Railtel Corp. India

Operator: Ladies and gentlemen, good day and welcome to the Q2 FY27 earnings conference call of Railtel Corporation Of India Ltd., hosted by PL Capital. 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Vishal Periwal from PL Capital. Thank you, and over to you, sir.

Vishal Periwal - PL Capital: Thank you. I warmly welcome all the participants to the Railtel Corporation Of India Ltd. Q2 earnings call. At the dais, we have CMD Mr. Sanjai Kumar, along with his team member Mr. Manoj Tandon, Director, Projects, Operations & Maintenance. From the office of the Director, Network Planning & Marketing, we have Mr. Yashpal Singh Tomar, and along with Mr. Tomar, we have H.C. Batra from the finance team. I will hand over the call to Mr. Sanjai Kumar for the opening remarks, and then, as usual, we will have a question-and-answer session during which management will try to answer the queries that investors may have. Thank you, and over to you, sir.

Sanjai Kumar - CMD: Thank you, Vishal. A very good morning to all. It gives me great pleasure to interact with you on the company's performance in the backdrop of the Q2 financial results of FY 2026-27, which were declared by the company on 25 October 2026.

The company achieved operating revenue of 1,146 crores in Q2 of FY27 as against Rs. 893 crores in Q1 of FY27, registering quarter-on-quarter growth of 28%. The telecom segment contributed Rs. 397 crores, and the project segment contributed Rs. 749 crores to the company's operating turnover.

Revenue from operations during H1 FY27 is 2,300—2,039 crores against 1,695 crores in H1 FY26, with growth of 20%. Profit before tax before exceptional items in Q2 FY27 is 124 crores as against Rs. 96 crores in Q1 FY27, registering quarter-on-quarter growth of 29%.

Profit before tax and profit after tax for Q2 FY27 were Rs. 92 crores and 69 crores, respectively, with quarter-on-quarter growth of 3% and 4%, respectively. The company has bagged new orders of Rs. 2,458 crores in H1 FY27, maintaining a robust order book of Rs. 12,282 crores as of date.

We are pleased with our broad-based growth across all segments operationally. The company successfully sustained its operational momentum in H1 FY27 with strong project execution and robust order booking. We remain committed to pursuing growth and creating value for our esteemed investors.

With great emphasis on project execution, the company has visibility of substantial growth in operating income in the coming quarters. Thank you.

Sanjai Kumar - CMD: [pause] Ma'am, we can have the question-and-answer session.

Operator: Sir, thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested

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to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Saksham Tyagi from {? Desvelado Advisory ?}. Please go ahead.

Saksham Tyagi – {? Desvelado Advisory ?}: Hi. Am I audible?

Sanjai Kumar – CMD: Yes, please.

Operator: Yes, sir.

Saksham Tyagi – {? Desvelado Advisory ?}: Thank you for the opportunity, sir. My first question is that revenue grew around 28.3% quarter-on-quarter, but PAT grew by only 4.5%. What is the reason for such a significant difference between revenue growth and PAT growth?

Sanjai Kumar – CMD: Saksham, if you could see, our expected {? transit ?} credit loss for this quarter, basically due to some debtors, is 32 crores, which is unusual. It is not normal. If you see the PBDIT and PBDT, the numbers are clear. PAT, of course, when you look at the results for this quarter alone, gives a slightly different picture. But overall, on an annual basis, when the year ends, things will certainly be better.

Saksham Tyagi – {? Desvelado Advisory ?}: We can get a clearer picture at year-end, right?

Sanjai Kumar – CMD: [pause] Yes, of course, because a quarter, for a company like ours, is a small period. I always emphasize this point: quarterly results generally sometimes, as in Q2 also, do not give a clear picture because of one aberration or another.

Saksham Tyagi – {? Desvelado Advisory ?}: Understood. My second question is that in the previous conference call, you mentioned that you would be executing 3,500 crores of revenue from the order book of around 11,000 crores. What is the progress so far on that? How much revenue has been executed, and can we expect any increase in the anticipated execution for this year?

Sanjai Kumar – CMD: Certainly. We have 6 months more to go, and in the second half, generally, as has also been the trend in previous years, our project execution speeds up and accelerates. We are still hopeful that we will be able to meet the numbers that we anticipated at the beginning of the financial year.

Saksham Tyagi – {? Desvelado Advisory ?}: Has any amount been executed so far from the particular order of 3,500 crores that you mentioned earlier?

Sanjai Kumar – CMD: Till now, we have done around 1,282, I think. That is the number that we have converted into overall revenue. Actually, this is from all project orders only.

Saksham Tyagi – {? Desvelado Advisory ?}: Understood. Has there been any increase in the 11,000-crore order book?

Sanjai Kumar – CMD: I said that the number is currently more than 12,000 crores. I also stated the exact number in my address.

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Saksham Tyagi – {? Desvelado Advisory ?}: My last question is regarding the 10 MW facility to be commissioned in Noida. What is the progress on that, and how much revenue can we expect from it?

Sanjai Kumar – CMD: It is likely to go live by mid-May next year, 2027.

Saksham Tyagi – {? Desvelado Advisory ?}: Civil work has not been started yet, right?

Sanjai Kumar – CMD: Civil construction is in the final stages, and then all the internal fittings and other things will happen. We are targeting it for mid-May 2027.

Saksham Tyagi – {? Desvelado Advisory ?}: Is there any rough target for the revenue that we can expect from this project in Noida?

Sanjai Kumar – CMD: This is a data center.

Saksham Tyagi – {? Desvelado Advisory ?}: Yes, exactly. A data center.

Sanjai Kumar – CMD: Data center business growth has already been projected in my previous discussion. This year, we will make around 300, and next year we are targeting 500. That cannot be attributed entirely to the Noida data center, but we have two other facilities. We also have one edge data center in Mumbai. This will certainly take some time because once you establish something new, it takes a little time to gain momentum.

Saksham Tyagi – {? Desvelado Advisory ?}: Understood, sir. Lastly, is there any update on the international sector, such as opportunities from the international sector?

Sanjai Kumar – CMD: We are continuously pursuing opportunities, and whatever new orders we receive are also published on {? site ?}. Right now, I think we have not received anything in the last 2-3 months, but we are continuously pursuing the international market.

Saksham Tyagi – {? Desvelado Advisory ?}: Thank you very much.

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

Sanjesh Jain – ICICI Securities: Good morning, Sanjay.

Sanjesh Jain – ICICI Securities: Good morning. I have some data-related clarifications. You said the order book was around 12,000 crores. Can you give us the full number? How much is it above 12,000?

Management: It is 12,248.

Sanjesh Jain – ICICI Securities: 12,248, sir. Thank you, sir. Of that, how much is Railway contributing to the order book?

Management: Railway is around 2,873.

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Sanjesh Jain – ICICI Securities: 2,873. Understood. Can you give us the breakup of NLD and ISP for this quarter?

Management: For this quarter, NLD is 174 crore.

Sanjesh Jain – ICICI Securities: 174 crore.

Management: ISP is almost flat at 110 crore. We have done a good job in NLD. IP-1 is also almost flat.

Sanjesh Jain – ICICI Securities: Understood. What is driving such strong growth in NLD? Hello?

Management: There is a mix of factors. Last year, in January, we received an order from one of the Armed Forces. We have now implemented those NLD orders, and they have started contributing to the numbers. I would say that is the major contributor. There has also been some additional contribution from Railways because of CCTV connectivity and related work. Those connectivity projects have also added to it.

Sanjesh Jain – ICICI Securities: Understood. Is RailWire still not growing because of competition? Our ISP revenue is flat year-on-year.

Management: Yes, that is true. The numbers are increasing, but revenue growth is flat because of the reason you already mentioned.

Sanjesh Jain – ICICI Securities: On the project side, can you help us understand where we stand on Kavach? We received the two orders, and is there any visibility of getting more Kavach tenders this year? Are we participating in them? Second, regarding the 5G/4G rollout for Railway, has there been any progress in that project?

Management: If we talk about Kavach, progress is certainly happening. Approvals of drawings and designs, and all those activities, are happening. Some financial progress is likely to happen. We may clock somewhere around 50-100 crores, and that may happen because the activities are likely to take place in the last quarter. I cannot say with confidence that this will happen in March or perhaps later, but we are expecting somewhere between 50 and 100 crores, perhaps 80 crores. The work is going on, and we are expecting that 2027, or 2027-28, is certainly going to be the major year for Kavach installations and commissioning.

Sanjesh Jain – ICICI Securities: Understood. What about the network rollout?

Management: Regarding the network rollout, we have not seen any activity yet, to our knowledge. Let us wait and watch.

Sanjesh Jain – ICICI Securities: Understood. Is there any progress on the—

Management: Kavach has its own network. Kavach has its own network element, and we will certainly undertake that. But that is not 5G or 4G.

Sanjesh Jain – ICICI Securities: That is not 5G or 4G, right? The 700 MHz spectrum that Railway received, which they were planning to use—there is still no activity on that side?

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Management: There is still no activity. We have not seen any RFPs, intent, or discussion. Not to my knowledge. It may be happening, but it is not within my knowledge.

Sanjesh Jain – ICICI Securities: Understood. Where do we stand in terms of edge data centers? We commissioned two last year. How many are you planning to commission in this financial year, and how is utilization progressing at the two that started last year?

Management: Last year, we commissioned two edge data centers. Most of those are already, I would say, close to being sold out.

Sanjesh Jain – ICICI Securities: Understood. How many do we plan to commission this financial year?

Management: Perhaps two more. We are doing our part because, for edge data centers, we are also looking for customers to be present, as they are smaller facilities. Let us see; we are targeting two this year.

Sanjesh Jain – ICICI Securities: We are proceeding a little more slowly with edge data centers than we had planned earlier, right? I thought we were planning around five [crosstalk]

Management: Yes, that is true. We have been hearing about edge data centers for about 2 years. Some time ago, Airtel and some other players also entered this area. However, demand probably has not been as high as anticipated. Many organizations, including many government organizations, are developing their own on-premise facilities.

Sanjesh Jain – ICICI Securities: Okay.

Management: That is also one possible reason. However, I am sure this will pick up.

Sanjesh Jain – ICICI Securities: That is very clear. Just one last question. Regarding the 322 million, or 32 crores, of ECL that we booked in Q2, I know it is largely government-related, so we reverse it as and when it is realized. Are there any particular reasons why this number is higher than what we usually reverse or book?

Management: That is true. Incidentally, this number is higher this quarter. However, none of these accounts are of a nature that gives us any doubt. They are all government-related.

Sanjesh Jain – ICICI Securities: Very clear. [laughs] The number looked higher, and hence I was curious. Was there one particular department or one particular contract, or is there any dispute regarding the services that has to be—

Management: No, there is no dispute. There is no dispute in any of these. There are delays, of course.

Sanjesh Jain – ICICI Securities: Okay, but there are no disputes. It is just a normal—

Management: No, no, no. Yes, yes, yes. Sometimes it becomes abnormal, and then it is provided for. That is why it is ECL. I would not call it a normal delay. It is a delay beyond normal.

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Sanjesh Jain – ICICI Securities: Normal, but no disputes.

Management: But no—no disputes. Yes.

Sanjesh Jain – ICICI Securities: Very clear, sir. Very helpful. Happy Diwali, and best of luck for the coming quarters.

Management: Thank you. Thank you.

Operator: Thank you. A reminder to all participants: you can press star and one to ask questions. The next question is from the line of Shweta Jain from ANS Wealth. Please go ahead.

Shweta Jain – ANS Wealth: Hello, sir. Thank you for giving me this opportunity. My first question is regarding ECL provisioning. Can you help us understand how long this amount has been due? We have provided for it this quarter, so I want to understand this because you also mentioned that it is more than a normal delay. For how many months has this amount been due?

Management: We have an approved ECL policy of our own. It is not necessarily the case that we account for the entire amount that is due. It would be very difficult to answer how long it has been due because different debtors correspond to different periods.

Shweta Jain – ANS Wealth: Okay.

Management: Sometimes, if it is recent, we might provision 50%; if it is slightly more aged, then perhaps 75%. That is how we have made it more logical.

Shweta Jain – ANS Wealth: Are you expecting any further ECL provisioning on this account? Is the 32 crores related to one account or multiple accounts?

Management: They are multiple accounts. It is not one account.

Shweta Jain – ANS Wealth: Regarding the data centers, you are forecasting or guiding us for revenue of 300 crores this year and 500 crores next year. I want to understand what kind of margins we can make on this. Can you also help us understand the entire data center business? I do not know whether I am being repetitive because I was disconnected from the call in between. I want to understand this because you are also targeting edge data centers, and we also have 10 MW data centers. How much of this revenue will come from the 10 MW data centers, how much will come from the edge data centers, and what kind of margins are we expecting? What is the overall model that we are trying to build on the data center side?

Management: If you see the kind of activity in this sector, every day you hear about something or the other. Something is compromised, some data is breached, and some sites are hacked. Even countries like Japan have recently experienced significant activity. Therefore, the requirement for data centers with sovereign control is certainly going to exist.

My 10 MW data center is going to come up in May next year. I cannot predict the numbers right now, but there are requirements from customers and government organizations. Suppose they have one facility, such as a data center in Bengaluru. They will certainly come to Noida for their disaster recovery because of the requirement for geographical diversity and so on. Therefore, it is very

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difficult to say that a particular amount will come from the 10 MW facility and another amount will come from edge data centers.

Shweta Jain – ANS Wealth: Mm-hmm.

Management: However, as and when customers approach us, we try to accommodate them by providing the number of racks they require and the type of diversity they need. It depends on all those factors.

Shweta Jain – ANS Wealth: Okay. Okay.

Management: However, we are sure that the 300-crore number for this year will be achieved.

Shweta Jain – ANS Wealth: Regarding the infrastructure, we are not building the infrastructure ourselves, right? My understanding is that we are partnering with other developers. Is that correct, or is the infrastructure also ours?

Management: No.

Shweta Jain – ANS Wealth: Okay.

Management: Noida is our own infrastructure.

Shweta Jain – ANS Wealth: Okay.

Management: Although we have partners, it is our own infrastructure and is owned by RailTel.

Shweta Jain – ANS Wealth: Okay.

Management: In addition, we have tie-ups with other infrastructure providers because sometimes customers do not want to wait. They have immediate requirements, so we accommodate them through our infrastructure-provider partners.

Shweta Jain – ANS Wealth: Okay. Then what would the margin be? If you are partnering with other providers, are we giving them some revenue share from this revenue, or how does that arrangement work?

Management: Again, there are different models. It depends on the circumstances. Suppose I do not have the IT hardware. There is a long lead time, especially nowadays for storage and computing, and there is a substantial lead time. If I have the required computing and storage capacity, I will certainly prefer to use my own IT setup first. If I do not have it, my partners help me create that computing capacity. Again, it is controlled and managed by our own team.

In that case, if somebody else is investing in capex or providing those services, most of these services are provided on an opex basis. We have to share the revenue, but I am sure that my margin will be somewhere around 10%. The bottom, I would say, is 8%-10%.

Shweta Jain – ANS Wealth: Okay.

Management: Even in the worst scenario, it is not going to go below this level.

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Shweta Jain – ANS Wealth: That is fair. Thank you very much, sir.

Operator: Thank you. As there are no further questions from the participants, we will conclude the call now. On behalf of PL Capital, thank you for joining us, and you may now disconnect your lines.

Management: Thank you.

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