



A Navratna PSU

**RailTel/Sectt/21/SE/S-16**

**Date: May 9, 2025**

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

**Sub: Outcome of Analyst/Investor Conference Call held on Monday, 5<sup>th</sup> May 2025 - Transcript.**

**Ref: Our Letter of Even no. dated April 29, 2025 & May 5, 2025.**

Dear Sir/Madam,

In reference to our above-referred communication regarding Analyst/Investor Conference Call, we are forwarding herewith the transcript (duly signed by CIRO) of the Analyst/Investor Conference Call held on Monday, 5<sup>th</sup> May 2025, organised by M/s. Antique Stock Broking Limited

2. This is submitted for your information and record.

धन्यवाद,

रेलटेल कॉर्पोरेशन ऑफ इंडिया लिमिटेड के लिए

जे. एस. मारवाह

कंपनी सचिव एवं अनुपालन अधिकारी

सदस्यता संख्या – एफ सी एस 8075

**संलग्न: ऊपरोक्त अनुसार**

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

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

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

**CIN : L64202DL2000GOI107905**

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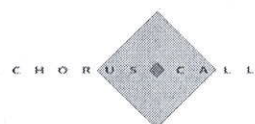
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**“RailTel Corporation of India Limited  
Q4 FY '25 Post Results Earnings Conference Call”**

**May 05, 2025**



**MANAGEMENT: MR. SANJAI KUMAR – CHAIRMAN AND MANAGING  
DIRECTOR – RAILTEL CORPORATION OF INDIA  
LIMITED  
MR. V. RAMA MANOHAR RAO – DIRECTOR FINANCE –  
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MR. YASHPAL SINGH TOMAR – DIRECTOR NETWORK  
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OF INDIA LIMITED**

**MODERATOR: MR. VISHAL PERIHAL – ANTIQUE STOCK BROKING**





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**Moderator:**

Ladies and gentlemen, good day, and welcome to the Post Results Q4 FY '25 Earnings Conference Call of RailTel Corporation of India Limited, hosted by Antique Stock Broking. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing 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 Antique Stock Broking. Thank you, and over to you, sir.

**Vishal Periwal:**

Yes. Good morning, everyone, and welcome to the earnings call of RailTel Corporation. I'd like to thank the management for giving us this opportunity to host their call. The management team in the call is led by Mr. Sanjai Kumar Ji, who is Chairman and Managing Director; Mr. V. Rama Manohara Rao Ji, Director Finance; Mr. Manoj Tandon Ji, Director, Projects, Operations and Maintenance; Mr. Yashpal Singh Tomar Ji, who is Director, Network Planning and Marketing; and we also are joined by other senior team members from RailTel.

So as usual, we'll have a brief overview from Sanjai sir on the gone by results and then we'll have lines open for Q&A. Yes. Thank you, and over to you, sir.

**Sanjai Kumar:**

A very good morning to all and everyone. It gives me great pleasure to interact with you on the company's performance in the backdrop of Q4 financial results for financial year 2024-'25, which were declared by the company on 1st May 2025. The company achieved operating revenue of INR1,308 crores in Q4 of FY '25 as against INR768 crores in Q3 of FY '25, registering the growth -- Q-on-Q growth of 70%.

The Telecom segment contributed INR359 crores and Project segment contributed INR949 crores in company's operating turnover. The company achieved total income of INR1,329 crores in Q4 of FY '25 as compared to INR782 crores in Q3 of FY '25. The profit before tax in Q4 of FY '25 is INR151 crores as against INR90 crores in Q3 of FY '25 with Q-on-Q growth of 69%. The profit after tax in Q4 of FY '25 is INR113 crores as against INR65 crores in Q3 of FY '25, registering a Q-on-Q growth of 74%.

The company achieved total income of INR3,551 crores in FY '25 against INR2,622 crores during the corresponding previous year with growth of 35%. Profit after tax for FY '25 is INR300 crores as against INR246 crores in the corresponding previous year with growth of 22%. Earnings per share for year ending 31st March 2025 stands at INR9.34 as against INR7.67 for previous financial year.

During 25th year of our journey, our progress has been steady and impressive with consistent growth in operational revenue and profits. We are having a healthy order book of INR 6,616 crores with a visibility of sustained growth in operating income in coming quarters too. We remain committed to pursuing growth and creating value for our esteemed investors. We are also exploring new opportunities in order to realize our true potential.





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I thank you for your trust and collective vision for the future of this company. Thank you.

**Moderator:** The first question is from the line of Manish Ostwal from Nirmal Bang Securities Private Limited.

**Manish Ostwal:** My question on the -- can you tell us what is the total order inflow for the full year compared to FY '24?

**Sanjai Kumar:** So new orders during this financial year means previous financial year is INR 3,146 crores -- as compared to previous year, if you -- I think you're talking about 2023-'24?

**Manish Ostwal:** Yes, sir.

**Sanjai Kumar:** So that was INR 3,178 crores.

**Manish Ostwal:** So basically, it's flat on a full year basis compared to...

**Sanjai Kumar:** Sorry. It was around INR 2,600 crores. Let me give this number because this number is not correct. Previous year's number, I'll find out.

**Manish Ostwal:** Okay. The second is of the current...

**Sanjai Kumar:** Yes, please.

**Manish Ostwal:** Can I ask, sir?

**Sanjai Kumar:** Yes, please.

**Manish Ostwal:** Yes. So second question on the current order book execution. So can you tell us the time frame when we'll be able to execute this order? What is the short duration order book size and what is the long duration of the order book so that we give the visibility in terms of yearly revenue for '26-'27?

**Sanjai Kumar:** Yes. So last year, '23-'24, it was around INR 2,583 crores. And when you talk of year 1 projections out of this order book is around INR 2,600 crores is that what we are expecting out of this.

**Manish Ostwal:** Okay. And the margin at a blended level will remain the same or there is a scope of improvement in margin also because of the mix of orders?

**Sanjai Kumar:** I think it will remain in the same range, 4% to 5% overall, if you talk. So blended means put together. If you're talking of project alone, it is 4% to 5%. But if you talk of put together all the segments, then certainly, it will be around 11% to 12%. I'm talking of EBIT.

**Manish Ostwal:** Yes, yes. And the last is what is the update on the Kavach side because we keep on hearing on this thing, but nothing is major coming out. So where the -- what is the stage of the orders we can anticipate for RailTel to grab it in the -- from the Kavach side of opportunity? And so can you update on this, sir?







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**Sanjai Kumar:** Yes. So last quarter itself, we have got our first order. I think you might have missed it. We have posted it on SEBI also. So we have received first order of INR244 crores from East Central Railway.

**Moderator:** The next question is from the line of Sanjesh Jain from ICICI Securities.

**Sanjesh Jain:** Very heartening to see such a strong performance. A couple of questions. First, on the order book of this INR6,000 crores, INR6,616 crores, what we have given for now, can you break up between the railway and non-railway?

**Sanjai Kumar:** Yes. So if we talk of railway, it is around close to 30%, 29.72% and remaining is non-railways.

**Sanjesh Jain:** Got it. And in this new order book, what we have.

**Moderator:** Sorry to interrupt, sir. I would request please use your handset.

**Sanjesh Jain:** No, I'm on the handset. Can you hear me now?

**Moderator:** Yes, sir.

**Sanjesh Jain:** And second question is on the order inflow of INR3,146 crores, what we have done this year. Can you help us explain which are the large projects which have added this year?

**Sanjai Kumar:** Okay. So -- if we talk of this year, so we have got this Kavach order, of course, which I spoke to you to the previous investor. We have got an order in Northeast Frontier Railway for tunnel communication, that was INR137 crores. Then we have got an order from state of Odisha, the state government of Odisha for complete intelligent enforcement management system for their state transport authority.

So these are -- that is also INR222.33 crores. Then we have got a data center order from a Defence PSU, that is INR85.03 crores, then Maharashtra State Power Generation Company for their network structuring, that is INR88.28 crores. So you want me to narrate all the numbers?

**Sanjesh Jain:** No, no. And generally the INR2,600 crores in the year 1 of order book, this year, we did around INR2,200 crores in the project. So is it fair to assume that next year, we should do something around INR2,600 crores, INR2,700 crores?

**Moderator:** Sorry to interrupt, sir. I can't hear you clearly.

**Sanjesh Jain:** Can you hear me now?

**Moderator:** Yes, sir.

**Sanjesh Jain:** Okay. Sir, I just wanted to understand this year 1 of project book you said was around INR2,600 crores. In that, can you help us understand that this should be the potential revenue for next year versus INR2,100 crores of revenue what we did for this year?

**Sanjai Kumar:** We will do our best to do this. That is what expecting -- we are also expecting.





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**Sanjesh Jain:** So around 20% kind of a growth is possible even for next year on the project business?

**Sanjai Kumar:** Yes.

**Sanjesh Jain:** Got it. Second question is on the telecom business. Can you help us with the revenue for all the 3 subsegments; NLD, ILD and IP1 for Q4?

**Sanjai Kumar:** Yes. So NLD, it was INR622 crores. ISP, INR437 crores. And the third one, it is INR292 crores.

**Sanjesh Jain:** INR292 crores. Got it. Any update on RailWire? I think that is growing flattish. Any changes are we doing in the RailWire for accelerating the growth there?

**Sanjai Kumar:** Yes. Actually, I've been sharing my views on this. The industry being very much cut-throat and the problems for operators who are at the middle level, they are struggling because the lower level small ISPs, they are not providing services to the satisfaction of the customer, but they are trying to many times poach and reduce their tariffs. And on the other hand, the big ones, they are also coming with new technology.

So there is very, very huge competition in this market. But we being in the rural market, being our main segment where we focus more there we are slightly better. So it is -- we are also seeing that this is flattish, but we are continuously trying to increase our reach. And in the last quarter, we have -- in fact, we have been able to get some breakthrough

Before that previous 2 quarters, we were not satisfied at all. In fact, there was negative growth we had seen sometimes. So I would say that we are trying our best in this market.

**Sanjesh Jain:** Fair enough, sir. Fair enough. So in that backdrop, how do we see telecom services revenue growing? Because I think this year, we have grown at mid-single digit and the ambition was to keep growing at double digit, 10%, 11%. Do you think with this breakthrough in the RailWire, we should be hitting that 10% in FY '26?

**Sanjai Kumar:** We are trying to do everything. And in fact, if you remember, last year, we had spoken about GFGNL, Gujarat opportunity, but there had been troubles, and we are still not through there. So we were expecting that it should come. So those efforts are still going on. Similarly, we have -- we are trying continuously different product mix in this segment, including OTTs and all those things.

So we are certainly trying to take help from ISP segment. But we have thought recently, in fact, we had a discussion amongst ourselves that even in NLD also, we will try to do something better this year. Let us hope that we succeed in that.

**Sanjesh Jain:** Got it. Last 2 questions. First, on the LTE roll out by railway, have you seen any activity and any tendering bidding that we have seen in that?

**Sanjai Kumar:** So LTE is now what we have heard is not in the consideration by Ministry of Railways. Probably they will go in for 5G, but we are also waiting for those decisions and then only the tenders will come. But till then, the Kavach will work on UHF. So certainly, UHF roll out will happen wherever the Kavach is being -- will be commissioned.





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**Sanjesh Jain:** What is this UHF, unlicensed spectrum?

**Sanjai Kumar:** No, no. UHF is a technology, which is -- you can say -- which is already being used by railways and this does not require any spectrum.

**Sanjesh Jain:** Got it. So it uses for a fiber.

**Sanjai Kumar:** No, not this spectrum, which has been allocated to us for LTE. So there require -- very small. In UHF spectrum requirement is very small and that is already there with railways. It has been used by railways in the past also.

**Sanjesh Jain:** Clear, sir. And on the data center, which we were rolling out, 102 edge data center. Any development on that side? When can we expect that revenue to start flowing for us in FY '26?

**Sanjai Kumar:** This year, in fact, this year, we are now ready -- almost ready at 2 places. And we are expecting that this year, 7 to 8 edge data centers should -- we get by end of this financial year. In fact, we were expecting it to happen faster, but there are nitty-gritties where I think which was not foreseen by us.

But as we now know the things in detail, we expect that 7 to 8 data centers should happen this year. And the revenue on the conservative side, I would say that around INR10 crores should come this year. It may be more also, but I expect that on conservative side, it should be INR10 crores.

**Sanjesh Jain:** This should have ideally higher margin, right, because we are generally getting the share of it and less of cost. So margin from this INR10 crores should be high, right?

**Sanjai Kumar:** See, if you see higher margins since this is a PPP, the investment is being done by our partner. So if you see in that sense that RailTel would be marketing front without any substantial investment, yes, it is high margin. But if you see from the revenue point of view, the entire revenue will be booked in RailTel frame. So then that will be another perspective to it.

**Sanjesh Jain:** So we will book the entire revenue and then pass on the benefit to the customer?

**Sanjai Kumar:** Yes. Yes.

**Sanjesh Jain:** Okay. So this INR10 crores...

**Sanjai Kumar:** That is a part.

**Sanjesh Jain:** And we will only get a small portion out of it, right, as a marketing partner.

**Sanjai Kumar:** Yes. No, not only marketing. We'll have complete control of the data centers. It is not only marketing. We have -- because he's only making it, investment part of it, but the technical control, the data center will be seen as RailTel's own data center. It is not their data center. So all security and everything has to be taken care of by us.

**Moderator:** The next question is from the line of Ashish from JM Financial Mutual Fund.







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**Ashish:** Sir, to the earlier participant, you said INR10 crores would be the gross revenue or your own net revenue?

**Sanjai Kumar:** INR10 crores is the revenue which we are expecting from edge data center.

**Ashish:** Okay. So this is after passing on...

**Sanjai Kumar:** Sorry?

**Ashish:** This is after passing on the share.

**Sanjai Kumar:** There will be expenses, of course, which you can say that there is share also, revenue share, which we have to share -- with our partner.

**Ashish:** Okay. Got it. And earlier, the LTE and Kavach roll out in the Indian Railways, so that amount was projected to be around INR30,000 crores in the next 5 years. So now with LTE on the back foot, how much would be -- what's your expectations of the Kavach order?

**Sanjai Kumar:** See, Kavach and LTE both are different things. As explained with the previous question, Mr. Sanjesh from ICICI, I explained everything that LTE is a different thing and Kavach is a different thing. So Kavach will now get rolled out on an existing technology that is called UHF. So that, of course, will happen.

So right now, as of now, yes, you are right that this Kavach thing -- LTE thing is not there, but certainly, it's going to come with upgrades. But those indications, we are yet to get from Ministry of Railways. But as far as Kavach is concerned, it will get rolled out.

**Ashish:** Okay. That's fair enough. Sir, and you are also in the process of exploring more OEMs, right, for this Kavach project itself. So any progress? Or are you in discussion with more OEMs?

**Sanjai Kumar:** No. I think during last interaction itself, we had cleared that we have now firmly signed agreement and MOU with the single OEM because before that, it was not happening. So then we were continuously searching for partners. But now we are there with Quadrant Future Tek.

**Ashish:** Okay. Fair enough. Sir, lastly, on this -- our partnership with Microsoft, which was announced for 5 years. Any progress? Where are we?

**Sanjai Kumar:** See, we are continuously interacting with them, including at the higher management teams. So it is not the right time to say anything because it might affect our prospects in the market. So I would not like to share those details. But yes, we are continuously in discussion with Microsoft Teams.

**Moderator:** The next question is from the line of Harshit Nagpal from Yes Securities.

**Harshit Nagpal:** The first question on the order book. Could you give the breakup for tender and non-tender for the order book?

**Sanjai Kumar:** So order book includes around 61%, 62% from tender and 38% from through nomination.







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**Harshit Nagpal:**

Right. Also, sir, while the revenue growth for us year-on-year and quarter-on-quarter for year-on-year and FY '25 year-on-year has been great, the margin has gone down by 100 -- the PAT margin by 100 bps and EBITDA is also lower than what you had guided at halfway stage of the financial year. While I see the expenses have shot up extensively, any particular other reasons for this?

**Sanjai Kumar:**

See, I've been forecasting a growth also at 25% to 30%, if you remember last year. We have grown by 35%. So then you can see that we have certainly picked up some orders, which were low risk, but faster delivery and all that. So certainly, if you see the absolute numbers, we have done the right thing. We had a choice that we did not pick those lower margin orders and had continued to remain in the 25% to 30% bracket. So I think our management decided that no, we should not lose on this account.

**Harshit Nagpal:**

Right. Also, sir, the Project wise Services breakup for railways and non-railways, if you could provide me with that for the quarter.

**Sanjai Kumar:**

Yes. Sorry?

**Harshit Nagpal:**

Yes, I asked for the breakup for railways and non-railways for the Project wise Services, PWS segment.

**Sanjai Kumar:**

For this year?

**Harshit Nagpal:**

Yes, for the year and for the quarter, if you could give me both.

**Sanjai Kumar:**

Okay. So railway, we have earned INR508 crores this year, whereas non-railways is INR1,607 crores. If you talk of Q4, it was INR213 crores for railways and INR737 crores for other than railways.

**Harshit Nagpal:**

Right. Also, sir, last question on what is the ARPU for RailWire for this quarter?

**Sanjai Kumar:**

ARPU, if we talk of ARPU in the last month, it was certainly lower because as I explained to your friend in previous questions, in March, February and March, we had to take some aggressive calls and our ARPU was INR479.

**Harshit Nagpal:**

Sir, the capex for the year now that the year is complete, how much have we done? And how much of that -- and for the data center?

**Sanjai Kumar:**

Sorry, your full question was not -- could not be heard.

**Harshit Nagpal:**

The capex for the whole year and how much of it is for the data center that we have done in FY '25?

**Sanjai Kumar:**

Okay. So capex was INR320 crores. Out of that INR86 crores was for data center.

**Harshit Nagpal:**

INR87 crores, INR86 crores?

**Sanjai Kumar:**

INR86 crores.





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**Moderator:** The next question is from the line of Parimal Mithani from Credential Investments.

**Parimal Mithani:** Congratulations on good set of numbers. Sir, just wanted to understand in terms of your -- going ahead, how do you see your order book going ahead in next 1 to 2 years, if you can give us detailed answer for that? And secondly, sir...

**Sanjai Kumar:** Yes. Please go ahead.

**Parimal Mithani:** No, sir, please go ahead.

**Sanjai Kumar:** So we are looking for certainly fatter order book this year and we'll be targeting around at least INR4,000 crores orders coming in this year.

**Parimal Mithani:** Okay. And sir, if you can tell -- what big orders if you can highlight, if you can tell us right now, sir?

**Sanjai Kumar:** Sorry.

**Parimal Mithani:** What are the big orders we will be having in this INR4,000 crores, which were there, if you can just tell us?

**Sanjai Kumar:** I think it won't be appropriate for me to reveal that information right now.

**Parimal Mithani:** And sir, if you can throw light on your video surveillance project, how is it going on and where it...

**Sanjai Kumar:** Again it is -- so now this project is on track and we hope that this project will be completed this year.

**Parimal Mithani:** Okay. And sir, any revenue guidance for the current year, sir, how do you see growth in next -- if you can tell us?

**Sanjai Kumar:** We will continue to maintain the 25% to 30% growth.

**Moderator:** The next question is from the line of Harshil Solanki from Equitree Capital.

**Harshil Solanki:** Sir, I had a question on Kavach. So we announced one order in the last quarter. But after that, your competitors have announced multiple tender wins and we have not won any tenders. So what are the challenges we are facing? And how do you plan to win more tenders in the future is my first question?

**Sanjai Kumar:** See, why could we not been -- certainly, we introspect ourselves because we have got our first order in February only. So we introspect in-house that where we have gone wrong or what has happened, somewhere somebody has taken a very aggressive call. That is also was unexpected. So those -- there are different reasons, but we are certainly taking into account for future tenders.

**Harshil Solanki:** Okay. And what's our strategy? Do we also plan to get aggressive on the pricing to win more share?





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**Sanjai Kumar:** Your voice is not coming clearly. Sorry.

**Harshil Solanki:** Is it better now?

**Sanjai Kumar:** Yes, better.

**Harshil Solanki:** So my question is what is our strategy to win more tenders going forward? Do we plan to get aggressive on the pricing as well?

**Sanjai Kumar:** See, again, I will not be able to say anything on strategy part and all that. But certainly, we are doing our best. That's what I can assure our investors.

**Harshil Solanki:** Okay. And the second thing is, are we confident of getting enough hardware supplies from our OEM partners because they also have a huge order at hand and they have to do it by November. So even if we win orders, are we short of getting supplies from them to install the hardware?

**Sanjai Kumar:** See, the orders which are coming in now, they have to be 4.0 compliant, version 4.0 compliant. So people have material in stock and everything, but those 4.0 compliance approvals are in progress and none of the OEMs have got that 4.0 compliance. So that is true for us also. So I don't think any supply constraints will be there. And moreover, since Quadrant is our exclusive partner, so certainly, he is not going to supply to anybody else. Then also, I don't see any constraint on supply side.

**Moderator:** The next question is from the line of Viraj from Jupiter Financial.

**Viraj:** My question is, since you are earning so much of the orders, what will be your current year top line? And how does the bottom line look like? And any guidance for the next year forward, if you can give?

**Sanjai Kumar:** Current year, we are going to grow in 25% to 30%. That is our endeavor and always try to do better. And if you talk of PAT, so again, I think because our project side is getting heavier, it will certainly will have some pressure on our PAT also. But we'll try to do higher margin, better margin projects, try to get such projects. But again, it is not in our hand. It is competition which decides. So I would say that it is not going to get affected much because project segment is getting heavier. But certainly, it is going to remain in the same range.

**Viraj:** That would be what, 12% to 15% of the top line?

**Sanjai Kumar:** 11% to 12%, I would say. You're talking about EBIT.

**Viraj:** No, no, PAT, PAT I'm talking about, PAT margins.

**Sanjai Kumar:** PAT is not 12% to 13% even now.

**Viraj:** Okay. So would it be in double-digit at least or no?

**Sanjai Kumar:** See, project being there, not possible. If you see the pure project organization in the market and that too PSUs, none of them are more than 4% and 3%. You just -- you can scan the market.







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There are many organizations. TCIL is one of our competitors. If you see they are even worse. RVNL from railways, they are not doing more than 4%.

**Viraj:** No, I'm talking about blended PAT margins, not for particular per se only project.

**Sanjai Kumar:** Blended PAT margin, I'm telling because project is getting added to the kitty certainly will suppress the overall margin, of course. So it's going to be there around 8%.

**Viraj:** Okay. And FY '26 onwards, next year onwards would be the same trajectory looking at?

**Sanjai Kumar:** I think we'll maintain that or we might be doing better also. I'll add for the benefit of our investors that RailTel is strengthening its cybersecurity posture. And we hope that something even better. This year also, we grew from INR70 crores to INR127 crores. So -- and next year, we look for doing even better in data center.

**Viraj:** Okay. And sir, anything on Kavach -- anything on Kavach. I actually joined the call late.

**Sanjai Kumar:** Okay. Kavach I have already told that tenders are coming and you have seen that RailTel has got recently in February and there are three tenders which are not decided yet. So as and when the tenders coming in from railways, we will be bidding and try to win new orders.

**Viraj:** Okay. And sir, in the Kavach also, the project side would be heavier or will be a product side? How are we -- how is the Kavach orders coming in for us?

**Sanjai Kumar:** Project side heavier, you say what.

**Viraj:** Like the Kavach, the orders which we get what would be, would be more on the project side or the product side? My question is that are more margins...

**Sanjai Kumar:** Margins certainly will be better in Kavach tenders because there we have exclusive tie-up with OEMs. But then again, if new OEMs join the market, which is not there. Right now, there are only 5, but now market -- we have seen in the market that even new OEMs are also trying. But again, it will be certainly better than other projects.

**Viraj:** Okay. And when the orders will start kicking in, in the top line, the Kavach orders?

**Sanjai Kumar:** I think this year itself.

**Viraj:** This quarter onwards or next quarter onwards?

**Sanjai Kumar:** No, not this quarter, maybe by Q3.

**Viraj:** Q3. Okay.

**Moderator:** The next question is from the line of Vishal Periwal from Antique Stock Broking Limited.

**Vishal Periwal:** Sir, just a clarification. You briefly mentioned that the capex has been higher in FY '25 at around INR320-odd crores. So is it fair to say the large part of the incremental or the increase which has





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happened over FY '24 is from the data center or any particular segment where we are putting this capex?

**Sanjai Kumar:**

Data center is certainly one. But then we are strengthening our network also because network capacities on telecom side, as I told you, we are now focusing on NLD segment. So there also, we have strengthened our network capacity, enhanced our network capacity. Similarly, as I told you that our cybersecurity, we are focusing more on cybersecurity. So some investments have gone in that part also.

**Vishal Periwal:**

Okay. And then, sir, is it fair to say the capex generally happens only in the telecom? Project side, there is no such requirement of capex.

**Sanjai Kumar:**

Certainly not because projects which we are doing for customers, but no, this year, we have got some opex-based orders also where we have to do capex. So yes, telecom as well, data center and telecom, both are the areas where we will do our capex. And sometimes, we are creating network in some new line, so you need everything, all infrastructure, including battery, power systems and all that.

**Vishal Periwal:**

Okay. Okay. And then one thing which I was noticing from a cash flow point of view, though the numbers are pretty good from P&L, cash flow, are you seeing as we move higher on a project side and that is also on an external party, third party, there will be a requirement for working capital? Or do you see -- I mean that we are pretty much comfortable at that side also?

**Sanjai Kumar:**

We are comfortable on cash flow. Cash flow issue is not an issue.

**Moderator:**

The next follow-up question is from the line of Viraj from Jupiter Financial.

**Viraj:**

Yes, sir. My question -- what will be our dividend policy? Would be the same as before or would be better this -- we'll try to make it better?

**Sanjai Kumar:**

No. Actually, I think your voice was -- not there first...

**Viraj:**

My question is what is our dividend policy? We'll try to make it better?

**Sanjai Kumar:**

We will follow the present policy almost in the same line. There is no other changes

**Viraj:**

Defined by the government, right? That's the same policy?

**Sanjai Kumar:**

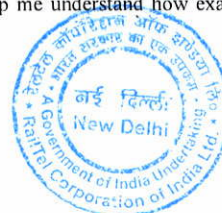
Yes, certainly.

**Moderator:**

The next question is from the line of Pratap Maliwal from MountIntra Finance.

**Pratap Maliwal:**

I wanted a clarification on data centers. So previously, we said that we're working with partners who are putting up the major investment. And then for capex side, we are saying that we are putting in capex for data centers. So can you help me understand how exactly is the model working for data centers for us?





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**Sanjai Kumar:** See, there are 2 sets of data centers with RailTel. So there are 2 already captive data centers owned by RailTel, owned and managed by RailTel. And so there, of course, capex will come from us. Edge data centers, which we have -- where we have found a partner to set up 100 edge data centers. So there, investment will come from the partner. They are smaller data centers spread across the country.

**Pratap Maliwal:** Okay. So when you're saying that we expect about 7 to 8 of edge data centers for FY '26 and the revenue is INR10 crores. So this is per data center or this is combined for all 7, 8, we'll get INR10 crores of revenue?

**Sanjai Kumar:** This is total.

**Pratap Maliwal:** Okay. Total. Okay. And from this INR10 crores we should share from -- to our partners or this is what we retain after sharing?

**Sanjai Kumar:** No. Certainly reduced -- revenue is the total what we earn and then out of that revenue we will share. So, this is total topline this year

**Pratap Maliwal:** Top line. Understood.

**Sanjai Kumar:** Because these data centers will be set up towards the end of the year also. Some of the data center, some of this edge data center will come in maybe Q4 also. So this year, this revenue is not more than this.

**Moderator:** As there are no further questions from the participants, with that, we conclude today's conference call. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Sanjai Kumar:** Thank you, very much.

