



TECHNO ELECTRIC &
ENGINEERING CO. LTD.

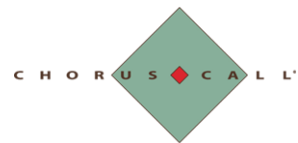
“Techno Electric & Engineering Limited
Q1 FY '25 Conference Call”

August 14, 2024



TECHNO ELECTRIC &
ENGINEERING CO. LTD.

ASIAN MARKETS
SECURITIES



**MANAGEMENT: MR. P. P. GUPTA – CHAIRMAN AND MANAGING
DIRECTOR – TECHNO ELECTRIC AND ENGINEERING
LIMITED**

**MR. ANKIT SARAIYA – WHOLE - TIME DIRECTOR –
TECHNO ELECTRIC AND ENGINEERING LIMITED**

MODERATOR: MR. SURAJ – ASIAN MARKETS SECURITIES LIMITED



Moderator:

Ladies and gentlemen, good day, and welcome to Techno Electric & Engineering Company Limited Q1 FY 2025 Earnings Conference Call hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call.

These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Actual results may differ from such expectations, projections, etc, whether expressed or implied. Participants are requested to exercise caution while referring to the statements and remarks.

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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suraj from Asian Market Securities Limited. Thank you, and over to you, sir.

Suraj:

Thank you, Siddhant. Good afternoon everyone. On behalf of Asian Market Securities, we welcome you all to Q1 FY 2025 earnings conference call of Techno Electric & Engineering Company Limited. We have with us today, P.P. Gupta-ji, Chairman and Managing Director; and Mr. Ankit Saraiya, Director representing the company.

Now, I request Mr. Ankit to take us through the quarterly results and then we start with the Q&A session. Over to you, Ankit sir.

Ankit Saraiya

Thank you, Suraj. And thank you everyone, for taking your time to join us for this conference call, and good afternoon, and welcome to everyone to discuss financial for the quarter ended 30th June, 2024. Anything said on this call, which reflects our outlook for the future or that could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the industry and company faces.

To begin with, let me quickly highlight our performance for the first quarter financial year 2025. The results of the company are not comparable on a quarter-to-quarter basis due to the nature of the business. Quarter one generally 15% of the full year turnover, followed by 20% in quarter two, 30% in quarter three, and 35% in quarter four. Company has created an SPB to set up 40-megawatt data center at Chennai. The asset is under implementation stage.

And currently, it is not revenue-accretive, but as we've explained earlier, its value-accretive. In the consolidated results, we knock off the financials of this SPB as per the accounting standards. That is the major difference in the standalone and consolidated results. As and when this asset becomes revenue-accretive, it will start showing its contribution in the results, and hence, it would be good to annualize, hence forth.

Total revenue for the company from EPC stands at INR413.74 crores, up by 19.55% year-on-year. EBITDA for the company stands at INR56.53 crores, up by 19.05% year-on-year. EBITDA margin for the company's stood at 13.6%. Other income for first quarter in the financial year



2025 stood at least INR23.2 crores compared to INR30.64 crores last year. Profit before tax for the quarter is INR75.73 crores, up by 5% year-on-year.

The company has successfully collected all the outstanding from TANGEDCO and other DISCOMs. The company has outstanding receivables of INR18.33 crores towards late/interest payment surcharge from sale of energy. During the quarter ended June 2024, the company had received an approval letter from TANGEDCO for delayed payment of interest on energy charges from 2009-2010 to 2020-2021, amounting to INR78.24 crores, which will be received in six equal instalments from May 2024 to October 2024.

The company has received two instalments of INR26.08 crores for the month of May and June 2024. The total receivables as on 30th June, 2024 is INR52.16 crores. The company has recognized revenue from discontinued operations during this quarter amounting to INR59.90 crores on account of recovery of interest on delayed payment on energy charges. PAT for the quarter, including discontinued operations is INR100.43 crores, up by 95.78% year-on-year.

EPS for quarter one FY 2025 stood at INR934 up by 95.83% year-on-year. Current investment value, including cash and cash equivalents post-QIP proceeds stands around INR2,500 crores. That is around INR215 per share. Treasury income will continue to be recurring income for the company. Our unexecuted order book as on date stands at around INR9,100 crores. We are L1 in orders worth INR1,200 crores. This constitutes two PGCIL orders at Nilgarh and Zerovi worth INR478 crores, one order from AGCL worth INR522 crores and one order from Adani worth INR135 crores.

Currently, the bids in pipeline are over INR5,000 crores, for which the results are yet to be opened. We are hopeful of bagging at least INR3,000 crores out of the same. The company has successfully raised capital an aggregate amount of INR1,250 crores by way of QIP last month. Just to take you through the outlook of various business segments, the company works in. We have been able to tide over the difficult times we witnessed in FY 2023 and we expect the growth momentum which began in FY 2024 should continue for FY 2025 and 2026.

We expect larger business out of AMI segment, transmission and data set. In transmission, especially, coming out of higher-end technological solutions. After a negligible or nil energy growth over the last eight years, the energy demand is all-time high and the demand growth is in double digits. The present peak load demand of 240 gigawatt is expected to be 400 gigawatts by 2030. Thereby employing a per capita consumption to grow from 1,250 units to 1,750 units by 2030.

To meet this demand, the power plant capacity is planned to be enhanced by 80 gigawatt in the conventional part, coupled with energy transformation to achieve a renewable power penetration of 500 gigawatt to the existing rate by 2030. All this means the sector is now transforming by deploying high-end solution, namely supercritical power plant, 765-kV AIS transmission solution, STATCOM solutions, VSC solutions, HVDC solutions. Solutions bagged by best battery energy storage system, where your company has a larger presence than any other entity in the marketplace.



The company is presently focused in following areas: transmission, smart metering, FGD, hyperscaled/edge data centers and digitization of solution and power distribution. All these verticals are fully -- full of potential, and this implies a paradigm shift in the positioning of the company. From the current mix of 43% of total installed capacity, renewable energy is expected to be around 64% by 2030 due to the significantly higher growth rate of 16% CAGR of RE versus 4% CAGR of fossil fuels.

India's aim to expand renewable energy capacity to 550 gigawatt -- 500 gigawatt by 2030 would require significant investment in transmission infrastructure. The CEA report on transmission system for integration of 500 gigawatt renewable energy capacity by 2030 identifies various transmission links aggregating 5,890 circuit kilometers for INR433,575 MPA. Following the additions to the ISTS, the cumulative interregional transfer capacity is likely to be about 150 gigawatts in 2030.

The integration of this transformation capacity at new/existing substation under ISTS, for wind and solar capacity by 2030, would entail a cost of INR2.4 trillion. Thus, Power Grid sees a large addressable market and estimate is transmission capex at INR1.7 lakh crores up to 2030 and expects capex revival to INR15,000 crores, INR25,000 crores, starting from financial year 2024, 2026. This makes us optimistic pickup in power bid capex/asset capitalization, which would bring sizable opportunity for Techno for next two to three years.

Data centers or digitization, widespread will also create additional demand for power. As mentioned earlier, to increase -- to meet the increased demand, the government mentioned the need to have 80 gigawatt of thermal capacity. This will bring a lot of opportunity in generation for balance of power plant, power evacuation facility deployment for Techno. On the distribution side, RDSS, we see a lot of activity happening going forward, particularly in the case of marketing, as government desire contained losses of the DISCOMs.

We are witnessing focus on strengthening power distribution network to make the matter and intelligent. Around INR22.2 crores meters are under various stages of award totaling to around INR2.2 lakh crores out of which around 87.64% would be under RDSS scheme. Out of the above, around bids for 11.76 crores meters have already been awarded and around 1.27 crores meters have already been installed. Apart from these, we will definitely need energy storage solution like battery, or pump storage of no less than 20% of this capacity.

And this will also have to be additionally supported by many kind of captive, capacitive, reactive power management solution in the grid, and we see significant activities where Techno is fully qualified and competent to be part of. Coming to FGD segment. The FGD segment is seeming to come back to momentum. We have got orders worth INR1,450 crores for FGD and that is progressing as expected. This level of business will continue for the next five to seven years, as 100 gigawatt is yet to be ordered out by CPSUs, SEBs and private cycling to a scope of INR1 lakh crores.

Under transmission, TBCB bidding is happening for 50 to 100 gigawatts. And a lot of bidding is in progress at the moment, and we are finding that every month four to five concessions are being awarded to Power Grid or to the private sector. Total bids opened for transmission is about



INR4,000 crores, out of which Techno expects to book order worth INR2,000 crores to INR2,500 crores per year over the next two to four years. We currently have orders worth INR4,900 crores for transmission, including TBCB orders.

And we are currently L1 in orders worth INR1,200 crores within this segment. On the metering segment, we expect to get orders worth INR1,500 crores to INR2,000 crores out of this segment every year for deployment of two million meters. We have already got orders for around three million meters worth INR3,500 crores. We have successfully backed to concessions in TBCB, Gogamukh and Bokajan with a total revenue of INR2,800 crores over the concession period.

Similarly, we have also on concession of deploying three million smart meters. We have also won concession of RailTel to build 100 plus edge data centers at prominent locations in all the Tier 1, Tier two and Tier three cities, under digitization plan. To share an outlook on data centers, we believe that digitization and services on cloud is the most prominent reason that has led to growth of data center and demand of data centers apart from other reasons such as 5G and many more.

The Indian data center market size is estimated to be two gigawatts in 2024 and by 2029 is projected to reach 4.77 gigawatts, indicating substantial growth rate of 18.8%. In monetary terms, the market size is expected to be USD two billion in 2024 and USD4.5 billion in 2029. The growth drivers in data center segments are cloud adoption, data localization driven by the DPDP Bill 2023, policy incentives, digital transformation, technological developments due to rollout of 5G, AI, VR, that is virtual reality.

We believe that AI and virtual reality will be revolutionary and would incrementally require larger and more B-fitting data centers. Apart from that, Internet of Things, big data and cloud computing will continue to remain growth drivers for the segment. Techno is also in advanced stage of setting up a data center of 24 megawatt IP load of hyper-density nature, ultra-scalable at Chennai. We have achieved significant progress on construction.

We have already spent around INR305 crores on the project and we are hopeful of commissioning the first phase of the project during the third quarter of financial year '25. Overall, last five years, the company has successfully monetized all the assets created over the last decade or 15 years in the field of renewable power, transmission assets and the triple PPP model, TBCB mode. This has resulted in a cash surplus of rupees INR1500 crores in the book of the company and is available for next phase of growth.

During the last year, we had mentioned that morning has just begun and there's only the first shine of the sun which will keep the brightening with every passing year. We are confident to achieve a revenue of INR2,500 crores for the current year and INR3,500 crores for the next year, implying an EPS of INR35 and INR50, respectively.

This concludes the opening remarks and we are happy to take further questions for discussions.

P.P Gupta:

Thank you, Ankit. Well done.



- Ankit Saraiya** Thank you.
- Moderator:** The first question is from the line of C.A. Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.
- C.A. Garvit Goyal:** Good evening, sir. Congrats for a good set of numbers. My first question is on the data center project. Like you mentioned, it is expected to be commissioned in Q3 FY '25. So my question is, how much revenue do you expect in FY '26 out of this project, sir?
- P.P Gupta:** Yes, Ankit, would you like to reply?
- Ankit Saraiya:** See, most, it will take us at least, you can expect three months to six months. From the date we start commissioning, which will probably be somewhere around the end of September, we can start finding our first clients and first customers. It is only after commissioning do we expect that we see serious interest and we will be in a position to attract quality customers. Therefore, at this stage, it is a little too early for us to really say that what is the expected revenue until and unless we build a sales pipeline, which is probably, in my opinion, six to seven months down the line.
- C.A. Garvit Goyal:** Understood, sir. Secondly, in opening remarks, you mentioned about the BESS projects. We heard from one of our listed peers about the upcoming tender of 15,000 to 20,000 here in next one year. So how much of it do you expect will come to Techno Electric, sir?
- Ankit Saraiya:** We are currently actively participating in BESS. And we do believe that there's a brilliant opportunity in the industry to participate in BESS. We are still figuring out the right mode and mechanism in which Techno would like to participate in the industry, whether as a developer and EPC or whether somewhere in the middle, I think, yes, the BESS market is to open. There is hardly one or two projects which have been installed that two are largely more of a POC, more of a proof of concept. Given that I think we are yet to figure out our own journey in this segment. But nevertheless, there is a huge opportunity for the entire industry.
- C.A. Garvit Goyal:** Got it, sir. Just last question on the order book side, like you mentioned you are expecting 1,500 crores orders in smart meter side. And I think I miss that like 3,000 crores also you are expecting somewhere. So greater than 5,000, you are expecting somewhere, right? So what is the time line for these order inflows, sir?
- P.P Gupta:** This will flow in over a year-on-year. But as we said, we are already L1 in 1,200 crores, so that will happen in Q2. And balance are in pipeline. We have submitted tenders, we are yet to be opened, and evaluated properly about above 5,000 crores. So it's the ongoing exercise, we are talking of a yearly target during 2024, 2025, we'll have the order book of additionally INR4,000 crores to INR5,000 crores into transmission, smart meters, distributions, FGD all put together.
- C.A. Garvit Goyal:** So out of INR9,100 crores order book, you will executive 2,500 crores. And then additionally, you will get INR5,000 crores. Is that understanding correct, sir?
- P.P Gupta:** Yes. To be conservative keeping 4,000 may happen five or six also as the markets are down. So I trust we are in a good order book position and growth is ensured for the next two, three years.



- C.A. Garvit Goyal:** Understood, sir. Understood, sir. Thank you very much, sir. I'll join back the queue, sir. All the best for the future.
- Moderator:** Thank you. The next question is from the line of Rohit Singh from Nvest Analytics Advisory LLP. Please go ahead.
- Rohit Singh:** Sir, my questions are already answered.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.
- Subhadip Mitra:** Good afternoon, and thank you for the opportunity. I think I heard in the opening remarks that you have already gotten awarded a couple of transmission concession projects. I'm not sure if I heard this correctly. So just wanted to clarify that, are you independently also bidding for any TBCB transmission projects, which you have recently won?
- P.P Gupta:** Absolutely. You are right, Subhadip, we have one, two concessions in TBCB. We want to be in a capex range of INR500 crores to INR700 crores. The total concession period revenues, INR2,800 crores, and there relates to Gogamukh and Bokajan at the moment. And the total capex involved in these two concessions put together is about 750. We touch on the -- with so much of opportunity of the high end capex.
- The major players are quite busy now and their hands are full. But on the lower capex solutions, the competition is relatively low, and we are able to find better rewards relatively. So we thought to capitalize build on this opportunity, where station contact is about 70%, 75% and line is no more than 20%, 35%.
- Subhadip Mitra:** Understood. Sir, what kind of return ratios or ROEs are you looking at for these kind of projects, ballpark range?
- P.P Gupta:** You can say about 14% plus minus.
- Subhadip Mitra:** 14%, right?
- P.P Gupta:** Yes.
- Subhadip Mitra:** Understood. And you would be looking at deploying debt to the tune of 70% and 30% equity, something of that, sir?
- P.P Gupta:** Right. You see, at the moment, we should be able to execute the project in COD out of our resources as we do past any other developers to begin with this hold on the industry. And definitely, we don't need that to hold on to the life cycle of the asset. So it will definitely be partner with something with during the course of implementation of the project. We are short. But if need to be for the entry period, we may take some debt, sir, which can be 70% or plus/minus.
- Subhadip Mitra:** Understood. Are you already -- I mean, just asking that is there already an arrangement or a predetermined arrangement in place with, let's say, an InvIT or someone else to whom you can flip the project once it's mature?



- P.P Gupta:** Yes, discussions are on, but not concluding so much.
- Subhadip Mitra:** Understood. And sir, lastly, in terms of your guidance, you did -- you have given us the guidance for FY '25 and '26. But if I were have to -- as the guesstimate for the FY '27 EPS, what kind of ballpark range would you be looking at?
- P.P Gupta:** At least about INR75.
- Subhadip Mitra:** Okay. Okay, got it. Understood. And with the current level of margins, that would sustain? Or you're looking at margin expansion, sir?
- P.P Gupta:** Yes. Because at least '27 is well taken care of the orders in hand already, which is about INR10,000 crores with us as of now. So putting all together, including the top line of INR4,500 crores to INR5,000 crores of '27. This INR10,000 crores will stand fully executed by that. Believe me, no other order happens over the two years.
- Subhadip Mitra:** I read you. And this would include, I mean, this INR10,000 crores -- sorry, the INR4,500 crores of sales, including any potential revenue from the data center piece or this is only the core EPC business, whatever comes from data center is over and above?
- P.P Gupta:** More data center revenue is factored there, because this we are talking of the parent company basically. Data center is in SPV that will be add-on to this company. That will generate its own EPS of INR25, INR30 down two, three years.
- Subhadip Mitra:** I read you, I read you. Perfect sir. Thank you so much. This answers my question.
- Moderator:** Thank you. The next question is from the line of Chirag, who's, an Individual Investor. Please go ahead. Hello, Mr. Chirag? Hello? The line from Mr. Chirag seems to be disconnected. Shall we move to the next question sir?
- The next question is from the line of Hemant Soni, who's an Individual Investor. Please go ahead.
- Hemant Soni:** Thank you for providing with the opportunity. Just wanted to confirm the number, which you gave just now for FY '27 EPS, Is it INR75, did I hear it correct?
- P.P Gupta:** Yes. Correct.
- Hemant Soni:** And sir, the order book number as on date, can you please highlight, I missed it?
- P.P Gupta:** The order was nine project, INR100 crores in hand.
- Hemant Soni:** L1?
- P.P Gupta:** Another INR1,200 crores
- Hemant Soni:** Another INR1,200 crores were L1. Okay, sir. And I just wanted to confirm one more thing, like we had an aspiration of hitting INR5,000 crores of revenue over the next four, five years. I think in the last call, it was revise to INR10,000 crores. Okay. So does it stand still?



- P.P Gupta:** Yes, it should [inaudible 0:29:01] than '26.
- Hemant Soni:** Hello?
- P.P Gupta:** Yes. I think there's some disturbance, I don't know. This INR5,000 figure may be visible as early as '28, if not '27.
- Hemant Soni:** Okay sir. Thank you sir.
- Moderator:** Thank you. The next question is from the line of Mahesh from LIC Mutual Fund. Please go ahead.
- Mahesh:** Good evening sir. Thank you so much for the opportunity. Sir, over next two to three years, what kind of capital expenditure we're anticipating both on EPC business and the asset heavy business where we want to develop?
- P.P Gupta:** Yes, we have programmed to spend about almost INR8,000-10,000 crores, comprising our smart meters, TBCB as well as data centers. Both in hyperscale as well as energy data centers. So the capex will be around INR8,000 crores to INR10,000 crores, but which may be monetized also simultaneously as going forward.
- Mahesh:** And overall capex from the EPC business?
- P.P Gupta:** EPC business, so far, we have -- we don't need any capex as far as EPC concerned but TBCB. yes, that will be about INR750 crores total sales which we have so far won. And for EPC, our general working capital needs will always be there.
- Mahesh:** Okay. Sure. Thank you so much, sir
- Moderator:** Thank you. The next is a follow question from the line of CA Garvit Goyal from Investor Analytics Advisory LLP. Please go ahead.
- C.A. Garvit Goyal:** Hi. Thanks for the follow-up. Just to confirm, like you mentioned 75% EPS for FY '27. Is data center projections included in it? Or we are -- it will be over and above?
- P.P Gupta:** It will be over and above this year. It is -- data center is not part of this. The EPS will be part of the SPV of data centers.
- C.A. Garvit Goyal:** Got it, sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Dipan Gala, whose an Individual Investor. Please go ahead.
- Dipan Gala:** Sir, good afternoon, sir. Congrats on the good set of numbers. Actually I wanted to ask what has been the pull down and steel price, can you quantify it?
- P.P Gupta:** Can you repeat your question, sir?
- Dipan Gala:** Sir what has been the pull down in the steel prices year-on-year, can you quantify it?



- P.P Gupta:** Quantify what type of...
- Dipan Gala:** Steel prices.
- P.P Gupta:** Marginally better now, but in our solution, the content of steel is no more than 20% per se. But there is a rise in copper prices also. So something or the other keeps overall balancing to it, but let's see how it goes forward at the moment transformer PV is around 5% over last six months, whereas steel you may be having a PV of 2%, 3%. You are right.
- Dipan Gala:** Okay. So is there any gain in business mix has led to the change in the GP margin?
- P.P Gupta:** No. We -- overall, we -- attempt is to keep the same GP margin, depending on the status of execution of each contract and given the mix of the contracts we are doing, we are hopeful to retain this kind of margins as EBITDA of 13% to 14% or 15% going forward also.
- Moderator:** The line for Mr, Dipan was disconnected. We'll move to the next question. The next question is from the line of Hevin Ala from Line Company. Please go ahead.
- Hevin Ala:** Sir, regarding -- just in the opportunity. Will it be restricted for us in West Bengal alone or will try to get other states also. And who is our ultimate customer in this -- customer who is having the data of the various corporates who want to also set up their remote recession. And sir, any plans to utilize this cash surplus that we are having to lean buyback or large dividend?
- P.P Gupta:** Question two, I will answer after Ankit has answered you on the data center. Ankit, will you address data center query?
- Ankit Saraiya:** Yes, sure. So the first data center that we are commissioning is in Chennai. It's in Tamil Nadu. I probably heard you mentioning West Bengal, but that's not the case, if I've heard you correctly. The first project is in Tamil Nadu. Apart from that, our second large data centers planned in West Bengal, where we have very recently been allotted a land by the state of West Bengal. But that project will come into picture of -- as a commission project by only 2026, end of 2026 or maybe mid-'27.
- But apart from that, we won a project from RailTel Corporation, which is arm of Indian Railways to set up 102 data centers across the country, which is almost like four data centers in each state, which is giving us a countrywide presence. So we are not only looking to be a state player, but the other national players when it comes to data centers with the widest footprints of data center by any operator. So that's the journey for the company. And as far as the customer is concerned, it will be a mix.
- It will be a ratio of -- it will be some kind of a mix hyperscale and enterprise customers, which might be 50-50, 60-40, something of that nature. So that's the kind of mix we're looking for our large data center in Chennai. While edge data centers might have a very right kind of customer base, right from few locations being occupied by hyperscalers a few other locations being occupied by enterprises may have some level of retail presence as well. So that's the range of customers that we are targeting. I hope I've been able to answer your question.



- Hevin Ala:** And most of the electricity will be generated by renewable?
- Ankit Saraiya:** We attempt to make all our projects, it's part of the DNA in ESCs and the mindset that we will always like to be carbon neutral in our operations and it's not carbon-carbon period. So we try to ensure that maximum energy that is consumed in any of our projects is renewable energy.
- Hevin Ala:** So is it a good assumption to make that we will get at least two to three data center in every financial year new orders and -- or it's tough to predict immediately.
- Ankit Saraiya:** No. So as I mentioned that Chennai, what we are developing is going to develop and phases as I've explained earlier. So this year, we are commissioning the first phase out of four phases. And going forward, consecutively every year, we will be executing on one phase of that project. Similarly, in Calcutta, it will start first phase will be commissioned in '27 and going forward, consecutively, we've commissioned each space ahead. And for edge data centers, we plan to roll out 20 data centers every year and complete the 100 data centers by 2029.
- Hevin Ala:** Thank you very much. It really answers my questions very well.
- Moderator:** Thank you. The next question is from the line of Rahil Shah from Crown Capital.
- Rahil Shah:** Just two, three questions ago, you were mentioning that you're only in capex for EPC, right? Just the working capital. Then you mentioned you will just need some INR750 crores of capex, but I missed what was that for? Can you please repeat it for me?
- P.P Gupta:** And you see, we have two TBCB concessions one like Power Grid or any other private developers like Adani or Starlight, which would involve a capex of INR750. So that is an investment from our side because that is a concession of 35 years, which we are at tighter part or almost INR80 crores per year.
- So we have to invest our own capital. As far as EPC is concerned, you have always thumbs up payment with the customer. I hope you are carrying out the project like Power Grid or Adani or Starlight they pay you one on month. So that's a normal working capital requirement, which we call APC business.
- Rahil Shah:** Okay. Okay. And just secondly, along with this revenue guidance, you also expect to maintain the margins between 13% to 15%, correct?
- P.P Gupta:** Absolutely right.
- Rahil Shah:** Okay. Okay. All right. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Nandan, who is an Individual Investor.
- Nandan:** My question is on the data center part. Now, we are already delayed in the first phase of the data center, and the delay has been about, say, a year. What is the reason for such a delay? And do we expect more delays in the future for the data center?



- P.P Gupta:** No, let me first set the record straight, sir. We are not delayed by a year. It is only a delay of about three months, and that happened mainly due to the floods in Tamil Nadu in May, which caused many logistical issues. Additionally, there was some delay in the power intake from TANGEDCO in the data sector. So, there is no delay of a year, as you mentioned. We originally planned to complete it in the second quarter Q2, but now it is expected to be commissioned early in the third quarter Q3.
- Nandan:** Okay, sir. So, the first phase will be commissioned in Q3?
- P.P Gupta:** Yes, absolutely.
- Nandan:** Okay, sir. And are we getting the employees or engineers, I mean all the staff for the data centers? Because what we hear is that in the data center industry, there is not enough workforces available in the market. Are we managing the recruitment?
- P.P Gupta:** Yes, there are challenges in this space because there is suddenly more demand than supply of professionals. But we are managing to mix and match. When we started two years ago, we were a small team of 10 people. Today, we have grown to a strong team of 55 people, and I'm confident we will exceed 100 by the end of the year. We are blending people from the existing setup of TECHNO, who are competent in executing similar jobs, and also recruiting to enhance our marketing and O&M groups, which are specialized in data centers. So, while availability is a bit difficult, it is not impossible. Ankit, would you like to add something?
- Ankit Saraiya:** I think you've covered most of it. You see, building any team from scratch is very, very difficult, especially in this sector where there is a scarcity due to the age of the sector, which is only about five or six years old technically speaking, with great growth potential and a limited number of players. So, there's always a shortage of quality talent. But ultimately, we all have to be part of the industry, and we are excited to find our place.
- Nandan:** Okay, thank you for your answers, sir. Just one more question on the data center front. We are planning to build, say, 250 megawatts of data center capacity by 2030, I think. So, sir, what is our plan in terms of building our own data centers versus the EPC part of the data center? What can we expect going forward until 2030 in this space?
- P.P Gupta:** We will mostly be deploying our own data centers, both in the edge category and in the hyperscale category. Additionally, we might explore opportunities to develop AI-based data centers. For instance, we have an MOU with Keppel of Singapore, who are seriously evaluating setting up an AI-based data center in India with undersea cable connectivity. So, this sector is evolving, and so are the opportunities around it. But given the limited visibility until 2030, we will be focusing on deploying our own data centers rather than working on EPC for others. We will maintain a balanced focus between edge data centers and hyperscale data centers.
- Nandan:** Okay, sir. Thank you very much for answering the question. Wish you all the best.
- Moderator:** Thank you. Our next question is from the line of Sunil Bhojwani from VK Family Office.



Sunil Bhojwani: Good afternoon, sir. This is with regards to the reference, the guidance given for FY '25, which is INR2,500 crores. Do we -- are we capable of bringing a run rate of INR600 crores to INR700 crores per quarter in the coming -- having monsoons coming in the next quarter? Do you see that we can manage the run rate of INR600 crores to INR700 crores in a quarter?

P.P Gupta: Sir, firstly, in our this sector, that is what we said in the beginning quarters are not comparable and equivalent to 25% each. Generally, first quarter and second quarter are --which are around 15%, and Q2 is about 20%. But Q3 and Q4 are very strong in our industry. They generally are almost about 30% and 35% in terms of the total output. And you can see historically, it is the same. So that is why to address this confusion, we stated in the beginning of the submission that quarter-on-quarter the results are not going to be equal yet - an equitably distribute.

Sunil Bhojwani: Okay. Noted, sir. And just one bookkeeping question, sir, what kind of tax rate would we have for the FY '25?

P.P Gupta: It will be about -- you can take overall 20%.

Sunil Bhojwani: Around 20%. Okay. Okay. That's all from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ashish Soni from Family Office. Please go ahead.

Ashish Soni: Sir, in terms of the data center business, are our hands full in terms of whatever you're talking about Phase 1, Phase 2, Phase four in Chennai and Calcutta and this edge data center for RailTel? Or are we planning to take up more orders in future?

P.P Gupta: Timing, you can say our hands are nearly full for next six to 12 months. Definitely, we'll be more busy in executing only. But if any good opportunity comes by, we won't be shy of because generally, a data center gives us three years should apply by and large, as a way of life. Whereas the edge data centers, you have to make ready within nine to 12 months on each location. So definitely, company will be now more busy in the developing edge data sectors, because we are committed to RailTel to do 20-ish data centers per year in 20 pockets.

Ashish Soni: And in terms of transmission, there is a lot of pipeline being planned to. So are we going to bid aggressively for that in next one or two years because that's mandate across the state government and central government, right?

P.P Gupta: You see this word aggressive makes me worry. We have definitely most experience and lead organization as well as station building is concerned. And most -- and that to a high-end applications like 765-kV AIS or GIS. So we will always have our position there. We already have business work about five projects in this space, building around two main stations for different developers, including Power Grid.

We are also mechanizing and shrinking the time lines. We are executing a very prestige assignment or we at seeker now, where they were delayed by two years in acquiring the land. And now we are building a station in nine months, and we are almost there. So, given the ability of 30, 40 years of background, having built for 50 stations successfully countrywide, we are very



confident of matching anybody's any kind of deliveries and matches as long as they are rewarding to us.

Ashish Soni: Okay, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon, sir. Sir, on the edge data centers, so this year, we would be implementing 20 of those. So, next year, what kind of revenue accretion or bottom-line can we expect from this?

P.P Gupta: You can look on edge data center, we are still not sure on the size of each deployment. It can range from 100 kV to as big as maybe 0.5 ampere to one ampere each and revenue will be around INR18 crores to INR20 crores to this year. So, we need to experience it. Maybe we'll be more happy to be precise by that of the year. But we do trust that each data center on an average should give us INR5 crores revenue per year, say, 20 means INR100 crores, you can save.

Sarvesh Gupta: And against that, sir, what would be our expenses like what sort of margins we will be getting in this business? Very rough figure would be okay.

P.P Gupta: You can take EBITDA of around 70% in this market, but capex is also a bit high. That is roughly around INR18 crores per megawatt as against not -- INR60 crores sorry per megawatt as against INR40 crores in case of hyperscale data centers. So, all put together, you can still say that IRR will be INR20 crores-plus only. But how it will pan out, we are yet to configure. It can be a good rewarding business going forward because scalability is available here over a certain period. That is a big advantage in this congestion. That 100 kV, again to borrow become one megawatt over the period, is that local profit. So, that is a big advantage here, scalability.

Sarvesh Gupta: Understood sir. Thank you sir. That was my only question.

Moderator: Thank you. Next is a follow-up question from the line of Subhadip Mitra from Nuvama. Please go ahead.

Subhadip Mitra: Thank you for the opportunity once again. Just as a follow-up to my earlier question, if you have to get through the ballpark EPS of 75% by FY 2027. My estimate is you would be looking at a PAT number, which is another INR850-odd crores. With a top line of, let's say, INR5,000 crores, INR5,500 crores by 2027, would we be looking at EBITDA margins crossing 20%. Is that the estimate?

P.P Gupta: No, Subhadip. It's a bit complex here, not so simple. You see we have a good amount of treasury income. We have a good amount of TBCB income, capital gain income out of hiving off of the asset employed. So, all put together, we are talking at the parent level, this will be the kind of reward visible in 2027. So, if you will look at a simple mathematics of only EPC business, it may not match because if you compute the tax element on it, it may come out of treasury income, which is happening year-on-year in TECHNO as it is, right? So, it is a blended income we are talking sir in the...

Subhadip Mitra: So, only the operational EPC income without, let's say, the treasury gains or without the other income or capital gains on asset sales, etc. I'm looking at your operational income, then we should roughly take that INR5,000 crores, INR5,500 crores top line and take maybe a 15%, 16% EBITDA margin. And then do the math below?

P.P Gupta: Well, right. You can share -- you're not very long, I say -- you are allowed that number, yes.

Subhadip Mitra: Understood. Understood. And given that you have such heavy capex coming up across various segments, whether it's on the data center, on the TBCB transmission projects that you have on, wouldn't that kind of dense your cash balance and treasury income as well, the other income part of?

P.P Gupta: First, look, these economics are always a double-edge solutions. On one hand, we have a cash, which can be easy income or it can become IBC income to buy own projects, which we are deploying as a capex going forward, like you take a case of smart meter are, and say, it is a concession of 10 years. Now when we bid action, I'm obviously building a high-value solution provided, which is no less than INR2,000 per meter on an average. So if I deploy my capital on capital, then I have won INR2,000 out of that deployment.

So either I had treasury income or I say INR2,000 to be paid to third party over the period. So the income that this two projects is over and above EPC margin. It is not a part of EPC because that is the time value of the capex deployed you build in the cost or is the very concession you impact year-on-year. That is what becomes IRR ultimately, at the end of the year. So these kind of calculations are a bit simple, but may look a bit complex.

Subhadip Mitra: Understood. Understood. Thank you so much.

Moderator: Thank you. Next question is from the line of Aashish Soni from Family Office. Please go ahead.

Ashish Soni: Sir, in smart meter, are we seeing any challenges on the ground because we hear multiple reports across states. Some states have some challenges. So what's your view on that?

P.P Gupta: You see, power is a seed of power in our country and definitely embraces the consumer and more banks. So there may be temporary interruptions between you and me. But ultimately, power reforms have to happen. Our BESS scheme has to be successful for the government. But we want to make sure all these caps are financially viable entities after 20 years of electricity and also, we are not able to do that yet. So this is a necessary, not a requirement, I will say, convenience anymore.

But some interruption of three months during the voting period, they are may be there, but it cannot be long run. But as far as DT metering and Feeder metering is going strongly. There is no issue on that side. Secondly, being concerned what you have raised, we are part of relatively smaller states like Tripura or Jharkhand or J&K you can say. where these issues may be there, sir, but will not be of as magnitude as you may experience in non-BJP rule states like Maharashtra. I know Maharashtra send a little wrong signal in the country. But that is the political compulsion possibly.



Ashish Soni: At there is some -- is there a chance there might be some impact on our business because of this for six months, one year period sort of thing, that's the message I take from this?

P.P Gupta: Yes. You have you take two messages, sir. Firstly, Techno has always been conservative in this space, we are -- we are the smallest of the deployers where our aim is not to do more than 5%. I will again repeat, over the next seven years my share of total meter deployment will be less than 10 million.

So because we have deployed static meter as BPL, APL category over the last 10 years, so we know that we have the gangs, we know the art of deploying the meters, we understand the concession, we understand the challenges of counterparty risk under the Electricity Act. So all the knowledge put together, we did not want it to be out of the space. But we are also not trying to be the largest or the best like we may like to be in transmission or in ISTS space. So that we are conservative, we have contained risk and impact is not -- which cannot be absorbed by the company.

Ashish Soni: Thanks for the answers.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

P.P Gupta: Yes. Ankit, you have done well, why don't you close also?

Ankit Saraiya: Just a moment. Yes, let me do that. I will only say thank you very much once again for all of you to be part of this call. And we trust we have tried to address the issues to the best of the market conditions and situations. And I can assure you, your company in a given space will always like to outperform. Still, if you have any queries related to our performance, please drop a mail to us. And if you happen to be on this side of India, in Kolkata, now we have equally large setup in Delhi, you are welcome to visit us. And I once again thank everybody for joining the call.