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Sub: Outcome of Analyst/Investor Conference Call held on Friday, 3rd May, 2024- Transcript.

Ref:- Our Letter of Even no. dated 30th April, 2024 and dated 3rd May, 2024.

Dear Sir/Madam,

In reference to our previous communication dated 30th April, 2024 regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript (duly signed by CIRO) of the Analyst/Investor Conference Call held on Friday, 3rd May, 2024, 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

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“RailTel Corporation of India Limited
Q4 FY '24 Post Results Conference Call”
May 03, 2024



MANAGEMENT: **MR. SANJAI KUMAR – CHAIRMAN AND MANAGING DIRECTOR – RAILTEL CORPORATION OF INDIA LIMITED**
MR. V. RAMA MANOHARA RAO – DIRECTOR FINANCE – RAILTEL CORPORATION OF INDIA LIMITED
MR. MANOJ TANDON – DIRECTOR PROJECT O&M – RAILTEL CORPORATION OF INDIA LIMITED
MR. YASHPAL SINGH TOMAR – DIRECTOR NETWORK PLANNING & MARKETING – RAILTEL CORPORATION OF INDIA LIMITED

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



Moderator:

Ladies and gentlemen, good day and welcome to RailTel Corporation Q4 FY24 Post Results Earnings Conference Call. As a reminder, all participant lines will be in 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 star then zero on your touch-tone 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:

Yes, thanks Sejal. Good afternoon everyone and welcome to RailTel's Post Results Earnings Call for Q4 and FY24. First of all, I'd like to thank the management for giving us this opportunity to host their call and the dais, today's dais is graced by Shri Sanjai Kumarji, who is the Chairman and Managing Director, Shri V. Rama Manohar Raoji, Director Finance, Shri Manoj Tandonji, Director Projects O&M, and Shri Yashpal Singh Tomarji, who is the Director of Network Planning and Marketing. So as usual, we'll have a brief overview from the management on the gone-by quarter and then we'll line open for Q&A. Yes, Sanjay sir, over to you.

Sanjai Kumar:

Thank you Mr. Periwal and greetings to everyone. A very good afternoon to all investors. It gives me great pleasure to interact with you on the company's performance in the backdrop of Q4 and yearly audited financial results of the company for FY2023-24, which were declared by the company on 2nd May 2024.

The company achieved total revenue of INR852 crores for Q4 as against INR675 crores in Q3 of FY24 and INR707 crores in Q4 of FY23, registering a sequential growth of 26% quarter-on-quarter and 21% year-on-year basis. The operating revenue of the company for Q4 is INR833 crores as against INR668 crores in Q3 of FY24 and INR697 crores in Q4 of FY23, registering a growth of 25% QoQ and 20% year-on-year basis. The telecom segment contributed INR336 crores and project segment contributed INR496 crores in company's operating turnover in Q4.

The profit before tax in Q4 of FY24 is INR102 crores as against INR84 crores in Q3 of FY24, registering a growth of 21% QoQ basis. The company posted profit after tax of INR 78 crores in Q4 of FY24 as against INR62 crores in Q3 of FY24, registering a growth of 26% QoQ basis. EBITDA for Q4 of FY24 is INR145 crores as against Q3 of FY24 of INR125 crores, thus registering a growth of 16% QoQ. For the year ended 31-03-2024, the company achieved a total income of INR2,622 crores and a total PAT of INR246 crores, registering a 31% growth respectively in both parameters in turnover as well as profit as compared to the last year. I would also like to share about two important events which happened recently.

One is that we have recently finalised an MOU with Quadrant Future Tech Ltd, forging an exclusive partnership for aggressively participating in KAVACH tenders, which was awaited by our investors for quite some time. Quadrant Future Tech Ltd is under the process of final approval by RDSO as an OEM for KAVACH product. Combining this with our in-house expertise, we are committed to contribute in the journey of Indian railways for implementation of indigenous safety systems like KAVACH and will also explore to proliferate the KAVACH technology abroad as well.

The second event, which is also significant, is that with the support of Indian High Commission in South Africa, we have signed a tripartite MOU with InoviTel and Tsiko Africa Energy and Infrastructure for Tsiko Group. In this collaboration, we are exploring opportunities in telecom, railways and other IT/ICT businesses in South Africa and the adjoining areas. This is a leap forward for us to take RailTel's services beyond the border.

We express our profound gratitude for the trust bestowed upon us by our investors and stakeholders whose unwavering support propels us to our continual ascent. Jai Hind. Thank you.

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

Sanjesh Jain: Good afternoon, sir. Thanks for taking my question. I got a few of them. First, can you help us with the order book which we have as on 31st March? And number two, what is the expectation of order book for our FY25, both from railway and non-railway segment? And related questions would be on the KAVACH now that we have signed an MOU. Can you help us understand how does RailTel fits in this ecosystem? And what is the margin from that particular project? And what is the size of incremental order we are looking from that MOU which we have signed?

Sanjai Kumar: Thank you, Sanjesh ji. Thank you, ICICI. Thank you for being with us continuously since our listing. So our current order book size is around 4700 crores. And out of this, we expect to implement and convert into revenue is around 2000 odd crores this year. So that is the second question. And third one is related to KAVACH. So KAVACH, we have been, I think, answering this question for quite some time that what we are doing in KAVACH. So I have always informed the respected investors that we are on the job.

And now we have found, we have completed the first step towards it and that we have signed an MOU with a new entrant in this area. They are an old company already working in railway sector. So now they have developed this product, KAVACH, which is compliant not only to the existing deployment specifications, but to the latest standards, which are 4G complied.

So the earlier KAVACH product was not 4G complied. So this new product is 4G complied already. And the POC Testing is underway. And we have already decided to associate with them from this stage. I am not really aware, but we are expecting that in next may be two to three months, the tenders would come and we will compete in these tenders. And we expect that next three, four years, we may be doing, if we talk of KAVACH exclusively, then may be INR4,000 crores to INR5,000 crores of deliveries.

We should get these orders to the tune of INR4,000 crores to INR5,000 crores kind of delivery orders. And if we talk of complete system like LTE and this one put together. So there I guess that we will try our best to get even better, but we hope that we'll get orders to the tune of around INR5,000 crores to INR7,000 crores of orders. LTE as well as KAVACH.

Sanjesh Jain: INR5,000 crores to INR7,000 crores on 5G or it is total KAVACH?

Sanjai Kumar: It is total. Both are part of the same system, but the OEMs would be different. Tenders are also coming separate. They are not in one tender.



Sanjesh Jain: So one will be for deploying 4G, the other will be for the deploying KAVACH. And both put together, you're telling could be in the tune of INR5,000 crores to INR7,000 crores?

Sanjai Kumar: Yes, that will be complete system of train collision avoidance system.

Sanjesh Jain: Got it. That's fair and quite a good news. Just to understand a little bit more, you said it's a new entrant and it is still under the POC. Who are the competition here in the KAVACH for us? It's the companies like Siemens?

Sanjai Kumar: No. Right now, one is Medha. The other one is HBL NIFE. And the third one is Kernex. And G.G. Tronics is also another new entrant whose product is also under testing.

Sanjesh Jain: Okay. Got it. And the company you said is Quadrant FutureTek. Is that name?

Sanjai Kumar: Yes, Quadrant FutureTek.

Sanjesh Jain: Quadrant, Okay. I've got it. And they are quite established and capable company?

Sanjai Kumar: Yes. They have a good experience of working in railways sector. They are already working in this sector.

Sanjesh Jain: Fair enough.

Sanjai Kumar: Their products are different though, but Yes.

Sanjesh Jain: That holistically answered my question very well there. Second on the telecom service. I think we were hopeful of doing double digit 10%-12% kind of a revenue growth this year and we probably ended in a mid-single digit. What's happening on the telecom side and what are the challenges we are looking at, and how should we see this revenue in next year?

Sanjai Kumar: Yes. Actually, if you are aware, I think -- number one, 5G could not get the kind of fanfare it was launched. But I think telcos are also struggling. So 5G also could not make the numbers. That is one aspect of it. But tariffs are also continuously under pressure. And demand, of course, is there. But because of falling tariffs, we are not able to see that kind of growth in terms of revenue.

But we are finding -- we are trying to find new ways so that we can make it more feasible and possible for us to make a double digit growth, at least 10% of growth. So we have worked out some strategies in this and we are hopeful that we will be successful in taking the growth of telecom business to 10% kind of.

Sanjesh Jain: Got it. The next is on the margins in the project business. This quarter, again, the EBIT margin was on the lower end. You said that the older project, which had lower margin, was completed. Any particular reason for this quarter having a margin of only 2.4%?

Sanjai Kumar: See, if you see the -- like I have been telling you earlier also, so I think during -- I remember I think it was half yearly meet or I think maybe subsequent one, wherein I had been informing



and sharing with you that sometimes we find an opportunity that the business area where we are entering, it is new area for us and we sometimes have to take aggressive calls.

So few businesses which we were to enter, like, for example, in education, we were to enter the education sector in a bigger way. So we had to take some forward calls, some aggressive calls. And that is the reason that Q4, this affected our margin. Otherwise, you can take this only incidental to quarter four. And overall, if you see, we have been able to make it better number, if you see on a complete financial year.

Sanjesh Jain: Got it. On this project, on the KAVACH side, what is the expected margin that we are working with in our projection? Will you be able to do a 5%?

Sanjai Kumar: This will not be possible for us to share because sometimes these are business secrets and because there's a lot of competition and people might take advantage of it. But certainly, we will do our best because it is competition. It is not domination. But Yes, 8% to 10% we expect that we should be able to manage.

Sanjesh Jain: Got it.

Sanjai Kumar: But still, I don't want to really comment much upon it.

Sanjesh Jain: Fair enough, sir. Just one last...

Sanjai Kumar: And then moreover, this all depends on the scope, the competition, because there are many factors. You come to know in a particular tender that sometimes market intelligence you get, that so many bidders are interested, who are the parties who are participating, what kind of jobs they already have on their hands. So there are many factors. We decide accordingly.

Sanjesh Jain: That's correct. On the Edge data center, where are we now in terms of... I thought we have completed the tendering, right?

Sanjai Kumar: Yes. So there's good news that we have onboarded a partner and the partner has already started its survey. And this year, we are expecting that 10 to 12 Edge data centers will be operational. And next year, we'll take a good number of data centers. So by the end of this year, we should be getting the same reflected in our numbers, maybe by quarter four. Yes.

Sanjesh Jain: Okay. And what is the estimated revenue from that?

Sanjai Kumar: I won't be able to comment it right now, because this is ultimately revenue share. But yes, this year, I won't be able to say much about it. Maybe...

Sanjesh Jain: But at a full blown, will this segment give us INR100 crores of annual revenue?

Sanjai Kumar: Yes, in the two years run, we can expect. Not right now.

Sanjesh Jain: When it matures, it is big enough, we should be able to do 100. So that at least is a target for us. Thank you, Sanjay sir. Thanks for patiently answering our questions. And best of luck for the coming quarters.

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

Sanjesh Jain: Yes, thanks for taking my question again. Sir, can you just share the annual revenue for our sub-segment, NLD, ILD, and ISP?

Sanjai Kumar: So this year, let me, so let me try to give you the answer. Let me get the number. If you have any other questions in the meantime, I can segment them. Only quarterly or you want annual?

Sanjesh Jain: FY '24.

Sanjai Kumar: FY '24, yes. So IP1 if we talk of, it is INR 238 crores.

Sanjesh Jain: Okay.

Sanjai Kumar: ISP, INR433 crores. And NLD was INR 591 crores.

Sanjesh Jain: And what was the contribution of railway and non-railway in the project?

Sanjai Kumar: In the project? Railway project overall is 17% of the total revenue coming from railway. But project-wise, I don't have the exact break-up. Railway project is around INR266 crores out of 1302. So roughly, Yes, roughly 15%, 17%, I think.

Sanjesh Jain: 17%.

Sanjai Kumar: Yes.

Sanjesh Jain: So railway was quite low in the projects this year. And that should... And this includes the VSS project? I think VSS itself..

Sanjai Kumar: VSS project actually could not be undertaken to the extent we expected. And that is also one reason that Q4 was affected. Because there is some -- if you see the website of the MeitY, so they have come out with new guidelines for procurement of cameras and security-related specifications have been given. So that is -- we were already following that. So that has affected slightly our supplies. And now those things are getting settled. So we should be able to finish this project this year. I think by end of December, we will be closing this project.

Sanjesh Jain: And that will be totally INR800 crores was what we were expecting, right?

Sanjai Kumar: Yes, it is close to 800. So some of it is already executed to the part. Some part of it is already executed. And roughly close to INR600 crores is remaining, which we are expecting to close this year.

Sanjesh Jain: Got it, got it. I think -- and what is the RailWire ARPU and subscriber?

Sanjai Kumar: RailWire ARPU this year, because of competition again, so we had to tweak our tariffs also. And because of there's a lot of churning, new ISPs are also coming with very aggressive tariffs.



So ARPU is slightly lower. It is 510 for this financial year. And numbers are close to INR5.75 lakhs.

Sanjesh Jain: 5.75 lakhs. These have not grown so much.

Sanjai Kumar: But there is one good news in this. We have recently got an order from Government of Gujarat, where it is subsidy-based model. And we have to provide broadband connectivity to 1 lakh households in Gujarat in next one year. So we hope that this will certainly give us boost and we can take the same model when we successfully execute this to other states also.

Sanjesh Jain: And so how does this work? Customer doesn't pay and Government pays for it.

Sanjai Kumar: Government will pay subsidy to us on each connection. We provide to the subscribers, to their homes.

Sanjesh Jain: So the overall ARPU including the subsidy will be equivalent to INR500 or will it be lower than that?

Sanjai Kumar: No, that will again, it will affect ARPU of course because the plans will be generally targeting the rural areas. So those plans may not be that heavy. But then consumption again would be not that much and that is another part of it. So because urban area generally consumption is more.

Sanjesh Jain: So what is the ARPU for this 100,000 new customers we are anticipating?

Sanjai Kumar: ARPU should be somewhere around 200.

Sanjesh Jain: Okay.

Sanjai Kumar: Plans will be 400 kind of.

Sanjesh Jain: Annual.

Sanjai Kumar: We are yet to launch it. We are working on the tariffs and all. But this is very recent order. So we are still working on the tariffs and we are free to fix the tariffs depending upon the target market.

Sanjesh Jain: Only the gap will be filled by the government?

Sanjai Kumar: No, not gap. There is a fixed subsidy.

Sanjesh Jain: Okay, it's a fixed subsidy.

Sanjai Kumar: Because there is one time expenditure to provide this broadband to every home. So we all when we take a connection, we provide the modem. We have to lay some fiber and all that. So we have a partner who will be working with us and they will be doing all this activity.

Sanjesh Jain: So we will be laying any fiber for this because this will be more?



- Sanjai Kumar:** No, not really. See Gujarat, BharatNet they already have laid a lot of fiber within the state of Gujarat. So that fiber will be available for us to use. That is the actually basic tenet of this complete design, the scheme of the government. And we will be sharing a part of revenue also to government of Gujarat.
- Sanjesh Jain:** And what is the capex expected for next year?
- Sanjai Kumar:** Capex will be in the range of somewhere around INR250 crores.
- Sanjesh Jain:** Okay, so INR200 crores to INR250 crores?
- Sanjai Kumar:** INR250 crores. Yes, INR 200 to INR 250 crore, but I think we will be able to make INR 250 crore.
- Sanjesh Jain:** Okay, this is for FY25.
- Sanjai Kumar:** Yes mostly we will be spending on network expansion enhancing our and data center also.
- Sanjesh Jain:** We haven't announced any dividend this time around while we have generated a good cash flow in FY24, will that be taken separately a board meeting for that or how should one think about it?
- Sanjai Kumar:** Generally, we do this exercise at the time of AGM. So we have been doing this every year at the time of AGM, so we will do certainly. We'll take it to the board and they'll take approval of board and then we'll announce it.
- Sanjesh Jain:** Got it. That's clear. Thank you, sir, again. Thanks for taking all the questions and best of luck.
- Moderator:** Thank you. The next question is from the line of Dhvani Shah from Investec. Please go ahead.
- Dhvani shah:** Thank you for taking my question. I just wanted to understand how should we look at telecom margins for the next year?
- Sanjai Kumar:** Telecom margins?
- Dhvani Shah:** Yes.
- Sanjai Kumar:** it will be 20% to 22% in the range of 20 plus basically 22% and close to that to maintain the same.
- Dhvani Shah:** And on the unallocated assets, can you help us understand why is there such a big jump since last year?
- Sanjai Kumar:** Sorry, there's a lot of noise in the background.
- Dhvani Shah:** Can you just explain why there has been an increase in the unallocated assets?
- Sanjai Kumar:** Come again.
- Dhvani Shah:** Why has there been such an increase in the unallocated assets versus last year?



Sanjai Kumar: Unallocated assets?

Dhvani Shah: Yes.

Sanjai Kumar: Give me some time we will answer to this. It is cash and bank balance.

Dhvani Shah: Okay, because the jump if you see in the asset segment that's given is from almost INR25,000 lakhs to INR1,14,000 lakh as per given in the segment-wise asset and liability statement.

Sanjai Kumar: Mr. Batra will be answering this question. He is GM Finance.

H C Batra: Primarily the cash and bank balance and certain other assets are also there.

Sanjai Kumar: He's talking of segmental. I think Dhvani ji he will find out the complete answer to your question. In the meantime, if you have any other questions otherwise we will answer your question.

Dhvani Shah: Yes. That's it. Thank you.

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

Vishal Periwal: Yes, sir. Thanks for the opportunity. I think, sir, the previous participant I think the question was like there has been changes in certain – the amount has been moved from telecom services to unallocable assets.

Even the project side, the line item in the segmental asset side it has seen an increase, but at a company level definitely the net working capital or what we derive it's not been major change. So, the query was what does movement has been happening between the segments. So, that was just to clarify that?

Sanjai Kumar: Thank you. Vishalji. Our finance team is just working on it.

Vishal Periwal: Sure. And, sir, a couple of maybe like reiteration if I can ask. I think at a project segment level there has been an improvement in the margins. If you look at FY24 that is an annual year basis at a EBIT margin is 22% which was around 20% odd.

So, I think though you have clarified, but can you say that like the margin pressure or probably like the pricing pressure which you also touched upon briefly in the call. So, can we say that is mostly gone and probably things are looking better in the last second half or the fourth quarter? Can you say based on what you're seeing on the ground, sir?

Sanjai Kumar: No, actually, we talk of project business. So, many times, as I told you earlier also that...

Vishal Periwal: Sir, this was regarding telecom. Telco, I think. There we are seeing an improvement in margins?

Sanjai Kumar: Telecom pricing pressure is yes. It is still there. It's going to be there. So, Indian telecom sector is certainly much different from worldwide, world over. This has been a different story and in fact, all of us know that our telcos are always under pressure.



In fact, Vodafone is struggling to come back. So, that pressure is going to be there. That is the story of Indian telecom sector market that will remain.

Vishal Periwal: Right, right. Okay. And then, sir, in project segment, I think the order book continues to remain strong and you're guiding, like, you know, touching INR2,000-odd crores. So, typically, when we get this order, can you share some name with whom do we compete to get this project's order?

Sanjai Kumar: It depends. See, we are working on different sectors. So, many times, they are private sectors, like L&T or Airtel or Jio, Sterlite. They are, like, our competitors when we are working on system integrator kind of projects. Sometimes, they are PSUs, our competitors, if the tender is mostly invited. Sometimes, mostly invited by the state governments among the PSUs.

And even defense organizations are also inviting many times among the PSUs. So, this is what, like, Tata Communications, Airtel, they are the, from private sector side Sify, if you talk of telecom sector. And Airtel and Jio, they are in system integration also sometimes when it is specifically having a sizable component of telecom business also. So, they are our competitors.

Vishal Periwal: Okay. And then, this order book, how exactly are we seeing in any target that you have given to the team, that the INR4,700-odd crores, how do you see this coming year? Execution will be pretty good. So, there will be depletion, but what we are targeting in terms of inflow, any color?

Sanjai Kumar: On inflow of new order book, the order you are talking of?

Vishal Periwal: Yes.

Sanjai Kumar: Yes. So, we expect with the kind of tenders, including those from railways, we expect that it should be, we should strive to get orders of around INR4,000 crores. New orders.

Vishal Periwal: Okay. And this will also have an element of KAVACH also. It will be part of it.

Sanjai Kumar: Yes. Of course.

Vishal Periwal: Of course. Okay. And then, this KAVACH order for the quadrant, is it already approved vendor by the railway?

Sanjai Kumar: They are in the process of approval. Prototype has already been approved and the proof of POC testing is underway. Field trial is underway. And now, this is not a challenge. So, once prototype is approved, then field trials, they have to tweak their software and maybe some hardware kind of devices.

But now, it is almost, so that is what we were waiting. We were in discussion with the quadrant for quite some time. And now, we have signed an MOU with them. So, mostly we will be bidding in the tenders with this product.

Vishal Periwal: Okay. And in this edge data center, which you clarified, so can you share who all our clientele are? I think for whom we do this work. And again, like in India, any competitors also that you

see in this sector, in this segment, that from a sector point of view, if you can give some color, it will be helpful?

Sanjai Kumar:

Mostly, we will be, again, eyeing government customers, mostly because of most of the, many of the customers, they are comfortable when the data center activity, data center operations are managed by in-house government-owned entity, in-house team of government-owned entity. And that is where we are. So, that is one.

And second, many of the applications, like video gaming applications, there the latency is a very important parameter. And the data center, the closer it is to the user, it gives you better performance. And similarly, these live events, kind of IPL matches, even these OTT platforms like Hotstar, and then Netflix and many more, they are also, they are looking for best experience to their users.

So, that as close as possible, they are close to the customers, subscribers, because the number of users are also increasing. Every time they require a fatter pipe, if you are somewhere away, and that introduces latency also. So, that is, these are the kind of prospective customers.

One more thing I would like to share with the investors through your question, that recently we have won an order from Prasar Bharati, where we are developing an OTT, which is being actually based on the content provided by Doordarshan. And it will be very useful to the rural and remote areas. It will be popular in Tier 3, Tier 4 towns, because of their taste, and it will be kind of even targeting the linguistic areas, like statewide, they can target.

So, that is a very good order, which we have, and we will be, we are very much confident, we are very much excited about this. So, that will also be one prospective user of our Edge Data Center.

Vishal Periwal:

Okay. Got it, sir. And then, this Gujarat work, you did briefly mention, the subsidy will be given. The subsidy is on the capex, which is more like a modem router. Then the customer, usually they have to take the plan and then they have to pay for it. Is that a business, obviously?

Sanjai Kumar:

In a sense, let's say it is capex, but actually it is not directly capex. It is subscriber-based. So, individuals, every individual subscriber we add, we get the subsidy.

Vishal Periwal:

But then, on annual basis or monthly are onboarded, there is no subsidy. On a monthly basis, they get a...

Sanjai Kumar:

No. There is no recurring. There is nothing. Actually, generally, the challenge has been in taking such kind of services to the rural and remote areas, that one-time expenses are sometimes prohibitive. And the operators, they see commercial angle and they don't have an early ROI. And then, ultimately, these services are not available to those folks, those masses. So, that is the idea.

Vishal Periwal:

Okay. So, basically, the idea is like, the Railwire wherein the subscriber base could see some bit of improvement with these kind of initiatives that the government is taking and then RailTel becomes a beneficiary. That's how one can read?



रेलटेल
RAILTEL

RailTel Corporation of India Limited
May 03, 2024

- Sanjai Kumar:** Yes. So, generally, actually, railways, RailTel subscriber base is mostly in rural areas. But then, we were also facing this challenge that who will put this money, this one-time expenditure to take these services, these broadband services to the home, So, sometimes, there are some affluent subscribers in those areas, some SMEs in those areas. They take such services. But then, public in general, generally, was not very keen to start such services. So, now, with this kind of support from government, it will be possible. And one more fact that the Bharatnet project has also actually provided this kind of used fiber being laid in those states. And so, that will take us closer to the subscriber base.
- Vishal Periwal:** Okay. Good to hear this. And maybe one last question. Overall, I think at a company level, I mean, we have been guiding 20%-25% kind of revenue growth. So, how do you see this in FY25 for us? This is my last question.
- Sanjai Kumar:** You are talking of revenue guidance, revenue growth guidance?
- Vishal Periwal:** Yes. I think we are done.
- Sanjai Kumar:** With the same 30% kind of growth, we are very much hopeful. We will continue with the same kind of growth over the next year.
- Vishal Periwal:** Okay. Sure, sir. I'll come back in the queue for more, sir. Thank you very much.
- Sanjai Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Raaj from Arjav Partners. Please go ahead. Sir, please go ahead.
- Sanjai Kumar:** Yes, Mr. Raj.
- Moderator:** Mr. Raj, may I request you to unmute your line and speak, please? The line for Mr. Raj has been dropped. The next question is from the line of Deepak Purswani from Svan Investment. Please go ahead.
- Deepak Purswani:** Yes. Sir, just wanted to understand about the data center business. If you can throw some light in terms of what would be the megawatt capacity we would be looking out to add it up and what would be the revenue model in this kind of business?
- Sanjai Kumar:** So if you're talking about edge data center, then we are actually going to have a very small edge data center at around 100 locations and those will be somewhere around, I think if we put together complete capacity, so it will be somewhere around, I think, 20.
- Deepak Purswani:** 20 megawatts?
- Sanjai Kumar:** No, 20 kilowatts for each. 20 racks and 10 kilowatts each. So it is 20 megawatts. Roughly around 20 megawatts. A small 100, so it will be 0.2 megawatts in each location. 0.2 megawatts.



- Deepak Purswani:** Okay. And sir, how would be our revenue model in this? This would be a core location with any of the government agency or where we would be only getting the rental part or this would be a completely different model from the data center point of view?
- Sanjai Kumar:** Yes. So this is going to be a different model in the sense that the investment is being done by our partner and because of our network connectivity, because of our access to the government and the trust government shows in a government entity that kind of marketing we have already and then their own marketing capability. So this is a kind of combined effort we will be making and this is a unique model, I think. I don't know whether such kind of model already exists.
- Deepak Purswani:** Okay. And any thoughts once this would be operational, what would be the revenue potential we are looking at from this business and what would be the EBITDA margin we would be targeting for this business?
- Sanjai Kumar:** EBITDA margin, if we talk of, it will be in range of 10% or so because this is on revenue sharing basis. Investment is being done by them and we will be having our own marketing and sales teams available. So I suppose this will be in the range of somewhere around 10%.
- Deepak Purswani:** Okay. And what would be the revenue potential from this?
- Sanjai Kumar:** Revenue, I would say this 20 megawatt complete once it is rolled out, then it should give us around maybe close to somewhere around INR 100 crores of revenue.
- Deepak Purswani:** Okay. Thank you. Thanks a lot, sir, for answering the question. I wish you all the best.
- Sanjai Kumar:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question. We would now conclude the call. On behalf of RailTel Corporation, that concludes this conference. Thank you for joining us and you may now disconnect your line.

H. Batra