



TECHNO ELECTRIC &  
ENGINEERING CO. LTD.

“Techno Electric & Engineering Limited  
Q3 FY'25 Earnings Conference Call”  
February 12, 2025



TECHNO ELECTRIC &  
ENGINEERING CO. LTD.



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**MODERATOR:** **MR. SURAJ SONULKAR - ASIAN MARKET SECURITIES  
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**Moderator**

Ladies and gentlemen, good day, and welcome to the Techno Electric & Engineering Company Limited Q3 FY '25 Earnings Conference Call hosted by Asian Market Securities. 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 Sonulkar from Asian Market Securities. Thank you, and over to you, sir.

**Suraj Sonulkar:**

Thanks Dorwin. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you all to the Q3 FY '25 Earnings Conference Call of Techno Electric & Engineering Company Limited. We have with us today Mr. P. P. Gupta, Chairman and Managing Director; and Mr. Ankit Saraiya, Director representing the company.

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

**Padam Gupta:**

Thank you, dear. Very good afternoon to all of you and I welcome everyone to discuss Techno Electric's financial results for this quarter, Q3 and 9 months ended 31st December 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. Let me highlight our performance.

The company -- as you all know, the company has an SPV to set up a 40-megawatt grid load data center. The asset is nearing completion stage for Phase 1 but still not revenue accretive, but value accretive which is -- the consolidated results will knock off the financials of the SPV of the data center.

Let me now take up the Q3 results for the financial year '25. The total revenue for this year's EPC business is INR676 crores, up by 85% year-on-year. The EBIDTA for the company is up at INR99.22 crores, up by 120% year-on- year. EBIDTA margin for the company is at 14.68%. Other income for Q3 is at INR43.86 crores compared to around INR42 crores last year. The profit before tax for this quarter is at INR138 crores, up by 71% year-on-year. The PAT is at INR105 crores up by 35% and the EPS for this quarter is at INR9.

Looking on the nine-month results, the revenue is at INR15.90 crores, nearly INR1,600 crores by 33%, up by 33% year on year. The EBITDA stands at INR2.25 crores, up by 34% year on year. The EBITDA margin is at 14.17% compared to 13.4% last year. The other income is at INR105 crores. The profit before tax is at INR3.18 crores, up by 27%. The profit before tax is at INR2.50 crores, up by 25% to 34% and EPS is at about INR19 -- about 22 compared to 19 last year.

The current investment value i.e. cash or cash equivalent is around INR2500 or INR2.20 per share. The momentum for order intake and bidding has continued very strongly for the sector as well as for Techno also. We have a robust order book of around INR9,700 crores as of December 2024.



We have received orders worth INR1,100 crores in this quarter, which takes the tally of this year to around INR7.50 crores. We are further L1 in around INR1,600 crores of business, which is expected to materialize within this quarter.

These are largely smaller substations or power grid [inaudible 0:05:22] with the private sector players like Adani or Sterlite. We have various bids in the pipeline and are confident to get additional orders for around, another INR2,000 crores in this year, which will take the total orders book of the company booked during this year to around INR3,500 crores. We should be closing the year with an order book backlog of unexecuted orders of almost about INR10,000 cores plus, first time in the history of the company.

This simply reflects post-order execution for the current year with growth on a year-on-year basis. We'll have enough orders in hand to keep the growth momentum going. The company during the year has successfully raised a QIP of INR1250 crores during the current financial year. So, we have got a new reputed investors on board with us now.

On the outlook, I would say the growth momentum began in financial year '24 as I shared with you. In '22, '23, we were on an average doing INR75 crores per month, which improved to INR125 crores in the financial year in 2024. And this year, we are targeting INR200 crores per year from INR125 crores last year. And for this financial year, we should be expecting a top line of around INR2,400 crores and generally, the Q4 is about 30% of the top line. And this will tally with the already achieved revenue of Q3.

Next year, we will be targeting this to further move up to INR300 crores per month for the financial year '26. We expect larger business in transmission and data centers. As you all know, looking back, with almost negligible energy growth over the last eight years till as late as '23, in the last two years, we are seeing a high energy demand and the growth is almost happening close to double-digit.

The present big load demand in the grid is moving around 240 gigawatts and which is expected to be 400 gigawatts by 2030, thereby employing a per capita connection to grow from 1250 units to 1750 units by 2030.

To meet this demand, the power plant capacity is planned to be enhanced both in the conventional power by 80 gigawatts and as well as by renewable energy or energy transformation to achieve a target of 500 megawatts by 2030 and this also has been reaffirmed by PM Modi, yesterday in the India Energy Week.

This all implies that transmission into renewable power, I would like to share with you, is 4x over 1x in the conventional power. So all the things that sector is now full of -- is now transforming by deploying all the transmission capacity as required for renewable power and is now transforming by deploying IEN solutions, namely 765kV AIS/GIS transmission solutions, STATCOM Solutions, VSC HVDC solutions, best PSO facilities to make the renewable power eligible to be baseload power, and where your company has a larger presence than any other entity in this marketplace, particularly in building these stations.



Your company is presently focused in the following areas, the transmission solutions, largely in 765 kV or 400 kV AIS/GIS, the smart metering, the LGD, which we call AQI solutions, the digitize on modernization of the power distribution, networks of the DISCOMs, and also hyperscale [engaged 0:10:58] data centers. From the current mix of 43% of total installed capacity, the renewable energy is expected to be around 64% by 2030 due to the growth of deployment is also around 16% CAGR compared to 4% in fossil fuels.

In the budget of the current year, the significant increased allocation is there for the renewable power sector which is almost 40% higher than the last year and is presently at around INR25,000 crores. The CA report of transmission of integrating 500 megawatts of renewable energy capacity by 2030 in the grid identifies various transmission links which aggregates around 15,000 per km of lines and another 4.5 lakh MBa of transforming capacity.

Following the addition to this ISTS, the international capacity will stand improved to around 168 gigawatts by 2032. The national electricity brand in transmission alone presents an investment opportunity of around INR10 lakh crore required over the next 7-8 years and in addition, I would say in the budget you have seen the government has started concurrently focusing on building intra-state transmission system also for which they have allocated an additional 0.5% of GSDB.

Gross State Domestic Budget for all the states put together and this would bring the estimated opportunity to another 1.5 lakh crore. States have given a timeline of March '25 to submit their proposals for scrutiny by the Ministry of MNRE as well as MOP.

Apart from this, we are now seeing also opportunities for STATCOMS which we did earlier in partnership with overseas companies. The power grid has amended the qualification and STAT qualified off our own merit now. To support the board grid on this critical mission, the data centers will also going to be creating a lot of additional demand for power.

As earlier mentioned just the government has also allocated 80 gigawatts of hydro and thermal capacity to augment the generation segment. Where we also have the balance of plant and switch yard facilities deployment and grid integration will be an opportunity. NTPC and DVC both have come out with a tender for grid integration and deployment of switch yards at four locations.

On the distribution side, the RDSS will see a lot of activity happening going forward. The smart metering is in execution in full scale to contain the distribution logic of the DISCOM is already visible. We are also focusing on strengthening power distribution networks to make them smarter, intelligent by their modernization as well as digitization. So the RDSS also has allocation of funds for city modernization which will also have an opportunity within the segment.

Around 32.24 crore meters are in various stages of award for the climate. Out of this, to my knowledge, about 130 million meters have been ordered out, and only about 20 million stands installed till date.



The finance minister in our budget of the current year also said the government will be incentivizing electricity distribution and augmentation of the intrastate transmission capacity with efforts to improve their financial health and capacity of power farms. I believe this will open new opportunities for the investors.

The budget document also revealed that reform-based distribution schemes which also have the allocation of around 16,000 crore and they strictly aim at inviting private investment in this segment. I trust your company is clearly placed and is competent to be part of this program. Basically, all this implies that the government is looking on providing financial reforms which are reform-based with an objective of ensuring 24 x 7 quality and sustainable power supply for all and a financial revival power sector.

The government further envisages support to DISCOMs in case they adopt reform packages, triple the ownership of distribution companies, adoption of various franchise models and distribution levels including multiple supply franchises. Apart from this, we are definitely requiring energy storage solutions like battery base or pumping storage of no less than 20% of this capacity and this will also have to be officially supported by any kind of capacity competitive power management solutions in the grid and we see significant activities where Techno is fully qualified and technically competent to be part of.

In FGD segment, we see a slow movement where government has finally extended the implementation period for three years and this is encouraging states to now order out the packages which were spent over last year, more than a year and we see that 5 to 10 gigawatts per year should be ordered out by the state electricity board and a bit from the private sector also in this space.

Our order on MTB is progressing very normally in Rajasthan. On the transmission segment, the TBCB bidding is happening for almost 50 to 100 gigawatts now, and a lot of building is in progress. At the moment, we are finding that every month 4 to 5 concessions are being awarded to some player or the other in this space and the last one to enter is the Reliance Power, Reliance of Mukesh's wife company also in this space. So that's very exciting to know that the one more resourceful company is part of this segment and they find this space exciting and rewarding.

Total bids open for transmission is around INR40,000 crores out of which Techno is expected to book orders for about INR2,500 crores per year over the next 2 to 4 years. We currently have orders worth about more than INR6,000 crores for transmission in this space without our own orders in TBCB. And we are led by another around INR1,600 crores worth of orders with this segment.

As you know, we are also successfully executing two possessions with a revenue stream of INR2,800 crores over the concession period. Similarly, we have also won the concession of that line 2.5 million smart meters.

In the metering segment, we expect to get orders worth about 1 million meters every year and we have already got orders worth about 2.5 million with an investment target of INR2,500 crores in this space. Out of this, we have already deployed about 0.5 million by now.



Data centers, we believe that digitization and services or cloud, public or cloud, private is the most prominent reason that have led to the growth of the data centers and demand for data centers apart from other reasons such as 5G transmission and many more ISPs or IOPs in this space. The Indian data center market size is estimated to be about 2 gigawatts by 2025 and about more than 7 gigawatts by 2030.

There is a substantial growth is being planned in this space, which may accumulate at a CAGR rate of no less than 20%. And in monetary terms, this may mean almost \$2 million investment per year, growing to \$5 million by 2030.

The growth drivers in this space are public cloud adoption, data localization, policy incentives, digital transformation, technological developments to roll out 5G and AI. And we are the increasing adoption of AI and 5G, and virtual reality will revolutionize this space. IoT, big data, and cloud computing will be the next stage.

Coming to our own Chennai data center, I will say that we are in a very advanced phase now of ready for operations of first phase of the 24-megawatt IT load hyperscale data center at Chennai. This is now nearly coming to completion with a total capital involvement of about INR450 crores.

There is some delay in this project due to regulatory and permissions to be achieved from the local authorities, but it's a use, I would say, state-of-the-art first time carried out by Techno and also it is one of the best in this space in the country. And we'll be ready for service by March '26 and we expect it to be leased out in Q1 of the next year.

Ankit, would you like to come in now?

**Ankit Saraiya:**

Yes, sure. So just to give a brief on where we stand with our data center in Chennai. As mentioned, we are very close to achieving ready-for-service. We should be able to achieve RFS for this project by March '25 with the first phase of 5.6 megawatts up and ready for servicing the customers. We are hopeful to achieve the leasing of this capacity within the first three to six months of commissioning.

Having said that, for multiple reasons, this project for sure has got delayed, but for reasons which are not directly attributable to us, but largely due to the regulatory and permissions that are required to get the project up and running. Plus, there have been supply chain disruptions due to certain crises that unfolded in the Red Sea and as well as due to a shortage of semiconductors. But ultimately, we've pushed through and now see a possible ready-for-service by March '25, which is somewhere during the next month.

Having said that, now that we are in the final stages of rolling out the project, our interaction with potential customers has deepened and has increased. We are in deep discussions with certain global major cloud players and we have received very favorable responses from them.

Domestically, we have reached out to customers in the BFSI segment, some content delivery network operators, some domestic cloud players, some public sector enterprises, and we have received very, very encouraging responses from each and every one of them. Particularly, we



can mention about a significant interest by a public sector bank and a multinational private sector bank. And we are undergoing a formal evaluation process by both of them, which should be completed in the coming quarter.

Plus, we believe AI has really pushed the industry to greater heights and to larger opportunities. We see a very big surge in demand of data centers, especially for AI purposes. And our facility in Chennai is very much AI-ready, possibly one of the only data centers which are truly AI-ready because of the designed rack density and the cooling technology that we have used.

Given this background, we have received significant interest from companies that are in the field of artificial intelligence and one of them is a Unicorn, which is actively discussing with us for an interest of 2 to 3 megawatts deep to begin with, which can potentially lead to a consumption of the entire data center.

Apart from this, I'm sure everyone must be aware in some shape and size about the India AI mission, which was kick-started recently and certain players are awaiting empanelment. We are in discussion with multiple such players to offer our data center for their infrastructure requirements. And given that this data center is truly AI-ready, we always find ourselves as one of the most preferred partners.

Apart from that, we have started building a very deep and strong network of distributors and channel partners through which we are reaching out to medium and small enterprises across the country for their data center requirements, and we have received positive and significant interest from all sorts of enterprises to our partners, and we are closely working with them to engage with these companies in their digital transformation journey.

Apart from that, as we had mentioned, we are to execute edge data centers in 102 cities in partnership with RailTel Corporation. In that, we are very close to commissioning our first edge data center in Gurgaon. It should happen over the next 7 to 10 days. We can possibly say that 50% of that capacity is very close to getting leased or one can presume that it is almost leased. For the remaining 50% capacity, we are in active discussion with enterprises and the public sector. And within a month of commissioning this project, we are hopeful of leasing out the 100% capacity in Gurgaon. This is a small edge data center of 200 kilowatts.

The next location that we plan to commission is in Mumbai. This project will start construction by the first week of April, and we should see commissioning in the month of August '25. Mumbai is obviously the most preferred market for data centers, and we are at the heart of Mumbai in South Mumbai itself at Mahalakshmi. Couldn't have expected a better location for data centers.

And we are in close discussion with one of the large conglomerates in India to lease out 100% capacity in Mumbai to them from the date of commissioning itself. Apart from this, we are in discussion with global hyperscalers for contracting at least 4 to 5 data centers in Tier 2 and Tier 3 cities. As the next step, apart from Gurgaon and Mumbai, we are looking to start developing data centers in the cities of Gandhi Nagar, in Bhopal, in Guwahati, Bhubaneswar, and Hyderabad. And these constructions will begin sometime during the year of 2025 itself.



Apart from this, this is a little beyond the contract with RailTel that we are planning to commission a very small edge data center in Kolkata because of a significant interest by a global CDN player. And this will enable us for the first time to not only provide co-location services, but to also enter bare metal services as that is the requirement of the customer, and we look forward to engaging with that customer soon contractually and getting this data center up and running within the next 4 to 5 months.

As far as our data center in Kolkata is concerned, we have started the preconstruction activities. The design and engineering consultant is onboarded. The project management consultant is onboarded. The local consultants for building plan approvals for fire approvals and other approvals as required have been onboarded. We have even started very basic construction of compound wall at this location. And we are hopeful of commissioning the project in Kolkata by mid-to-end of 2027.

Apart from this, excitingly, we are now gearing up to start our services in Infrastructure as a Service space. We are launching services on the Infrastructure as a Service space. By providing private cloud services, we are in discussion with a couple of customers for their private cloud requirement and are very close to closing these contracts and provide cloud services as a -- in a private cloud model during the second or the third quarter of the financial year '26. As of now, I can say that we have an active funnel of upwards of 10 megawatts with some key cloud opportunities.

On the organizational side, we have recently onboarded Mr. Amit Agarwal as President of Data Centers. He was earlier the Chief Business Officer for the joint venture of Iron Mountain and Web Werks. And we are building a significantly sizable sales and marketing set up to reach the market 100% by ourselves. And for enabling that setup, we have recently launched our office in Mumbai at Lower Parel.

That's on the data center side and would be happy to take questions during Q&A.

**Padam Gupta:**

Thank you. As you are all aware, during the last 5 years, the company has successfully created and monetized the assets in renewable power generation and transmission. We were the first mover in IPP in renewable power or PPP model in transmission and all those assets monetized enabling us to have cash, which is along with QIP cash now at INR2,500 crores to be deployed in the next phase of growth of the company.

And as I mentioned the company is almost now full folding last 3 years from INR75 crores per month to INR300 crores by March '26 that is the target INR200 crores during the current year. We reaffirm that our EPS for this year no less than INR35 as committed and for next year – next year or current what I want to say INR45, INR46 it will be almost INR50 plus.

So with this, I invite the questions and we'll be happy to detail further.

**Moderator:**

We have the first question from the line of Resham Jain from DSP Asset Managers.

**Resham Jain:**

So my question is to Ankit on data centers. If you can just -- given that there are multiple things which are happening in Chennai, new plant or new setup coming in Kolkata and then multiple





edge data centers. Next 5 years, what kind of revenue, EBITDA and capital employed will go into data centers? If you can just broadly directionally tell us how are you thinking about the same?

**Padam Gupta:**

Resham, I will say that you are asking a young person. It's a very mature question, number one. And two, you can on an average stake in next -- if everything goes as projected, data center will become the face of the company. That's how we are projecting going forward. And if not in 5 years, at least by 2030, we should have a capacity of no less than 250 megawatts at least in locations no less than 100 countrywide, including as data centers and we are definitely will be looking for revenue of no less than, I would say, almost about \$0.25 billion, \$250 million per year if not more out of this capacity. With this, Ankit, you would like to add more?

**Ankit Saraiya:**

Yes, sure. So I think the way things are going today, it's very difficult to point out because the industry is very, very dynamic, Resham. If you see what happened over the last 15 days in the industry from US announcing \$500 billion for AI infrastructure and then the announcement of the largest data center in Jamnagar and then going to what we all heard about from China, which is DeepSeek, that is how dynamic and disruptive this industry is. Ultimately, the infrastructure when we talk about for any such application, it is data centers only.

In such a disruptive industry, it gets very, very difficult for us to become very predictable in nature on seeing what we can feel in what it would be in next 4 to 5 years. But in most conservative sense, as EPG put it up that we should see at least 200 to 250 megawatts come in by Techno Electric and at least \$250 million of revenue flowing in from data center and its allied services. But let me say that the way this industry is unfolding, it has immense opportunity and one has to keep unlocking them and growing with them. And ultimately, it may end up sounding and shaping very different than what we all envisage today.

**Resham Jain:**

Understood, very clear. And sir, my second question is on the transmission business. Last year, there were certain supply chain kind of challenges whereby getting the material itself was not easy. Are you seeing some of those challenges residing and receding? And how is the execution looking like from your side?

**Padam Gupta:**

Those challenges will remain and it continues, number one. But probably Techno is the oldest player in this segment and our relationships with all the suppliers is of a partnership. And we are also consuming no less than 10% of the supply chain in this segment today in the market. And this is likely to be 15% by next year. So we are hopeful despite all these challenges, we'll be able to get loyalty from our partners. The supply chain will remain a concern for the overall market, but not challenging I will say.

But largely the land parcels where we got delayed in the first half of the year was the land parcels are becoming difficult for the concession [baggers 0:41:58] to arrange and hand over to us for the deployment of the facility. That is delayed in the first 2 quarters. Now all those are available, except 1 or 2 still to be given by Power Grid and a private player. But now we mostly have those land parcels and hence, you see the growth in the output also.

**Moderator:**

The next question is from the line of Saurabh Shah from AUM.



- Saurabh Shah:** So I wanted to check with you, these orders that we have for the edge kind of data centers and the other government contracts. In terms of margins, how do we expect them to pan out given the nature of your contracts and the environment that you see for procurement, etcetera, could be a longer execution timeline?
- Padam Gupta:** Edge data centers are concessions to us for 20 years, extendable by 5 years more. So these are revenue-sharing agreements with the realtor and margins will be all guided by the tariffs or leasing rentals on which we can deploy these facilities and for what applications they get deployed. So as Ankit has already mentioned to you, these are bit growing up, disrupting but rewarding situations. So the margins are difficult to say in a concession because they will be all measured as IRR of the investments in this case, which we hope it will be not less than 20%. Ankit, would you like to add?
- Ankit Saraiya:** Yes, because these are BOT contracts, sort of a BOT contract over a period of 20, 25 years, one has to look at it more from the perspective of cash flow and IRR. We are hopeful of achieving high teens or early 20s in IRR for these projects. So there is not real upfronting of any margin as an EPC that we can really compare it to a transmission EPC that we do additionally.
- Saurabh Shah:** We have followed their company for many years. And in the past, we have been very careful about ensuring that we take higher margin projects. So this seems to be slightly more open-ended and the question of pricing and all that to some extent doesn't stay in our hands. So just wanted to check how you guys are looking at that decision.
- Padam Gupta:** It is more rewarding than our EPC. That's what I'll say.
- Moderator:** The next question is from the line of Abhijeet from ICICI Securities.
- Abhijeet:** Sir, first of all, on the data center business, what is the kind of capital that we have employed already? And going forward, what is the capital allocation plan for the Chennai data center?
- Padam Gupta:** Yes. We have deployed INR450 crores by now. That is for Phase 1 and maybe another balancing requirement of INR25 crores plus/minus more in closing out. The next phase we will take up only after this phase is fully deployed. So you can say that we will be spending another about INR500 crores to INR600 crores over the next 2 years, say, by March '26. Chennai data center, we will see another INR600 crores. But that will start only second half of next year.
- Abhijeet:** Sir, and the revenue accretion from this capital that we've employed already of INR450 crores, so that revenue accretion we're expecting from maybe H2 FY '26 or FY '27? Is that the correct understanding?
- Padam Gupta:** It starts off '25-'26. Q2, you can say it will start flowing.
- Abhijeet:** And sir, on the non-hyperscale data center, like the edge data centers like Gurgaon, Bombay, and the RailTel ones. So what is the kind of capital allocation plan there? Is there a plan in terms of capital allocation? Or it is like as and when we see a good opportunity in the edge data centers, we'll go for it?



**Ankit Saraiya:**

No. So let me clarify this for you regarding Chennai first and then coming to the edge data centers. As mentioned, Chennai data center should start seeing revenue start flowing from second quarter of financial year '26. Going forward, one can expect INR200 crores to INR250 crores of capex behind Chennai data center annually for expansion of the phases until we have commissioned the entire 24-odd megawatts. Having said that, you'll see revenue start flowing from the second quarter of financial year '26.

In regards to edge data centers, obviously, it depends on how things shape up in the industry, but we target to at least put in -- as contract requires, we have to set up 20 locations every year. But on all practical basis, we assume we will be starting anywhere between 8 to 12 locations every year, and that is due to the contract that we have with RailTel.

But the locations that we choose will dictate the capex involved because each location may not be of the same size data center. Each location may be different. For instance, Gurgaon was a smaller one with 200 kilowatts, while Mumbai is a larger one, which is going up to about a little more than 0.5 megawatt.

Similarly, the ones which we are discussing in Gandhinagar and Indore may go up to anywhere between 1 megawatt on an average. Similarly, Bhopal may be around 1 megawatt again. So each location is differently sized. Not all locations are the same. And depending on the number of locations we pick up in a year, the capex would be dictated accordingly. But in all possibilities, we will see at least INR150-odd crores to INR200 crores of capex annually once the RailTel project comes in a smooth operating procedure.

**Padam Gupta:**

But I may like to add, as you rightly said, there will be opportunity waste that the priority will be decided based on the opportunity. And capex will be, as Ankit has said, around INR200 crores plus/minus for the year depending on the capacity mix at each pocket.

**Abhijeet:**

So essentially around 8 to 10 to 12 locations in terms of the data centers per year and each one would be about 500 kilowatts to 1 megawatt on an average.

**Padam Gupta:**

Absolutely right. To start with, but they will keep building up as they get that location gets firmed up over the years, they will go up further into the capacity.

**Abhijeet:**

Sir and secondly on the T&D EPC business, I did not catch the order inflow number, if you could repeat for Q3 and the 9 months FY '25?

**Padam Gupta:**

This year as I said the total order intake will be about INR3,500 crores. We have already booked orders worth about INR750 crores by now or INR1,800 crores. And this quarter, it is around INR1,100 crores. We are also L1 in another INR1,600 crores which will be converted into orders and concessions won by the developers already. So it's in the formality of their acquiring SPV land parcel and releasing of the orders by power grid.

Lately, they are believing unless they have a land parcel, they will like to delay issuing LOI. But they are committed to issue so. So it will be about INR3,500 crores this year and we should close the year with an order backlog of INR10,000 crores plus.



- Abhijeet:** So this INR3,500 crores is essentially entirely T&D EPC?
- Padam Gupta:** Yes, absolutely EPC.
- Abhijeet:** And what about the non-T&D part of it like the power gen or the smart metering business?
- Padam Gupta:** No. Then we are executing FGD order. As you know about unexecuted part is still about INR1,250 crores that will take another 2 years to complete. Then also we have a distribution side business on the digitizing or modernizing the distribution network about INR300 crores we are doing for DVC and we expect more business in this space. Similarly, we are deploying smart meters, that is another business of INR2,500 crores. Additionally, we have our own TVCB projects with a capex of about INR700 crores plus minus.
- Abhijeet:** Right sir. Thank you so much for answering that. That is all from my end. Thank you sir.
- Moderator:** Thank you. We have the next question from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.
- Garvit Goyal:** Congrats for a decent set of numbers. My question is on the data center only. Like you mentioned from Q2 FY '26, Chennai data center will start contributing to the revenue. So I just want to know like what is the anticipated contribution that will be there in FY '26 from that data center to our top line, sir?
- Padam Gupta:** Honestly, we have not considered it. If something happens it will be upside. You can take it. But on an average, we do expect that we should at least target to have about INR100 crores with ranging from anywhere INR50 crores to INR100 crores minimum for the year.
- Garvit Goyal:** Understood sir. And secondly on the guidance part like this year we have a guidance of INR2250 crores on a consolidated basis. So are we sure like to achieve that guidance, we have to do around INR800 crores in Q4. So are we confident enough to do that number, sir? And secondly for next year, I think earlier you have guided for EPS of INR50. And this time in opening remarks if I have heard right you mentioned INR45. So what is the reason for this decline?
- Padam Gupta:** No, I have not mentioned INR45. Firstly, I mentioned this year we should be doing an average of INR200 crores. And generally, Q4 is about 30% of the top line. So definitely, it will be INR750 crores to INR800 crores somewhere as a Q4 and 35 will be EPS and 25, 26 I said our top line will be about INR300 crores per month. So you can expect a top line of about INR3,500 crores, INR3,600 crores and EPS of INR50. That's what I reaffirm.
- Garvit Goyal:** I think I heard it wrong. But I think these are standalone numbers. What about the consolidated top line, sir?
- Padam Gupta:** Sir, in consolidation there is not a very large difference because they are only meant for our own concessions. They are only accounting requirements per se. So it is not going to be very different, I will say, at least for next year.
- Garvit Goyal:** And what is the margin guidance sir?



- Padam Gupta:** It will be same about EBITDA of 13% to 14%. You can take 14% plus minus.
- Garvit Goyal:** Got it, sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Murtaza from Avendus Capital. Please go ahead.
- Murtaza:** My question has already been answered. Thank you.
- Moderator:** Thank you. We will move to the next question, which will be from the line of Ashish Soni from Family Office. Please go ahead.
- Ashish Soni:** Sir, regarding data center, the services which you want to offer I think you said about a lot of gamut of services. So any particular services because you gave a whole, so what's our view in terms of leasing out what sort of services because I was not clear on that?
- Padam Gupta:** Ankit, you would like to answer?
- Ankit Saraiya:** Yes. So in data centers, always the most basic service that...
- Padam Gupta:** Ankit are you there?
- Moderator:** Ankit sir are we audible to you?
- Padam Gupta:** Since he has dropped out can you repeat your question sir.
- Ashish Soni:** I think the data center - I think Ankit mentioned about gamut of services because you mentioned a lot of customer discussion. So what is our take which services you want to prioritize and any particular reason behind it? So I just want to understand because I heard colocation, I heard infrastructure as a service. So I just want to understand that in better?
- Ankit Saraiya:** Am I audible now?
- Padam Gupta:** You drop in your Delhi office. Ankit are you back.
- Ankit Saraiya:** Yes am I audible?
- Padam Gupta:** Yes you are audible.
- Ankit Saraiya:** So as I was mentioning, apart from colocation services which is the basic service that we plan to provide, we are also now looking to expand our services into bare metal services, infrastructure as a service can include a significant...
- Moderator:** Your line is not clear.
- Ankit Saraiya:** Hello.
- Moderator:** Yes sir. Please go ahead.



- Ankit Saraiya:** Am I clear now.
- Moderator:** Sir you can go ahead.
- Ankit Saraiya:** So as I was mentioning Infrastructure as a service we include bare metal services, we include cloud services, private cloud services, white glove services, amongst others.
- Ashish Soni:** So let me be more specific. So for Chennai, which of the services do you want to sell and maybe for the next round for Kolkata, which of the services do you want to sell because interest by the way had a lot of interest from a lot of customers. So what's our take on that?
- Ankit Saraiya:** So when we talk about any data center, we will build our portfolio of services around them. So for all the data centers that we come up with whether it is Chennai, whether it is Kolkata or whether it is the edge data centers, we will be having the operational bandwidth to provide all these services from all of these data centers.
- Ashish Soni:** That is okay. What I'm trying to understand then we want to lease it out to our customers. So what's our preference in terms of what we want to sell because now what I heard is there are a lot of customers already in pipeline. So how are you picking choosing this services and customers?
- Ankit Saraiya:** So we would like to address all sorts of customers. We are not limiting ourselves to any particular type of customer or a customer which prefers a particular type of service. So for instance, in Chennai today, we are in discussion for colocation service. We are also in discussion for bare metal services.
- Similarly, in Calcutta, we are in discussion for bare metal service to a content delivery network while we are in discussion with a couple of customers for private cloud services out of a data center in Gurgaon and Mumbai. So they are different depending on the customer and their requirements.
- Ashish Soni:** So is there a strategy to get a reference for each of the services with a good customer or is the profitability greater? I'm trying to understand that strategy from the management.
- Ankit Saraiya:** So profitability is not that we are compromising when we are providing any of these services. All of them are equally or more profitable than each other. There is no preference of the management when it comes to choosing which service we rather choose over the other.
- Moderator:** The next question is from the line of Rohit Singh from Nvest Analytics Advisory LLP. Rohit Singh, your line has been unmuted. You may proceed with your question.
- Rohit Singh:** My question are already answered.
- Moderator:** The next question is from the line of Saumil Shah from Paras Investments.
- Saumil Shah:** My question is related to the data center business only. Recently, we have heard that DeepSeek's entry into this industry will have an adverse impact on the data center companies. So I just wanted your views on the same. Are we seeing any negative impact on our business?



- Ankit Saraiya:** Actually, look at DeepSeek's and its development, I would say it's actually a very, very positive development instead of negative. I do understand where the negativity stems from, but one needs to appreciate that in a very disruptive kind of technology, which has recently got innovated, such kind of disruptions are a way of life, and we'll see more of it coming in news time-to-time.
- And these disruptions are actually very, very good for any industry because the more affordable and accessible the technology becomes, the cake size increases, the market size increases, and therefore, the demand always remains at peak. So there is never that any disruption causes lack of demand.
- So if tomorrow's infrastructure requirement reduces and prices for the end consumer improve, we'll see more market participation, and therefore, automatically, the cake size of the industry will increase. That is what happened in the telecom sector when Jio entered. It never -- while they were able to run at a bare minimum infrastructure and reduce the cost of telecom services to the end customer, but the entire market size went possibly 4x.
- Saumil Shah:** Basically, I mean, we are seeing a positive impact rather than a negative impact?
- Ankit Saraiya:** No. Absolutely.
- Saumil Shah:** And sir, my final question. Sir, we have been guiding INR50 EPS for FY '26 and INR75 EPS for FY '27. And in one of the calls, even we mentioned that we are expecting INR25 to INR30 EPS only on the data center business by FY '27, FY '28. So this would be over and above our guidance of INR75 for FY '27?
- Padam Gupta:** No. That data center will become part of this INR75 going forward. [inaudible 64:37]. On the EPS, yes, but not value accretive will remain in the subsidiary separately.
- Saumil Shah:** Sorry, I didn't understand?
- Padam Gupta:** One is revenue part, and one is value accretive because businesses are valued differently whether it is transmission or AI or data centers. What I'm saying is the value accretive part of the asset is not part of EPS. EPS is purely revenue-based.
- Saumil Shah:** So basically, you mean to say due to data center business, we can get more valuation. That's what you mean to say?
- Padam Gupta:** No. I'm not saying that. Whatever revenue we generate or EBITDA we generate will be very from the transmission business. That is why 50 becomes 75. That's what I'm trying to say as in the rating.
- Saumil Shah:** So the increasing business would be from the data center side?
- Padam Gupta:** Right, in '27. As in EPS, I think top line would grow proportionately.
- Moderator:** The next question is from the line of Sam Sangwan from Finvestors.com.



- Sam Sangwan:** Sir, congratulations for putting a good set of numbers. Actually, my question was regarding data centers effect of DeepSeek AI advancements on data center business, but I think already you have covered already.
- Moderator:** The next question is from the line of Lakshay Agarwal from GrowthSphere Ventures LLP.
- Lakshay Agarwal:** So my question is directed to Ankit, sir. So I just wanted to understand that we have like 2 data centers, which we are working on, the Chennai data center and the Calcutta data center. And both previously, which we were planning to just do the EPC part, but now we are focusing on colocation. So I just wanted to understand that on a per megawatt basis, how much is the rental which we are looking at either on a monthly basis or on an annual basis? And how much margins we foresee from that?
- Ankit Saraiya:** Yes, you can presume a rental of about -- if we are looking at a pure colocation service without any infrastructure as a service, then in that case, we can expect a revenue of about INR10 crores to INR12 crores per megawatt annually of the commissioned capacity.
- Lakshay Agarwal:** And in terms of the margin profile for the same, how much would it take to operate it?
- Ankit Saraiya:** So EBITDA margins of about 80%.
- Lakshay Agarwal:** And secondly, as you mentioned we are also working on Infrastructure as a Service. So how much is the additional cost which is required for a per megawatt basis to get the server set up and everything? And then additionally, how much is the rental which we can expect for the same?
- Ankit Saraiya:** So generally, Infrastructure as a Service can be set up in 2 models, which can be largely capex-based or opex-based. We would possibly adopt a more opex model for infrastructure as a service rather than capex.
- Lakshay Agarwal:** Can you be a bit more elaborate on the opex part? Like when we say that opex, so will we be taking the service on rent itself? Or how are we planning to do?
- Ankit Saraiya:** Yes, you can possibly take the hardware and the technology, which is built on the hardware for these kind of services on more of a lease model or more like a subscription model from technology service providers and then provide it at a higher margin to the end customer.
- Lakshay Agarwal:** And in terms of our edge data centers, so is it just a build-operate-transfer model or we will also be managing it for RailTel?
- Ankit Saraiya:** No. So it's a build-operate-transfer model where we transfer the asset back to RailTel after 25 years. For the first 25 years, we have to operate and maintain these assets as well as bring customers for these assets, provide them with O&M services or any other service that we want to, and then the revenue gets shared with RailTel.
- Padam Gupta:** No, this is called DBFOOT model, develop, finance, own, operate, and transfer post-congestion period.





- Lakshay Agarwal:** And sir, would it be possible if we could visit the Chennai data center?
- Ankit Saraiya:** Yes, absolutely. Most welcome. And we would love for you to even visit one of our edge data centers in Gurgaon, which is now almost commissioned.
- Lakshay Agarwal:** Okay, sure. I'll reach out for the same.
- Padam Gupta:** Please drop in our Gurgaon office, and you will have more insight into the business.
- Moderator:** The next question is from the line of Chinmay Kabra from Emkay Global Financial Services.
- Chinmay Kabra:** So just in continuity of the previous participant's question, just wanted to understand the rentals that we are projecting from the IaaS services that we will be offering. And just wanted to really understand by when are we may be planning to bring up the IaaS service on a full-fledged basis?
- Padam Gupta:** Ankit?
- Ankit Saraiya:** I'm not clear on the question. What services?
- Chinmay Kabra:** So the costing aspect, you mentioned that there are 2 models, capex and opex. I wanted to understand the rentals that we are projecting from the IaaS services that we will be offering?
- Ankit Saraiya:** Yes. So saying that any kind of value-added services or services out of Infrastructure as a service, it's very difficult to today estimate a revenue out of it or a margin out of it because these opportunities are today limited with us, and they will take time to build. And at least for the initial year or 2, they will be contributing a few percentage only to the colocation services.
- Chinmay Kabra:** And for the IaaS services that we are planning to again provide since we will be sourcing the hardware and the tech, do we have any plan in terms of will we be sourcing it from outside India or from India itself?
- Ankit Saraiya:** So see, most of these -- today, most of the technology is available in India. And there are global players as well as some domestic players, which are providing these platforms. So depending on the end customer requirement, we may source from either of them because some customers have a preference for domestic players given neighbouring country regulations and rules and some customers have a preference of global players given the majority of the technology. So it would really depend as per customer preference.
- Chinmay Kabra:** Just wanted to take one last question if it's fine. So just wanted to understand in terms of the smart metering business, what is the number of smart meters that we have -- I mean, which have been given operation go-live status? And I mean, is the receipt of money for setting up the smart meters moving smoothly?
- Padam Gupta:** Yes, it is going very smoothly. We have already achieved this set of about 4.5 lakh meters. In the state of MP at Indore for about 1.75 lakh meters, another about 2.75 lakh meters in Srinagar and Jammu in Kashmir and they are going very well. There is no challenge. Ministry of Power conducts a review meeting every week with all these states DISCOMs, and they are very serious to make sure no wrong happens in smart meter deployment and payments.



**Moderator:** Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing remarks. Over to you, sir.

**Padam Gupta:** Yes. Thank you very much, I would say, to all of you for joining the conference call. And in case you still have any query related to our performance, please drop a mail to us. And if you happen to be on this side of the city, you are most welcome to visit us. Our data center at smart meter business happens from Gurgaon office, which is on MG road. So you are welcome to visit whenever you are on that side of the town. And I thank you once again for each one of you for joining the call.

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