

On a digital fast track

With a strong base, ICT major RailTel is set for a big leap forward



Chawla: driving RailTel into new growth era

The Covid-19-triggered lockdown and 'work from home' (WFH) have led to increased data usage. Increased affordability of smartphones, increase in 4G penetration and the popularity of OTT apps have also been contributing to the surge.

WFH has led to an increase in demand for unified communications apps, such as Zoom, WebEx, Microsoft Teams, apart from what is already in demand – OTT apps, such as WhatsApp for messaging and Skype, Viber and Hike for voice and video calls. Over and above these, the increase in demand for online shopping has pushed the usage for e-commerce apps, which is expected to further push data usage in 2020-21.

In 2020-21, CRISIL Research expects a further jump in data usage to 15 GB per month, as persistent lockdowns will result in people staying at home, and, thereby, increasing their data usage. However, during 2019-20 to 2023-24, it is expected that growth in average data usage will be moderate over a high base. CRISIL Research feels the average monthly data usage per subscriber per month would register a CAGR of about 20 per cent during 2018-19 to 2023-

24, to reach about 21 GB. This increase in data usage offers a huge opportunity for telecom service providers – Bharti Airtel, Vodafone Idea, Reliance Jio, MTNL, BSNL, Tata Communications, RailTel, Sify Technologies, *et al* – to offer and strengthen the existing network capabilities of customers.

"The Covid-19 pandemic has not only compelled businesses across industries to turn to technology-enabled platforms for safe operations and business continuity, but also accelerated the adoption of digital imperatives," says Puneet Chawla, CMD, RailTel, a PSU in the mini-ratna Category 1. The information & communications technology (ICT) major, which is one of the largest neutral telecom infrastructure providers in India, has seen an increase in demand for its HD video conferencing service, e-office, broadband subscribers etc during and post lockdown.

RailTel's video conferencing service has helped railway officials to maintain a close co-ordination for running of the trains through virtual day-to-day meetings. Usage of its NIC e-Office saw a major growth, as closed offices forced rail-

way officials to adapt to new digital filing system in e-Office. From April 2020 to October 2020, the number of e-files has grown 5.2 times and the number of e-receipts has grown 6.9 times (since the beginning of the lockdown). As on 30th October 2020, there were 1,16,412 e-Office users in 106 establishments (zonal HQs, zonal offices, central training institutes, production units, etc) of Indian Railways, Chawla explains.

The growth is not limited to the railways' usage alone. On retail front, too, the company has risen to the occasion. Its retail broadband service RailWire has seen a good growth in subscriber numbers, as work from home and online classes became the new normal. The RailWire subscriber base was 275,467 as on 31 October 2020, while the number

of access network partners (ANPs) stood at 4,579. "We have added 103,384 subscribers in just four months (as of 30 June 2020, we had 172,083 users)," says Chawla. "We have also been able to add 1,016 ANPs (as on 30 June 2020, RailTel had 3,563 ANPs),

making our reach better for providing retail broadband," Winner of the Eminent Engineer Award 2020 from the Institution of Engineers India, Chawla narrates the growth story of RailTel. "Beyond RailWire, the company had created a RailCloud at our two Tier III certified Data Centres – at Gurgaon and Secunderabad – and also created an SOC (Security Operations Centre), to strengthen our network security which will ensure better service to our clients," he explains.

RailTel was incorporated on 26 September 2000, for modernising the existing telecom system (to achieve better train control, operation and safety) and generating additional revenues through the creation of a nationwide broadband and multimedia network with optical fibre cable (using the right of way along railway tracks). RailTel's optic fibre network covers over 58,742 route km and covers towns and cities in India. The transport network is built on high capacity dense wavelength division multiplexing (DWDM) technology and an

Internet protocol/multi-protocol label switching (MPLS) network over it, to support mission-critical communication requirements of Indian Railways and other customers.

The OFC network covers all important towns and cities of the country and several rural areas, covering 70 per cent of India’s population. RailTel is at the forefront in providing nationwide broadband telecom & multimedia network to all parts of the country, in addition to the modernisation of train operations and administration network systems. With its pan-India high capacity network, RailTel is working towards creating a knowledge society at various fronts.

Isn’t it all eggs in one basket? “No,” affirms Chawla and lists the clientele in both public and private sectors, which include Ministry of Railways, and other government departments in the Central government sector; state governments of Rajasthan, Kerala, Haryana, etc; state transport authority of Odisha, Central Warehousing Corporation and IRCON, and RBI and some PSU banks, Coal India and some of its subsidiaries. “RailTel also provides tower co-location service to telco majors through towers managed and maintained by us,” adds Chawla. “As on 31st October 2020 we had 6750 PoPs (points of presence) across the country.”

Thus, “We operate in extremely competitive markets where the investment capability and the size of the competitors are much larger than us. We face significant competition from a number of companies, including Jio. However, the business space is very vast and geographically spread and there is scope to coexist. We are a niche service provider and we believe we can continue to add

value to the customers,” informs Chawla, an IRSSE officer of the 1985 batch. Telecom analysts say PSUs such as BSNL, MTNL have suffered due to the delay in allowing them to go for new technology. But RailTel does not face any such issues, as it has been meeting the capex requirements from internal accruals so far and would like to be judicious in its expansion plans, going forward.

Spreading globally

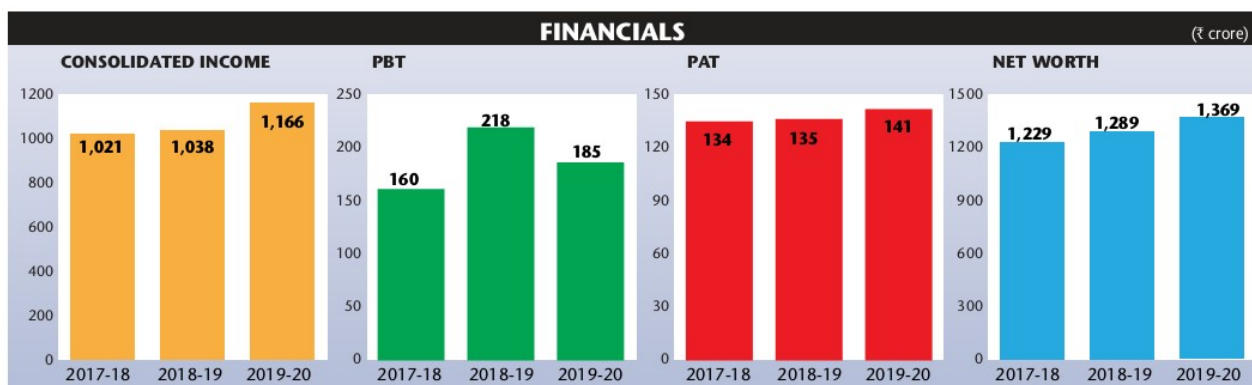
It’s true that there is enough room for all broadband companies in the digital India story. With an aim to improve governance and service delivery at the grassroots level through increased efficiency, accountability, transparency and collaboration and greater decentralised decision-making, the Central government is providing broadband connectivity to all 250,000 panchayats in India on fibre optic cable, with a minimum of 100 Mbps speed under the Bharatnet Project (erstwhile National Optical Fibre Network Project). RailTel is an implementation partner of this project and, as of 31 October 2020, as many as 24,676 km of optical fibre cable had been laid and over 7,617 panchayats (including block headquarters) had been connected. The content-on-demand to provide entertainment service is also being implemented.

As part of the ‘Digital Service Partner’ programme, RailTel has created a platform for small agile ICT companies, which provide unique solutions that are required for implementing various digital India initiatives. Now, it intends to collaborate with such companies, to provide unique solutions, including watershed management, using artificial intelligence and machine learning, create applications for self-help groups and

track-and-trace applications for the excise department.

Like any successful Indian company, RailTel too has global plans and is planning to bid for a project in Africa that includes supply, delivery, installation, testing and commissioning of goods and service for digital literacy in public primary schools in Kenya. RailTel will also look to leverage its expertise of working and developing projects for the Indian Railways, particularly modernising and digitising the existing networks, to other projects in Bangladesh and Jordan, while exploring business opportunities in Mauritius, particularly in the healthcare segment. “We intend to become a platform for regulators and fintech providers and implement these applications in other developing countries,” declares Chawla. While it is true that emerging economies may be considered poor, but they all know that ICT is a lever that can transform their economies and improve human conditions.

Digital growth in pandemic era has also thrown up cyber security challenges. Data security is a major concern, when everything is shifting to digital mode, says a RailTel spokesperson. And, it has already set up a security operations centre (SOC) in Gurgaon data centre. An SOC typically provides centralised and consolidated cyber security incident prevention and security event monitoring service, adding to our security measures against cyber threats, he adds. Its collaboration projects are located in its data centres, which are protected with optimum security. “We mostly collaborate with other Indian companies, which are required to comply with the laws of the land,” says the spokesperson. “Whenever we collaborate with foreign entities, we take



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special care to remain compliant with data privacy laws. Strict access control policies are implemented to avoid such incidents.”

Chawla categorically denies that RailTel has anything to do with any Chinese company. “No we do not have any Chinese partners and are in no way impacted by the banning of Chinese apps. We are following all directives of the government with regard to dealing with firms from countries sharing our land border,” he adds.

RailTel's contract terms are based on standard templates that are modified depending on each customer's individual requirement, informs Anand Kumar Singh, director, finance, RailTel.

“We have a process where standard tariffs are approved for various services with different levels of discounts in order to retain flexibility while pricing our services with customers. The base tariffs are determined by a tariff committee that takes factors in market conditions, industry standards, tender winning prices and reverse auction trends. Higher discounts to be provided, are handled by our Corporate Office to ensure that the discounts are given based on volume of business, competition and strategic nature of the account. Our contract terms are based on standard templates that are modified depending on each individual customers' requirements,” explains Singh.

RailTel announced its highest ever consolidated income of ₹1,166 crore in its 20th Annual General Meeting held on 28 October 2020 through video conferencing. This is a growth of 12.3 per cent over a consolidated income of ₹1,038.26 crore in 2018-19. RailTel has posted a profit before tax amounting to ₹184.76 crore and net profit of ₹141 crore during 2019-20 on a consolidated basis. In 2020-21, its total dividend payout would be ₹68 crore (interim and final, including interim dividend of ₹20 crore), as approved by the shareholders in the AGM.

With a CAGR of 16-18 per cent over the past three years, RailTel had the lowest gearing ratio among key telecom companies in India. The company has been profitable since 2006-07 and has consistently paid dividends.

RailTel's OFC network runs along the railway tracks, where it enjoys the right of way. Unlike many infra companies,



RailTel's journey into the future digital era has already begun

RailTel does not face any land acquisition or access issues. It has an exclusive right of way (RoW) along the railway tracks for its optical fibre cable network. However, in non-railway areas, it has to approach the state governments, local municipal corporations and NHAI, etc, for obtaining the necessary RoW permissions to lay OFC.

Data centre business

Setting up data centres is another big business opportunity for RailTel, which runs UPTIME USA certified Tier III Data Centres at Gurugram and Secunderabad, offering a variety of services, including Infrastructure as a Service (IaaS), dedicated hosting, managed services, cloud computing, managed e-office services, disaster recovery services and Aadhar authentication services from its data centres and it has built up a healthy client list for such services.

The potential growth in the data centre services business is going to be aided by artificial intelligence, internet of things, big data and digitalisation, with cloud computing becoming the pre-requisite for business organisations. Security operations centre as a service (SOCAAS) and businesses trying to replace their capital expenditure by operating expenditure also make use of such third-party services.

As a part of the government's divestment plans, RailTel plans to go for an IPO and has filed its draft offer document with the regulator SEBI. Sources say the company targets to raise about

₹700 crore, though the IPO plans are not yet finalised. Its proceeds are expected to go to the government, but RailTel is confident of managing its expansion on its own, with strong internal accruals. To build 5G infrastructure in India, fibreisation of telecom towers is a pre-requisite. “We, therefore, plan to continue to invest in expanding our network and deploying the latest technologies, to enable a high capacity next generation network, to deliver sustained value to our customers and enhance their experience with our services. We intend to create neutral telecom infrastructure to allow us to host telecom players at railway stations in India. In particular, we intend to create open radio access networks, small cell and enhanced tower infrastructure at railway stations, for hosting telecom players to assist with their preparation for the 5G network,” the offer document says.

Strong economic growth, aided by a shift to digital and on-demand business models, as also the growing need for anytime, anywhere connectivity for enterprises and the government's push for digitization – all these are fueling demand for telecom services from enterprises. Given his more than three decades of experience across the railway organisations – from the ministry to the Rail Vikas Nigam – Chawla exudes confidence to drive RailTel into new growth era, grabbing all the opportunities on the superfast digital track.

RailTel's journey into the future digital era may have already begun, with the Indian Railways entrusting RailTel with the implementation of hospital management information system (HMIS) for its 125 health facilities and 650 polyclinics across the country. The integrated clinical information system aims to bring hospital management on a single architecture to prevent pilferage and making operations seamless. The features of the software will facilitate customisation of clinical data, acknowledge the departments and laboratories, with the multi-hospital feature providing cross consultation and seamless interface with medical and other equipment. Patients will be able to access all their medical records on their mobile device. ♦

LANCELOT JOSEPH

lancelot.joseph@businessindiagroup.com