



TECHNO ELECTRIC &  
ENGINEERING CO. LTD.

“Techno Electric & Engineering Limited  
Q2 FY '25 Conference Call”  
November 13, 2024



TECHNO ELECTRIC &  
ENGINEERING CO. LTD.



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**MODERATOR: MR. SURAJ SONULKAR – ASIAN MARKETS SECURITIES  
LIMITED**



**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q2 FY '25 Earnings Conference Call of Techno Electric & Engineering Company Limited, 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 the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual results may differ from such expectations, projections, etcetera, whether expressed or implied. Participants are requested to exercise caution while referring to such 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.

Please note that this conference has been recorded. I now hand the conference over to Mr. Suraj Sonulkar from Asian Market Securities. Thank you, and over to you, sir.

**Suraj Sonulkar:**

Thank you, Jacob. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you all to Q2 FY '25 Earnings Conference Call of Techno Electric & Engineering Company Limited. We are pleased to have with us Mr. P.P. Guptaji, Managing Director; and Mr. Ankit Saraiya, Director, representing the company.

Now I request Shri Guptaji to take us through an overview for the company's quarterly results, and then we can -- shall begin with the Q&A session. Over to you, Guptaji.

**P.P. Gupta:**

Thank you, dear. Very good afternoon to all of you, and I welcome everyone to discuss our financial results for the quarter Q2 and half year ended 30th September 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 viewed in conjunction with the risks that the industry and the company faces.

Let me first highlight our performance. The results of the company are not comparable on a quarter-on-quarter basis due to the very nature of the business, and we have maintained this in our earlier calls also. As earlier we discussed the H1 generally contributes 41% -- 40% of the full year and balance 60% is in H2. In this respect, we are short by around INR100 crores in H1. That is about 40% of INR2,500 crores, the target for this year.

This is basically due to the delay in handing over of sites by various clients like Power Grid, IndiGrid, Apraava or Adani. But out of this now, we have already received 4 sites from Adani and Power Grid, and we are confident to make it up in batch 2 as we have a robust order book and clear visibility of additional opportunities in the T&D sector.

We would like to highlight that the average order value now is almost double-digit in the recent times. So though the total order value, they seem high, but number of sites are more or less same orders. At the same time, the speed of executing these projects is becoming a norm or more requirement of most of our customers. They want to make up for the lost time in acquiring the land parcels and handing over to us for deployment of solutions.



The most interesting recent experience in H1 is related to Sikar Power Grid where the site was handed over to us after a delay of almost 2 years. And we were asked to complete the project in 9 months as against execution times as per contract of 19 months. And I'm happy to say that we are successful in doing it and Power Grid acknowledges this achievement first time in the country of this size and size of project being deployed in such a coordinated and integrated manner.

So Techno has a proven record and competent to do faster things. So speed is going to be the way of deploying these solutions in future. You are all aware that we are now -- we have been deploying a 40-megawatt data center at Chennai. The phase 1 of this data center is nearing completion, and asset is still in implementation stage. It has not achieved the revenue accretive phase but is definitely extremely value accretive. There is a good interest from the foreign entities to be part of this project.

In the consolidated results, we knock off the financials of the SPV data -- SPV of the data center. So that is the difference between the stand-alone and consolidated results. We will be, of course -- this won't be a requirement once it becomes revenue accretive. In brief, the first half of financial year '25, our revenue has been around INR914 crores, the EBITDA is about INR126.13 crores.

The other income is at INR62 crores. The profit before tax at INR180 crores and profit after tax is at INR145 crores, which implies compared to INR125 crores of the previous year, it is 65%, up over the last year and EPS at 17.16%, which is up by about 50%.

Now coming to Q2 of financial year, our revenue is at INR495 crores and EBITDA is at around INR65 crores. The EBITDA margin is at 13.26%. The other income is at INR28.3 crores, the profit before tax is INR4.28 crores and the company has successfully collected all the outstanding as per our books from TANGEDCO that's a major achievement in this H1. The PAT for the quarter is at INR90 crores, about 27% up year-on-year and EPS is at INR7.88, up by about 19% year-on-year.

The current investment and cash is at around INR2,600 crores, which is about INR2.25 per share. We have an extremely robust order book of around INR9,725 crores as of September 2024. We have further booked business -- we have booked business worth INR642 crores in Q2 and another business of around INR1,100 crores post September till date. Thus, we can say that we have a current order book of around INR10,800 crores plus unexecuted. We are L1 in another INR622 crores order, out of which both are very sure.

Additionally, I would like to say that in Q1, which -- where we were L1, the all of the orders -- the all opportunities in L1 stage that converted into orders successfully. We have various bids in pipeline and are confident to get additional orders for around INR1,500 crores in the current financial year. This will take our total order tally in the current financial year to around INR4,000 crores. This simply reflects post order execution for the current year. We will still have enough orders in hand to keep the growth momentum going. The company has successfully raised capital or completed QIP for INR1,250 crores in the first half of the current financial year.



Now coming to the outlook. We have been able to tide over most of our difficulties as witnessed after the close of the financial year '22, '23. We saw growth momentum in the year '23, '24, and the same will continue for the next 3 years as we foresee. We expect larger business out of transmission, basically high-end power solution deployment, data center, hyperscale and edge data center or distributed data center, AMI segment and also somewhat on the digitalization solutions in the power distribution space under RDSS scheme and also our muted in the presence in the AMI scheme.

The present -- after witnessing negligible or nil growth on energy demand for last 8 years, first time in last year, we experienced growth in energy by almost touching to double-digit. The present peak growth demand is about 240 gigawatts or more and this is likely to be 400 gigawatt by 2030, thereby employing a per capita consumption of no less than 1,700 units by 2030 as against 1,200 units today.

To meet this demand, the government is concerned, and the power plant capacity is planned to be enhanced by 80 gigawatt in the conventional power space by deploying ultra supercritical power stations along with renewable energy deployment to the extent of 500 gigawatt by 2030.

All these mean that the sector is transforming technologically and also deploying high-end power generation and power transmission solutions, and all solutions like supercritical power plant, 765 kV grid AIS, GIS transmission solutions of gigawatt scale, STATCOM, solutions, VSC, HVDC solution, solutions backed by BESS or DSO facilities where your company has a larger presence than any other entity in the marketplace.

Your company is usually focused on the areas like transmission solutions, particularly high-end EHV solutions, including STATCOMs and VSC, HVDC solutions. We are also present in the hyperscaled/edge data centers. We are present in FGD. We are doing big smart metering implementation for 2.5 million meters.

We are doing digitization of the power distribution networks of the DISCOMs in their command areas. All these verticals are of potentiality, and this implies the paradigm shift in the positioning of the company.

From the current mix of 43% of the total installed capacity, the renewable energy is expected to be around 64% by 2030 due to its significant growth rate of around 15% to 20% CAGR as against 4% of fossil fuel. India aims to expand its renewable energy portfolio beyond 500 gigawatt and the target of 2030 is more or less is like -- is stand achieved in my view. And the matching transmission infrastructure will be required which is almost 4x as against 1x of the conventional power. So this will continue to give boost to the renewable power.

As per the CEA report, the transmission system required for 500 gigawatt RE capacity will require no less than 50,000 circuit kilometer of lines and another 435 GV of transforming capacity. With the implementation of these programs under ISTS regimes, the interregional transfer capacity will improve to 150 gigawatt.

The National Electricity Plan has already estimated the investment opportunity of more than INR9 lakh crore in this space by 2032. The Power Grid will be the largest beneficiary and we



being the -- one of the largest solution deployed at station level for the last 35 years successfully since its incorporation. And with the planned capex of INR1.75 lakh crores up to 2030 -- their annual capex will increase to INR25,000 crores by '26 from the existing INR50,000 crores a year.

This makes us optimistic pickup in Power Grid as well as we expect larger inflow of orders from private players in this space, while we'll also be seeking some opportunities in TBCB space to ourselves. Apart from this, we are now seeing huge opportunity in STATCOM projects to be deployed. Power Grid has already amended the qualification, and we are now qualified as a sole bidder backed up by the support from the critical equipment suppliers. The data centers will also create -- use additional demand for power.

And as we mentioned earlier to meet this increased demand, the government mentioned already to enhance it from conventional power as well as renewable power. In the conventional power, again, there will be a good scope for us on the balance of plant and particularly on the power evacuation facilities, what we call step-up facilities and grid integration for the utilities, particularly NTPC will be one of the key beneficiaries other than other CPSUs in this space.

On the distribution side in RDSS plan, we see a lot of activities happening including deployment of Smart Metering. We are also deploying now about 2.5 million smart meters per year, 2.5 million smart meters over the next 2 years. This year, we will deploy about 0.5 million and another 1 million each over the next 2 years.

The counterpart is a bit higher compared to transmission. We are conservative in this space. We see a slowdown in the FGD segment, particularly NITI Aayog report, but the orders we had will continue to be executed at the given pace, the -- but some business to maybe to the extent of 5 to 10 gigawatt per year from private players as well as SCBs will continue to be in this space.

In the transmission segment, I have already highlighted that around 50 to 100 gigawatt of bidding is happening and I'll almost 4 to 5 concessions are being finalized every month and awarded to Power Grid or to private players. This means that almost around INR40,000 crores business and out of which we will be expecting business worth INR2,500 crores per year over the next 3 to 4 years.

We currently have orders worth INR6,500 crores in this space, and we are L1 in another INR650 crore segment for which Power Grid has already won the concession. So this will materialize in this quarter into the order. Our projects won in TBCB at Gogamukh and Bokajan with a total revenue visibility of INR2,800 crores over the concession period are under execution, and we are confident to achieve it ahead of the schedule. Similarly, our -- the meter -- smart meter deployment is going on as for the program.

In the smart metering space, we expect business worth about INR1,000 crores per year, are deploying about 1 million meters per year. We -- and I mentioned we have orders worth about - for 2.5 million meters worth about INR2,500 crores.

Ankit, will you like to highlight data centers?



**Ankit Saraiya:**

Yes. Sure. So coming to data centers, I believe that digitization, adoption of cloud services and AI and implementation of 5G in Tier 2, Tier 3 cities apart from Tier 1 cities. The government's focus on data protection and ensuring that the data of the country resides in the country. All of these are leading to more and more demand for data centers. They are the warehouse where the data is stored. If today, the market size of data centers in 2024 is close to about, I would say, 1,300 to 1,400 megawatts, then we can expect a growth rate of 15% to 18% year-on-year, and we should have a total capacity of roughly about 4,000 megawatts or 5,000 megawatts by 2029.

Coming to our initiatives, as we've spoken earlier, we've already started our construction in Chennai, it is in very advanced stages, and we started commissioning activities on the ground. We are hopeful that in another couple of months' time, the data center would be ready for RFS for service. Apart from that, on hyperscale data center side, we've already been allotted a land in Kolkata by the state of West Bengal through their body called West Bengal HIDCO.

It's a 4-acre land parcel in prime location named as Bengal Silicon Valley. We should be coming up with the data center from next year onwards. We should begin the construction activity somewhere around mid-next year or towards the second half of next year and possibly complete the construction by mid of 2027. This would be roughly about 15 to 18-megawatt data center.

Apart from that, we are executing edge data centers in strategic partnership with RailTel, a Navratna PSU. We've already started construction of our first location at Gurgaon. It's at sector 44. We're expecting handing over of a second location from RailTel in Mumbai, right across the very well-known St. Regis hotel at Mahalaxmi.

The size of these locations, the one in Gurgaon is a smaller project of INR20 lakhs totalling to 200 kilowatts. And this would be expanded to close to about 1.5- to 2-megawatt over time. The one in Mahalaxmi is starting at a capacity of 560-kilowatt with 56 racks and that should also see a daylight of about 1.5 to 2 megawatts over a period of time.

We've seen good traction of customers for edge data centers. In Gurgaon, we are close to finalizing a few customers, accommodating them within these 20 racks. We are seeing interest from hyperscale's as well to lease out these edge data centers in selective cities and we are working closely with a couple of such hyperscale's to deliver to their requirement. So all in all, it looks exciting, and I would say, promising time and space for this industry. Yes. So that's on data center.

**P.P. Gupta:**

Yes. Coming back to the -- now taking over from what Ankit has said, overall, in the last 5 years, the company has successfully monetized it's all deployed assets over 10, 15 years, worth about INR5,000 crores in PPP model or TBCB mode. This resulted in a cash surplus, which is already discussed and QIP has further added to the cash balance. We have sufficient financial resources to see this growth in data center and in transmission space.

During the last year, as I had mentioned, I will again like to repeat that it is just the morning has happened and this is the first sunshine, which will keep brightening with every passing year. We are confident to achieve, as I repeat again, INR2,500 crores plus/minus during the current year



and a similar growth over next year, maybe around INR3,500 crores. We are confident to have EPS of about INR35 or more this year and INR50 plus for the next year ending March '26.

With this, we can take up the questions now.

**Moderator:** Should we begin with the question-and-answer session?

**P.P. Gupta:** Yes, yes. Absolutely.

**Moderator:** The first question is from the line of Abhijit from ICICI Securities.

**Abhijit:** Sir, my first question is on the revenue. So in the first half, we've done about INR913 crores, and we are guiding for about INR2,500 crores for the full year. So that means we'll have to grow at about 2x of last year's second half in 2H FY '25 to meet that kind of revenue. And which also would mean about INR800 crores of run rate from INR500 crores in this quarter. So what will drive this kind of execution jump in the next 2 quarters? That is my first question.

**P.P. Gupta:** May I answer, or you would like to put your question two also?

**Abhijit:** Sir, second question is on the order book. So we have about INR9,700 crores of orders. Is there some slow-moving orders in this order book? And if yes, what is the quantum of those orders?

**P.P. Gupta:** Yes. Firstly, you see, I said you -- H1 we suffered because the land parcels were not available from the customers who placed orders on us for deployment of stations. We have received now 4 land parcels, 3 from Power Grid and 1 from Adani. We are still awaiting 2 more land parcels from Apraava and IndiGrid, which is expected shortly.

But now with the land parcels being available, the execution pace will be much faster. And as I shared with you that, that is the requirement of the customer also, that they want us to complete the job in no more than 6 to 9 months, which earlier used to happen over 12 to 18 months by and large.

So with this, we are confident that this weather is good. Generally, H2 is a better weather to work in this country from the field point of view, from the factory point of view. And Q4 is always larger than the Q3. So generally, our takeaway is that Q3 is about 22% to 25% and Q4 is always about 30%, 35%. So we are very sure, given a margin of 5%, we should be able to hit that in time, number one.

Number two, out of the order book, there is no slow-moving order books as of today with us. Because all these TBCB projects have a COD date with the customer and whatever delay happens in giving us the inputs on land parcels, they ultimately want us to squeeze the execution.

**Abhijit:** Right, sir. Right, sir. Sir, lastly on the margin. So this quarter, on a Y-o-Y basis, there is about 160 bps compression on the EBITDA level. And we have seen an increase in the cost of services and raw materials. So if you could particularly highlight what is causing to this kind of cost inflation, which is faster than the revenue growth. And what kind of margin do we expect in the second half?



**P.P. Gupta:** You see the problem here, as I mentioned earlier also, I'll repeat again, measuring margins quarter-on-quarter in a construction or project business is extremely difficult. This depends on how you book your revenue, how you book your costs. You are bit conservative, realistic, optimistic. Many a times, we miss to book the revenue because bill have not happen or work has not been measured or materials have not been cleared, that's why it's supplied.

So we also know over the year, you always have a time to catch up. So you will find that overall margin, as I've stated, will be almost around 13% to 14% over the year. In some quarters, it may be 1% more, in another quarter, it may be 1% lower. But at the end of the year, you will see that it is all neutralized.

**Abhijit:** All right. Sir, lastly, what is the status of our Chennai data center? And when do we expect commercial completion for the same?

**P.P. Gupta:** Ankit, would you like to answer?

**Ankit Saraiya:** Yes. As I mentioned on the remarks -- in the opening remarks that we have already started the commissioning activities for the data center. And we should be able to achieve an RFS, which is the commissioning when the customers -- we can start handing over the location to customers for moving it should be somewhere around January.

**Moderator:** The next question is from the line of Anurag Agrawal from Multifly Wealth.

**Anurag Agrawal:** Sir, I wanted to ask more about the smart meter deployment. How do you see that faring up? Are there any execution risks which are playing out?

**P.P. Gupta:** The answer is yes and no both. There is no basic, but nothing ago there is no basic, but nothing new is happening, I can say that, Anurag. It was known while booking the business and today also because the counterparty is DISCOMs. So some interruption is a natural of doing this work, but Techno is very experienced in deploying these solutions. So this year, that's why -- and we have a kind of, I'll say, muted presence also in this segment against other players.

We don't want to do more than 1 million meter a year as I shared with you, with 0.5 million this year as DDF creation by the utilities were delayed, which happened only in Q2 with us at Tripura or at Jharkhand or with even the J&K, I' will say. So by and large, we will not like to be very, very aggressive and optimistic like other players in this space. But our major space will always be transmission, ISTS and CPS used in power generation, I will say, or data centers is now very, very exciting and fascinating place for us, but yes, smart meter we'll have our presence. It's with our own customers. We don't want to be out of it.

And secondly, let me tell you, you see that smart meters are yet not declared an infra business by the government. So many InvITs are not part of it. You cannot part off your assets to InvITs or similarly to many government funds till this status is granted to this space like transmission or power generation. They are not alike on regulatory framework. So some issues are there in this space, but still some companies are more optimistic than us, we are not.

**Moderator:** The next question is from the line of Nidhi Shah from ICICI Securities.



- Nidhi Shah:** Could I get a breakup of the order book either now or at the end of Q2 between generation, transmission, distribution, and data center?
- P.P. Gupta:** Yes, ma'am, it is mostly out of the transmission, I will say. And the total order book breakup, if you want to note, you can. The transmission is about INR4,671 crores out of our own TBCB assets, is about INR687 crores. FGD is about INR1,200 crores. Digitization of distribution network for DVC is about INR290 crores, and smart meter is INR2,500 crores. And another data center you can take about another INR100 crores is left.
- Moderator:** The next question is from the line of CA Garvit Goyal from Nvest Analytics Advisors, LLP.
- Garvit Goyal:** Sir, my question is on the guidelines part only. But firstly, I want to understand why there is a difference between the stand-alone the numbers and the consolidated numbers, sir, like consolidated numbers are less than the stand-alone numbers. So can you please put some color on it? What is the reason for the same?
- P.P. Gupta:** We already made in our statement that we are the company at the parent level deploying this data center in Chennai. So when you consolidate those numbers get utilized in EPC space, but that will appear as a work in progress or as an asset in data center subsidiary when you consolidate, only nomenclature change happens. I hope you have understood. The work executed for your own subsidiary gets utilized and reclassified as a work in progress or fixed asset or whatever nomenclature you say, depending on billing.
- Garvit Goyal:** So sir, while giving the guidance of like INR2,500 crores, so is it for consolidated numbers or the stand-alone number?
- P.P. Gupta:** Stand-alone number.
- Garvit Goyal:** Okay. And if we compare it with the consolidated number, so what would be that number for the full year?
- P.P. Gupta:** You take it INR2,250 crores.
- Garvit Goyal:** INR2,250 crores. And we are still guiding the same number for this year, right? Despite the challenges that we are facing?
- P.P. Gupta:** Absolutely.
- Garvit Goyal:** Okay. And sir, secondly, like in our results also there is a significant overlay receivables and the auditor also highlighted the same, including those from a long-standing projects, regulatory issues and the unresolved arbitration that is having a cumulative value of around INR130 crores. So could you provide a clear update on specific challenges that are -- that we are facing while recovering these amounts and the expected timeline for the resolutions and the potential financial impact that if these amounts are not get collected?
- P.P. Gupta:** No. Firstly, it is not INR130 crores, I don't know. It is a number which we have issues are 2 on due. One is retention money receivable from a private player for whom we did a captive power



plant and amount involved is INR11 crores only. And second is the receivable from Afghanistan where projects were suspended due to the political change. The contract is funded by ADB.

Now the ADB has already come forward and agreed to pay the dues of KEC Kalpataru, Techno and whoever was involved in that CASA scheme. It was called CASA scheme in Afghanistan. So bills are under process, and we expect all this money to be received, it is about \$7 million. So we hope to get it by -- before the end of -- close of this year now. So there is no other issue in our books at all.

- Garvit Goyal:** You're saying this amount will be clear by the end of this financial year, right?
- P.P. Gupta:** Yes, absolutely. Compared to total receivables, it is not even 10%, so there is no material effect.
- Garvit Goyal:** 10% of what, sir. I missed that.
- P.P. Gupta:** Pardon?
- Garvit Goyal:** 10% of total?
- P.P. Gupta:** I could not get you, total means?
- Garvit Goyal:** No, 10% of what that I'm asking? I couldn't hear you.
- P.P. Gupta:** Of the receivables, which is about INR550 crores, INR600 crores.
- Garvit Goyal:** And sir, lastly, you mentioned like two land parcels are -- we are still waiting for that, right? So is it like Q3 is also going to be in the same line or we are going to outperform significantly because in order to [inaudible 0:40:16] we have to outperform significantly as compared to what we did in Q1 and Q2.
- P.P. Gupta:** No. I also mentioned we have got 4 land parcels as against 2 not received. So 4 is good enough to make up the loss of this H1. These 2 anyway were planned as a distributed way, you can say. It was for '26-- '25, '26 only.
- Moderator:** The next question is from the line of Palak from MIV Investment Management.
- Palak:** Sir, my question is regarding our FGD business, so recently, we have come across an article where it was mentioned that based on the study, there were findings that the sulfur emission from the coal-based power plant is not harmful to the environment means it's not impacting the air quality. So there has been a suggested draft that the Government of India may stop the FGD tenders, and from my understanding that currently, our order book is about INR1,000 crores. So can you help me understand the impact of what do you think about the norms?
- P.P. Gupta:** Ma'am, I also mentioned to you, there is a slowdown in this space post study of NITI Aayog and controversy at the political level, whether our AQI includes sulfur or is it harmful or not. Ramesh of Congress has said, otherwise who was earlier Environment Minister. He has questioned the present decision of the Ministry of Power. But besides that, we were never -- we have existing



order of INR1,200 crores. That will continue to be executed as per the program, and which is under execution.

And we are also not expecting larger business out of it, as I told you earlier also because we don't want to take more than 1 project a year or maybe now, we can say 1 project in 2 years maybe out of private or SMEs. Certain critical pockets closer to urban areas or semiurban areas, they will still have to deploy as per CEA report. It's not a total no. But yes, it will be project specific requirement now. But simultaneously, report also confirms the projects which are already in execution or orders they will be implemented as it is without any interruption. So that is the present status in this space.

**Palak:** Okay. So we are not expecting any significant inflows from this segment?

**P.P. Gupta:** Absolutely, from this vertical. You're right. But this vertical is capable to do balance of plant for us in generating plants, which we earlier used to do before migrating to FGDs. So we will do a mechanical auxiliaries in the balance of plant now that capacity of the company will be redeployed in the critical super -- ultra supercritical power plants of 80 gigawatts to deployed by NTPC, by other state utilities or CPSUs. It's a huge business now for next 4 years.

**Moderator:** The next question is from the line of Shreyansh Gattani from SG Securities.

**Shreyansh Gattani:** I had a couple of questions on the data center side. So the first is, what would be the cost per megawatt for these edge data centers? I know in the last call, you mentioned that it's higher than the data centers that you would have at Chennai and Kolkata, so just wanted to understand that.

**P.P. Gupta:** Yes. Ankit, will you like to answer?

**Ankit Saraiya:** Yes. So you can say it will be roughly anywhere between 1.75x to 2x the cost of hyperscale data center. So one can estimate plus/minus INR50 lakhs, but about INR8 crores per megawatt.

**Shreyansh Gattani:** Got it. Okay. And for the Chennai project, what is the balance investment that we still have to do? And what have we already invested -- how much have we already invested?

**P.P. Gupta:** We've invested.

**Ankit Saraiya:** Go ahead.

**P.P. Gupta:** Yes, it is -- we have invested about INR400 crores as of today. So for Phase 1, we are left to spend only about INR50 crores more plus/minus.

**Shreyansh Gattani:** Okay. So Phase 1 is the 5-megawatt.

**P.P. Gupta:** Yes, 6 megawatts.

**Shreyansh Gattani:** 6. Okay, sorry, yes.

**P.P. Gupta:** Definitely low, but in grid load, it will be 10 megawatt like for like.



- Shreyansh Gattani:** Got it. So by when do we expect the full operational capacity for this center?
- P.P. Gupta:** By March '26.
- Shreyansh Gattani:** Okay. Okay. And how far are we in terms of like finalizing on customers for this data center?
- P.P. Gupta:** Ankit?
- Ankit Saraiya:** So we are in discussion with potentially, I would say, a couple of customers. Today, we are still under final construction phase or -- and the commissioning phase. Therefore, most of these customers want to see a project completed, which we had mentioned in the last con call as well. Unless we have achieved completion, it doesn't give confidence to our customer to plan his movements because there can always be a delay in commissioning due to unforeseen circumstances.
- Therefore, I would say that the real hunt for customers would begin post the project is commissioned. But having said that, in meanwhile, we are in discussion with a couple of good customers. And in meanwhile, we are also in discussion with a couple of strategic partners who may potentially show interest in this project.
- But having -- but today, our focus is largely to build our in-house sales, marketing, and operations team because Chennai is not the end of life for us. We would like to continue being a part of this industry through edge data centers and our upcoming data center in Kolkata. Therefore, it's not that we are really scouting for a strategic partner anymore. But building a team which can sustain this business for us for long term.
- Shreyansh Gattani:** Got it. Just a couple of questions if I can put in. So these edge data centers by -- what's the lead time for this, like construction time? And when do we expect to operationalize them from T0, for example?
- Ankit Saraiya:** So construction time literally depends on the basis of many a things. When we handed over a land from RailTel, some of them are partially constructed, some of them are completely constructed where we are only fitting out the electromechanical work. So depending on the status of that particular location, the construction period changes. It can range from anywhere between 3 months to 12 months.
- While we are already constructing 1 in Gurgaon and should -- as I mentioned, we should commission it by mid-December -- end of this month or mid-December. That will be our first edge data center going live. We should be beginning the second edge data center in Mumbai sometime around in the month of January. We should be handed over that location in January because they're still clearing out that area where they're handing over us the plot. So -- and then -- and we have already made an acquisition of another 15 locations to bring the work.
- We have started to visit those locations. We are scouting for land along with RailTel, the one which is more suitable. So I would say, as per the contract, we are supposed to deliver 20 locations every year. But on practical terms, I guess, we'll see real action in execution of these



projects from next year onwards, while this year, we should see our first one going live in Gurgaon.

**Shreyansh Gattani:** Sir, just last question for the Kolkata data center, do we expect the same amount of investment per megawatt as the Chennai center? Or is it going to be more optimized given our learnings from Chennai?

**P.P. Gupta:** I think it will be similar. Maximum of 5% to 10% savings.

**Moderator:** The next question from the line of Ashish Soni from Family Office.

**Ashish Soni:** Sir, what have you sensed in terms of ground situation in terms of transmission project because we see a lot of government saying that we need to come up with a lot of schemes and [IVTs 0:50:42]. So but apart from this land thing, what are the other challenges you are seeing on the ground currently?

**P.P. Gupta:** So basically, land parcels and acquiring right away, which is often a problem. Some people object to the putting a tower foundation, although we are not in tower line building. For us, it is only a station which is butted and bounded once land parcel is acquired and handed over to us, but the ownership in India is so fragmented in these rural places that acquiring 150 acre or 100 acre, you have to buy out from no less than 100 landholders, doing documentation, involving commissioner level people, land revenue departments, checking their records, authenticity.

So legal processes as well as information on the ownerships, willingness of the owners to part with the land parcels. All these are still in India a bit arbitrary and challenging despite 164 approval of Government of India, notification, all legal empowerments are there. But our courts do not function, or bureaucratic machinery is not all that efficient. But still, I will say, in the world, we are doing the best.

**Ashish Soni:** But do you see -- in terms of delay in execution because of all these factors? Or do you think government is coming or you guys are working with government to improve sort of because we keep on hearing next 2 to 3 years, at least, there is a lot of transmission being planned. So do you see any improvement in this area in terms of government policy, state government, something of that sort?

**P.P. Gupta:** Sir, firstly, I think we should talk when it comes to state, it is very, very state specific. But coming to ISTS region, which is a central government purview, the willingness is larger than the reality, I will say. They are all willing to improve, but there are so many government departments or government own ministries are involved that they are not sure of what may slip out where you know at times. So -- but nevertheless, I will say there is a lot better than a year back or 2 years back.

In countries like Europe or U.S. unless the whole land parcel or right of way are in [inaudible 0:53:28]. So the tender itself happens almost 2 years late. But in India, we are not waiting for all these approvals in place before tendering or carrying out these programs. So it's a kind of a hybrid situation where the agency along with government finds certain strategies.



- Moderator:** Next question is from the line of Shekhar Singh from Buildmart.
- Shekhar Singh:** Sir, my question is, any guidance for fiscal year '26 and any scope of margin improvement there?
- P.P. Gupta:** No. You see, generally, these margins because there is a lot of competition today in tariff bidding. And post tariff bidding, there is not enough space with the asset deployer to give you a higher price to the solution. But still, I will say, the EBITDA achieved by Techno is one of the best in the industry.
- Shekhar Singh:** Also, sir, like, could the slowdown in state government implementing in smart meters impact our target of INR1,000 crore revenue in coming years because they have been like pretty slow in implementing these smart meters in their respective states?
- P.P. Gupta:** So the smart meter, I don't think we are slow. They have a delay in creating DDF. The direct debit facility is a part of the order, which they have to do the security documentation before the scheme implementation can be taken up because unless you have the commitment of the state government to pay through the banking channels from the very account he is having with him on revenue collection. The scheme has not achieved the zero date. The zero date is when DDF is created. So thereafter, it is going all right to my mind, then bit of interruption here or there. So far, it is so good.
- Shekhar Singh:** Okay, sir. So basically, so we are in our right track to achieve the revenue targets of 2028 of around INR10,000 crores approximately?
- P.P. Gupta:** Yes, absolutely. There is no issue.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** The only question I have is given the fact that there is a huge amount of bidding, which has happened in the last fiscal and this first half, right? So in the sense, are you seeing a lot of inquiries, opportunities? And do you think there's a fair chance that we'll bid this guidance of INR1,500 crore additional order inflow in H2?
- P.P. Gupta:** Yes. Absolutely. More than that rather, I will say. In reality, like I shared out of INR1,500 crore, we are already L1 in INR670 crores, that's clear. And those concessions are already won by Power Grid. So I think before December end those orders will be converted. So there is no doubt, we can beat this number also.
- Mohit Kumar:** But we think is B2B by a wide margin, given that Power Grid has won roughly around INR80,000 crore in the first half, INR80,000 crores YTD. That's a very large amount, right?
- P.P. Gupta:** No, we do only station work and no other work, sir. Maybe out of INR80,000 crores, the station work is no more than INR4,000 crores.
- Mohit Kumar:** INR4,000 crores. Okay.
- P.P. Gupta:** Yes. We don't supply transformers, reactors. They procure directly. There are lines. There are HVDC packages. So all those are different types of solutions.



- Mohit Kumar:** There are also STATCOMs. there are too many STATCOM packages there, right?
- P.P. Gupta:** STATCOM is not now. They have qualified us now. So we stand qualified in our own merit and experience. So we're part of it now. KPS1, KPS2.
- Mohit Kumar:** Those bids are under evaluation. Is that right, sir?
- P.P. Gupta:** Yet to be bidden sir. They have issued inquiries to us now after qualification amendments.
- Mohit Kumar:** Okay. And how many bidders are there, sir, in STATCOM, 3, 4?
- P.P. Gupta:** There should be no more than 4.
- Mohit Kumar:** Understood, sir. My second question is on the -- given that, of course, the large amount of bidding is happening, right, which also means that we also have a fair amount of winning the new opportunities in TBCB, right? So how are you thinking about this opportunity? Are you seeing a lot of smaller opportunity where you can participate? Or do you think it's only larger opportunities are coming, and we are not interested in the larger opportunities?
- P.P. Gupta:** No, larger, we are definitely not interesting. We don't want to be part of this aggressive tariff bidding and RAs but up to INR750 crores or maybe in a -- where station work is larger than like, we may go up to INR1,000 crores. So that is our appetite, sir. As far as stand-alone, we are concerned, but definitely now many other companies are approaching us to be part of that like IndiGrid or Apraava. So we don't mind to be part of that as risk sharing. The question is what kind of risk or appetite you have for risk in all the asset ownership because asset ownership is not a business of Techno. Our business is EPC.
- Mohit Kumar:** But is it possible to take a smaller, smaller share -- smaller, smaller shareholding in these SPVs and get the EPC contract, that will be beneficial for us, right?
- P.P. Gupta:** Yes, we have done that. We did IndiGrid now in Dhule and Ishanagar. The 2 concessions they won, we have taken 20% stake in those SPVs. And we are executing -- deploying the solutions worth about INR1,000 crores.
- Mohit Kumar:** And, sir, any new opportunity, any new tender pipeline in the smart meter? Are you seeing that? Or is it very slow right now and most of them will get shifted to the next fiscal?
- P.P. Gupta:** You see in smart meter, we are not active, let me put it. If there is a good opportunity, we can get at our price and terms, it's okay. Otherwise, we believe counterparty risk is high. Having met with DISCOMs earlier in the power agreements, renewable power, we were the first IPV in the country in 1910 when we set up 200 megawatts and have gone through huge litigations with the tangent go to realize all our needs.
- Mohit Kumar:** The last question, interest rate, sir. Are you seeing some movement? Are you seeing some opportunities which are coming up where you might be interested? Or is this very slow?
- P.P. Gupta:** Sir, there is no perfect answer to your question. But if there is any future opportunity, no, we won't miss out if it is multilaterally funded, bilaterally funded, we are always there. But if any



DISCOM wants to do or any entity of state wants to do a project out of its own resources, we will definitely not be there.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. P.P. Guptaji. Thank you, and over to you, sir.

**P.P. Gupta:** Yes. Thank you to all of you for very active and healthy participation and for joining the conference call with us. In case you still have any query related to our performance, please drop out a mail to us to or do visit us whenever you are in this part of the country. We have equally large office in Gurgaon now. So Motorola Excellence Center in Sector 14 of Gurgaon, you are welcome to dropping and to see us actually see us on the work. And I thank once again, everybody, for joining the conference.

**Moderator:** Thank you. On behalf of Asian Market Securities Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines.