination is now is an exception and very high critical very early quickly they need to ramp up they may consider but that is their policy i mean ministry's policy kind of they in the sense my own parents ministers but data center the players are not many say i mean government sector NIC is one for exclusively for railways Chrissy is one and public sector undertakings power grid is one which is coming up with their data centers on I very BSNL is one so four or five such players are there so we have our own space and we are comfortable.
RailTel Management	:	Yeah but like what are we doing extra to get that cloud service dc space for example we have some unique proposition where we have our own dc it's managed by our own people and we are also an indeed aspect activity plus we have security operating center on top of the ATC of resources. This is very unique. We're in some of the government peers. I don't want to name them. They are being their DC is being managed by third parties so some unique offerings are there and hence we are interested with the organisations like 85 organizations who have given us paperless office. We are doing some mission-critical application hosting in our DC which I can't divulge the name. So, these mission-critical things are like MHA and all other security institutions. They are coming to us because of some trust factor and some inherent factors.
RailTel Management	:	Another point is not just we maintain our data centers on our own and the two three models I mentioned that is one part of it. By virtue of gaining that expertise in the data center space, we are building data centers for others as a part of project space. So we have built data center for Madhya Pradesh state government and Jammu smart city and even we are in the advanced stage with some foreign country organizations to build their data centers and Minister of Home Affairs also, I can't divulge the thing, it is we are doing mission critical data center which is around 280 crores order which we are about to complete.
QUESTION	:	This includes project business?
RailTel Management	:	It is a part of project business.
QUESTION	:	And how are the margin difference for telecom where we are building it will be segment level margin?
RailTel Management	:	See that is project business, project business I repeatedly keep coming there only.
QUESTION	:	I am talking about the telecom part of it where we are building the data center.

RailTel Management	:	It is part of project business.
QUESTION	:	For ourselves. That will be higher. So that will be the segment level margin or currently it will be lower and then once the demand scales up.
RailTel Management	:	No, no, no it is slightly higher.
QUESTION	:	Segment will be higher. Then once the demand scales up no no no it is it is slightly higher segments your current project business is roughly about 1200 crores last year revenue and your RailTel project business order book 4600 crores if you take out 500 crores that annuity over 80 years that usually leaves about 4 000 crores and you are saying 18 to 24 months is the execution roughly broadly so over two years this 4 000 crores has annually over 80 years, that easily leaves about 4,000 crores. And we are saying 18 to 24 months is the execution roughly, broadly. So, over 2 years this 4,000 crores has to be completed. It means that 1,200 crores revenue, if I do the year by year it comes to 2,000 crores per year, 25, 26, then only you get 4,000. Now it can be 1,000, 3,000, it can be 3,000, I don't know that. But I am saying that 4000 it means has to be completed in 2 years, correct? And for that to happen, in terms of the various milestones of the various large-big projects, are you on track or are you seeing any major hurdles?
RailTel Management	:	No, we are on track with most of the things. And if there are any slight delays, they are mutual in the sense from the customer side also.
QUESTION	:	It means that 30% growth what you talked about for 5 years on a compounded basis for project business, but it is possible that for 2 years.
RailTel Management	:	Not just this sir, we are gaining every year, last year we got I mean new order book of 2800 of course, last year and because of the elections and there was little nil in tendering activity because of the code, election code. So now it started picking up across various organizations. Our focus area is on government sector mainly. So, this year also we are hopeful of getting 2500 crores new orders.
QUESTION	:	From railways, primary railways,
RailTel Management	:	All across.
QUESTION	:	Of that 2500, you should assume 75-80% from railways.
RailTel Management	:	My submission is it can't be sliced like that. It can't be very specifically sliced like that.
QUESTION	:	I got it but you know coming back to my point said that 1200 crores revenue financial year 24 in financial year 25 do you think 2000 crore is possible do you think more it is a more back-handed so it will be more sleep over to financial year 26 going because we already crossed four.
RailTel Management	:	Sir i mean we can have a visibility of 2000 in current so it means.
QUESTION	:	Basically this business actually can grow at 30% conservative because as you are getting more.
RailTel Management	:	See I can mention that 65% last year and year. See 30% I am very. Base is increasing.
QUESTION	:	No no what I am saying 4000 crores already we have to execute over 18 months.
RailTel Management	:	See certain things, good name please? Certain things I am leaving it to your because you know the numbers etc you know, but I have certain constraints beyond which I can't be talking too much forward-looking kind of thing, so I am conservatively saying which is very sustainable for me 30%. If I am performing very good, yes.
QUESTION	:	Now I am saying in terms of therefore the milestones what you need to do because
RailTel Management	:	See these milestones part I come to that. Now we have, I already mentioned that we have a business partner, business associate policy wherein depending upon the niche areas and expertise wise I have empaneled almost 250 empaneled

		business associates are working with us, depending upon the project and the expertise level required we stitch a solution with one may be with two also depending upon the requirement.
QUESTION	:	are anyway spread over 8 years. Yeah, correct. After that. Spread over 8 years, 8 years is the maintenance part. Okay. If the expected timeline of completion of VSS was how many years? 2 years?
RailTel Management		So it appears that everything is on my head VSS is a largest order 800. But both 3 years. Initially. 2 years. Initially when they gave the order, the implementation phase was 2 years that means 400 crores every year I need to complete 3 years you will completing ONX? Possible, yes. So that will be the largest, next will be the VM, the virtual corporate, the greater will be 350 crores. So all these large projects, buy and large, they are on track? Yes, yes. I mean, more or less, broadly? This Brihan Mumbai, this thing is very recent one. We are now in the gearing up phase.
QUESTION	:	So, I mean, broadly I mean, you are currently a target.
RailTel Management	:	Touchwood we are very confident on that front.
S5	:	When you get the order on the nomination basis from government, the margins are higher, like double digits.
RailTel Management	:	Government is now. See, yeah, it used to be, but now nominations are done away with, they are not giving any other nomination, whatever pipeline already existing is continuing that's it so this 1047 which has been mentioned is already available already available like this again same example VSS is one nomination basis in future it will be more it will come down we have to keep competing yes.
Question	:	So it's a competitive 5-7% margin.
RailTel Management	:	Exactly, actually that keeps us on tender hooks. It makes us more...
Question	:	Sir, what is data center if we wanted to understand, there is 80-85 ministries will give you order, so how the flowchart would work? First, they will give you a project order where you will set up a data center.
RailTel Management	:	No no, for that separate data center is not the idea there, it is an application, that – application we need to make it work on their network and we need to create their logins and so many people – that includes training part of it – little bit of change management because they need to scan the existing physical things into the e-office mode. Once that is done then handling their complaints on day-to-day basis from time to time. Because NIC being the Application owner they have their own call center or support center so we will be corroborating additional kind of thing so this is all the scope of work. So rolling out the on an average.
Question	:	We have cloud offering
RailTel Management	:	After that whatever is the data generated, that is hosted on our cloud.
Question	:	So initially it says, Ministry of Health, I give you order. So all the data which I have or whatever information which I have on day to day basis, I first need to communicate with one of the cloud so that communication link would be provided by you.
Question	:	A cloud is also with us. Yes, okay. So this is a project business. It is not going to public cloud like Amazon and all, it is coming to us. Okay. He is asking about communication. Connectivity is also given by us only.
Question	:	So basically this is the first scope of order which is project.
RailTel Management	:	Yes, yes. Where we first connect. It is an integrated activity. It is an integrated approach. So connectivity is also given by us only. So basically, this is the first scope of order which is project. Yes. It is an integrated activity. It is an integrated approach. And then year on year say from year 3 onwards for storing that data on RailTel cloud will charge them rental also. Yes. So it is like a NVD model after 3 years. So any order which you would have received in the recent past, give me an example, a quantum of the order, what work you do and say from year 2 or

		year 3, what kind of revenues we received, say order of 100 rupees, what was the AMC revenue we received, any example which you can cite. Specifics, anything? Maybe don't mask the name of the ministry, but any example. will see. Any examples which you can cite? Specifics, anything, Harish you have data? Don't mask the name of the ministry but any example.
		See, I will get that data for you but to put this thing in perspective, it may not be huge numbers wise. And many dots connected and then continuous stream of revenue will secure us. I mean it is a kind of see while we are connecting, we are providing the enterprise broadband connectivity sometimes our people at the territory level they are providing even 5 lakh rupees connectivity also. So those many dots get connected and then once connected I have nothing to do seriously and day to day basis, I have no serious work there. So that's how this E-Office part rolling out is one thing which is a major component of continuously coming to our kitty plus specifics we can identify organizations half of them are new is additional understand that has been de-growing in terms of pricing so that is something which will be pulling down your revenue yeah the NLD is not growing as expected at 10 percent so that is a major contributing factor no doubt about that and in the telecom sector the kind of the pricing wars that are happening whatever pricing I am I mean I am updating my pricing once in a while even on that also to match somebody else's this thing I may be giving sometimes 90% rebate also can you imagine. So that is the level of cutthroatness available in the market. So they are seeing a 10 year on year consistently is not a small thing and i sincerely i submit that you can't discount that.
Question	:	You mentioned about 10% which is possible but it will be subscriber rate or this is for ARPU subscribers.
RailTel Management	:	ARPU may remain stable ARPU is fluctuating between 510 to 530 kind of thing so what new areas I am actually entering into there if it is a difficult location and then local player is slightly demanding more kind of scenarios will be there. So it all depends average is out but it is somewhere between 510 to 5 I mean for long it has been very constantly maintained at 530. 500+
Question	:	Sir, you used to have 15 sort of margin when it was nominated project business. Okay. Margin used to be 15 sort of thing or?
RailTel Management	:	No, no, even nomination also it will never be beyond 10 to 12 percent, it will never be. I mean best of the projects across not only to RailTel, for any ministry to their PSUs anywhere it cannot be beyond 10 to 12 percent. Not 85 ministries – 85 Government organisations.
Question	:	What could be the potential project order book one can estimate, say if 85 have to give some orders to you, what would be the potential, I wanted to understand.
RailTel Management	:	For the e-office space you are asking?
Question	:	Yes.
RailTel Management	:	What is the amount there for e-office, 85 organizations, how much is the order book? Check. Huh? Check and tell me. We will get back to you.
Question	:	Typically, what should be taken as a success rate for RailTel say historically if 10 government organizations would have given order what is the success rate for RailTel any understanding on that?
RailTel Management	:	No we are 100 percent completing on the e-office 100 percent yes there is no second thought no but once the organization has decided to move into e-office, it has to be rolled out and it has to be made working.
QUESTION	:	Apart from e-office, the other scope of business are there which is upcoming?
RailTel Management	:	That is what he was mentioning. When I come into contact with so many such organizations, they come to know about the company, they come to know about expertise. They are hosting so many such organizations, they come to know about the company, they come to know about expertise. They are hosting so

		many other applications as well. So then whenever they are having any, so new windows will open. So that is the process of brand building exercise.
QUESTION	:	Being steady business 80% growth but with a high margin and basically your earnings growth can continue to do 25% it's possible i mean because your order book is very strong.
RailTel Management	:	It is there and year on year growth has been 30 percent yeah last year so but 30 every year year on year growth, both top line as well as PAT, both PAT and this thing have grown at 31% kind of thing. So maintaining that 31% growth is...
QUESTION	:	No, your depreciation is not going to change much. See, revenue growth will not be 30, I am saying at the company level, revenue growth 30% is not possible, that I know. But because your depreciation is not going to change much right your depreciation is what yearly 160 crore roughly depreciation correct do you expect a significant change in depreciation. So, if your debt doesn't grow much, correct. So, whatever operating profit growth, debt doesn't mean bandage flag. So, your net profit growth become higher than your EBITDA, I mean simple maths. Yeah. correct so whatever operating profit growth definition remains by and that flag so your profit will net profit growth become higher than your capital i mean simple maths yeah plus your other income keeps going because a little bit cash flow yes so to that extent your growth becomes further yeah that's what happens so revenue growth can be only 18 20 percent when i console but because of your represent flat your net profit growth is faster than your EBITDA.
RailTel Management	:	No because our project space is also growing very fast no, so the mix is getting little skewed in the sense see if you see at one point in time the telecom was contributing 70 percent and project space was only 30 percent now they are seeing eye to eye yeah 48 percent is telecom it has in fact come down and it is 52 percent and the 52 percent may become 70 also down the line yeah so that will seriously affect my, I mean, PAT. See this depreciation is coming from my optical fiber network correct so its life is 18 years so it I think our company has been 20 years into 25 years into existence and various optical fiber keep on depreciating. So, basically it is just a moderate growth in debt. You are not expecting any major increase in debt. Yes.
QUESTION	:	Any plans to get any GPUs for the data centers, the AI related to the units? So in next two years, any plans to set up anything like that or nothing?
RailTel Management	:	It is very, very futuristic. Thinking is there, discussions are there, but nothing concrete to execution stage and as such in the market GPUs are overbooked in the sense by NVIDIA. So we are actually trying to touch upon various channels kind of thing. So it is still a very very fluid scenario.
Question	:	What do you do in the law office in 5 years around 25%? Mention it. It is 150 CR for 5 years and for initial year it will be somewhere around 25 to 30%. For E-office in 85. So 85 together is 150 crores? Yes. More than 5 lakh users.
QUESTION	:	If I remember your project business last year and the profitability of that project business last year, do you expect your current order book, what you have, the blended margins is equal to your last year project business margins. Blended margins is equal to your last year actual delivered project margins. Yes. In case of tower business, why?
RailTel Management	:	See tower business, I think recently the policy of the government has been they opened it up anyone can come and then establish their own towers but at the same time we I think we have 1100 towers. We build the tower. Which we have taken over from railways, some of them are built by us also. Ok. But we do not have any massive expansion plan until as the LTE tower comes into place, we do not have any plan to increase to big numbers.
QUESTION	:	So, you just provide say location or co-location for say mobile service providers etcetera. Already there. It is already there but many towers are in very very remote locations where there is no such demand so that way occupancy wise it

		doesn't want 70 70 75 percent there are few towers on the hilltop to connect to microwaves they are not occupied otherwise most of the towers at the strategic locations already rented.
RailTel Management	:	We need to wrap up this meeting.
CONCLUSION	:	Maybe before wrapping it up, I think I should have asked this earlier, maybe like a one-two line about your name or maybe designation, your fund name, for the management so that they are also aware, I think I should have asked this earlier. So maybe we will start from here, so we have Alok sir who is part of ITI. He is the CEO and Senior Fund Manager. My name is Akhand Pratap Singh. I am from JM MF. I am Ashish from JM MF. I am Siddharth from Sageone. I am Kutir Galwar from ASK Investment Manager and Fund Manager. I am Tavdeep Kutsal from ASK Investment Manager Analyst. Neelesh from Bank of India Mutual Fund, Fund Manager. Again, Priyam from ASK, I am an analyst. Nice to meet you. Nilesh from Bank of India Mutual Fund, fund manager. Nice to meet you. Deep from Bank of India Mutual Fund. Nice to meet you. Rajesh Kothari from Alpha Equal Advisors and Founder in CI. V. Manshah, Senior Fund Manager, ITI. Vishal, Fund Manager, ITI.
RailTel Management	:	Thank you so much and interesting discussion. Thank you so much.

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