



TECHNO ELECTRIC &
ENGINEERING CO. LTD.

“Techno Electric & Engineering Limited
Q3 and FY '26 Earnings Conference Call”
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TECHNO ELECTRIC &
ENGINEERING CO. LTD.



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MODERATOR: **MR. SURAJ – ASIAN MARKET SECURITIES PRIVATE
LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to Techno Electric & Engineering Company Limited Q3 and FY '26 Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Suraj: Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you all to the Q3 FY '26 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; and Shivani Chandok, VP, Strategic Initiative and Investor Relationship.

I request Gupta ji to take us through overview of company quarterly results and then begin with the Q&A session. Over to you, sir.

P.P. Gupta: Thank you, Suraj. Very good afternoon to all of you, and thank you for dialing in. I appreciate you taking the time to join us as we discuss the financial year for the quarter ended December 31, 2025.

Before we begin, I would like to make the standard safe harbour statement. Some of the remarks we make today may contain forward-looking statements, which should be viewed in context of the risks and challenges inherent in our industry or sector.

Firstly, I will like to start today's call by setting a broader agenda or context, which is new Techno Electric. For those of you who have tracked Techno Electric over years, you know us well. You know us as a disciplined EPC player, a company with a legacy of 40 to 45 years in power sector, 0 debt balance sheet and a dominant share in India's power grid, both in generation and transmission and, of course, as a participant in distribution reforms post electrification.

You know us as the team that built over 50% or more of India's national grid substations and maybe more than 60% in 400 and above KV category. You know us as a company that has never reported a net loss for over maybe 30 years, and we have survived and thrived through multiple commodity cycles, COVID period, where many of our peers have faltered.

But today, I'm here to talk about the Techno Electric conventional, and I'm not here to talk about Techno Electric conventional business, but I'm here to introduce you to new Techno Electric. We are currently in the midst of a fundamental transformation. We are building from being a pure-play EPC into power sector and now transforming to a digital infrastructure platform.

This is not just a change in branding, but it's a change in our DNA. We are leveraging our deep expertise in power sector, which is after all the main raw material or input on the digital age to build high-value assets in data centers and smart metering. Our vision is simple, to bridge the



gap between traditional power infrastructure and the new digital economy. We are using technology not just to build, but to own and operate assets that generate long-term annuity-like cash flows.

The macro landscape is a tale of 2 super cycles. Why make this pivot now? The answer lies in convergence of 2 massive super cycles currently reshaping the Indian economy. First, the power transmission super cycle. India's power landscape is shifting dramatically. A new Central Electricity Authority has revised the financial year '27 peak demand projection upward to over 277 gigawatts to meet the national goal of 500 gigawatts of renewable energy by 2030. The country requires a staggering investment of INR2.5 lakh crores in national transmission infrastructure.

The government is making this up with unprecedented fiscal support. The Union Budget recently announced a massive INR2.99 lakh crores capital outlay for the power sector, a staggering 39% increase over last year.

This includes streamlined right-of-way processes and strong incentives for high-voltage intrastate strengthening schemes also. This is our home turf. Our historical dominance in EHV substations and particularly in 400 and 765 kV, STATCOM solutions, GIS and AIS solutions and technologies positions us as the primary beneficiary for these spendings.

Second super cycle is of the data center exposure. Simultaneously, India is witnessing a digital exposure. According to industry reports from CBRE and JLL, operational data center capacity has already crossed 1.2 gigawatt with utilization rate hovering around 80%. The demand is shifting rapidly from basic storage to high-density AI-led computing.

And the budget 2026 magically has introduced a tax holiday on qualifying foreign cloud income until 2047, which now has been clarified to be available for domestic players as well, where global workloads are served from India-based data centers via Indian reseller structures.

This materially reduces permanent establishment risk for hyperscalers and is expected to accelerate the shift of long-term compute to India, expanding demand for Indian-owned platforms like ours. Techno Electric sits exactly at the intersection of these 2 cycles. You cannot have AI without power. You cannot have a stable grid without digital intelligence.

Financial performance by report card. Let's translate this strategy into numbers. I'm proud to report that Q3 financial year '26 has been a period of resilience, growth and operational normalization and our year-to-date numbers are best in our history so far.

I'm pleased to share that in the 9 months ending December 2025, we have already delivered a revenue of INR2,200 crores, which is nearly equivalent to the last year's top line. This brings us very close to a full year revenue of -- '25 revenue, reflecting the strong momentum in our business and the consistent execution by our teams.

We have achieved a robust 26% year-on-year growth in revenue, clocking INR857 crores for the quarter. This validates the [maudible 0:09:03] we had anticipated. More importantly, look



at our profitability. The Q4 in addition will be a growth over the last year, which will be -- as you know, is always the best among all the quarters of a year.

Our profit after tax grew by an impressive 45% to INR151 crores. The fact that profit growth is outpacing revenue growth determines significant operating leverage and productivity benefits in our model. Consequently, our EPS for the quarter stands at INR13, up 45%, from INR9 last year.

Ma'am, will you like to take up now?

Shivani Chandok:

Thank you, sir. So looking at our 9 months performance, our revenue stands at INR2,209 crores, which is up 39% from last year. Our core EBITDA has grown 40% to INR315 crores. Our PAT has surged 49% to INR373 crores and our EPS for the 9-month period stands at INR34.3. As you'll notice that our core EBITDA margin normalized to 14.14% this quarter. I want to address this directly. This is not a flip, but it's a systematic upgrade.

During the quarter, while in the process of digitization, we have rolled out our EBS Connect platform to institutionalize data accuracy across our projects. Our initial operating expenditure associated with this deployment led to a marginal decline in EBITDA margin. However, this strategic investment enables us to capture site level variables with 100% fidelity, calibrating reporting blind spots typical in EPC operations and strengthening governance to manage our INR10,000-plus crores of order book going forward.

Our financial strength lies in the cash and liquid investments, which stand at close to INR1,925 crores. This liquidity is our strategic edge as it provides us with the flexibility to fund our investment plan in digital infrastructure without diluting our equity or taking high-cost debt.

P.P. Gupta:

Yes, ma'am, let me take over now.

Shivani Chandok:

Yes, sir.

P.P. Gupta:

Coming to strategic pillars now, the data center growth engine, which you all know. Now let's deep dive into our growth engine, starting with data centers. This is where the true beauty story begins. We are not just building shelves. We are building AI-ready, high-density ecosystems. Our strategy is a dual prolonged hyperscalers plus edge.

Our first hyperscale projects in Chennai, the flagship facility with a total planned capacity of 36 megawatts, continues to be a key milestone in our growth journey. I'm pleased to share that the Phase 1 with 6-megawatt capacity has been fully operational, operationally ready since September '25. This facility is delivering an industry-leading PUE of 1.3 and better reflecting our strong focus on operational efficiency and sustainability.

Based on the current demand visibility and recent major announcement supporting digital infrastructure, our discussions with both global and domestic cloud operators have accelerated meaningfully. We expect Phase 1 to be fully utilized by the first half of the financial year '27.



With increasing interest from hyperscalers, we are optimistic about commencing new strategic business relationships during financial year '27. In line with this demand momentum, we are initiating construction of the next phase at Chennai in financial year -- in the coming financial year.

Beyond Chennai, we are moving fast. In Noida, construction is progressing at full pace. We expect the first 500 kilowatt or 0.5 megawatt to become operational by March this year, followed by an additional 5 megawatt getting ready by March '27.

In Kolkata, we have commenced construction of a 16-megawatt facility spread across a 4-acre plot within a prime data center cluster called Silicon Valley. Phase 1 commissioning is targeted during 2027 late -- late 2027. Given we are power engineers, we use our in-house EPC expertise to build these centers in shortest time with significant cost savings and faster time to adapt to markets.

Second, the edge network. This is our unique differentiator. We have a 20-year revenue sharing partnership with RailTel to deploy 100-plus data centers -- edge data centers across India. The Gurugram facility is already live and fully occupied. Mumbai goes live by end of this month and will be occupied before close of this year.

The economics here are compelling, where they are utilizing about 60% of the capacity. We monetize the rest. But here is the key metric. Project revenue in these edge facilities is better, and we are selling managed cloud services, not just space. We have already onboarded our first cloud customer, and the response is extremely encouraging.

While financial '26 year revenue will be very modest due to initial migration time lines, we are at an inflection point. We are working hard to ensure that in financial '27, we must achieve INR100 crores plus revenue as a top line. But look at the quality of the revenue. The revenues comes with 50% to 60% EBITDA margins, nearly 4x of our EPC margins. This is the quality of earnings shift we are driving.

The next pillar is smart metering and annuity income. Our second digital pillar is smart meters, AMI. The segment transforms us from a contractor to a service provider. We hold a massive order book of 2.24 million meters out of -- valued at INR2,612 crores under the RDSS scheme, having already deployed 2.5 lakh meters under PMDP scheme.

As of December, we have executed approximately 50% of this order book. And we are targeting the completion of the Indore and Ranchi -- Indore facility by March end and Ranchi projects by June '26. The Kashmir and Tripura project will be completed by December '26.

However, I want to highlight a strategic shift here. We are seeing margin pressures in some new tenders in this space. As of now, we are keenly watching them, and we have adopted a profit over value strategy as usual. We are becoming selective. We are -- we will not be chasing every opportunity, but the right ones to continue to be giving a stronger bottom line.



The long-term value here is an annuity model. Once installed, these projects shift to an O&M phase, providing steady, predictable cash flows that will have balanced the lumpiness of our traditional EPC business.

The conventional business and our cash cow as of today is the EPC in power sector. While we reach for the distant sky, our feet are firmly planted on our EPC bedrock. This business generates the cash that funds our transformation.

As of December 31, 2025, our order book stands at INR10,200 crores. Between April '25 and February '26, we secured an order book of roughly about INR2,500 crores in new confirmed orders. And we are additionally placed L1 in tenders worth another INR750 crores. This positions us well to achieve our target of INR3,000 crores in new orders during the current financial year.

Our fundamentals remain strong. We are not a commodity player. We focus on complex, high altitude, high-voltage projects, challenging opportunities in EHV segments of 765 or 400 kV categories. We avoid low-margin transmission line businesses. The technical entry barriers allows us to consistently deliver EBITDA margin of 13% to 15%, while industry peers struggle at single digits.

We are acutely aware that growth cannot come at the expense of stability. We have identified cases and have active migration mitigation strategy in place, client consideration. Historically, we had top 2 clients, but now we have more than 5 of them. And we are also actively diluting this by scaling up our data center and smart metering verticals, diversifying our revenue base.

Large-scale digital projects face global supply constraints. Our mitigation is our litigation -- legacy in this space. We have 40 years of relationships with global OEMs like Schneider, Vertiv, GE, Siemens. This gives us supply to our new entrants. In data center, technology moves fast. That's why our new designs are in media [maudible 0:20:12] from day one. We are not retrofitting all designs. We are building for the future. So what is -- now I'm talking of future outlook. So where are we heading? For'26, my guidance will continue to be on revenue of INR3,300 crores to INR3,400 crores and a EPS of nearly INR15, around INR15.

In brief, I would like to say that Techno Electric is at the most exciting juncture in its four decade history. We have the technical expertise having built more than 50% of India's grid. We have financial muscle with zero debt and INR2,600 crores in cash at the console levels. We have the digital strategies spanning data centers, cloud and smart meters. We have the market tailwind fuelled by budget '26, which have made data centers tax free and the power super cycle. We are not just observing the digital revolution, we are building the infrastructure that powers it. With this, I open the floor for any more clarifications.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar:

Good afternoon sir and thanks for the opportunity. So my first question is, sir, what kind of revenue growth you expect in FY '27 given the current order book? And are you facing any

execution challenges which can lead to some kind of downward revision in our EPS guidance of INR75 in F '27?

P.P. Gupta: As of now, we are not anticipating any challenges. And mostly every opportunity becomes a challenge by virtue of delayed availability of land parcels from the asset owners. But other than that, we generally don't see any challenge right now.

Mohit Kumar: Understood. So maintaining the guidance of INR75 in F '27. Is that correct?

P.P. Gupta: Yes, absolutely.

Mohit Kumar: So my second question, sir, the order inflow has been subdued in last 9 months compared to what we did in F '24 and F '25. Can you just talk about the order prospect in transmission for F '27? How do you think about the F '27 in terms of the order inflow?

P.P. Gupta: Mohit, this is a little double-edged question to my mind. There is ample opportunities in the market, but we are becoming more choosy till we build up our ability to deliver more in the sector. We are a man-based industry. You can see in 3 years what we used to deliver in a year has become a quarterly output. So that is the kind of growth we're seeing in the last 3 years.

Sustaining this level of growth often can be prejudicial at times. So we believe in discipline and continuity of performance. So we will like to limit our order intake and not -- and learn to say no to many orders unless they are juicy and bottom line accretive. So there is no death for business in this marketplace given the business profile, but we will not like to book more than INR3,000 crores to INR3,500 crores going forward, till such time my top line grows to INR5,000 crores and beyond.

Mohit Kumar: Understood. My last question, sir, how much you invested in the smart meter and TVCB till date?

P.P. Gupta: Yes. In smart meters, we have already invested about INR1,000 crores, you can take. And in TVCB, our investment is about INR500 crores.

Moderator: The next question is from the line of Ravi Naredi from Naredi Investments. Mr. Ravi, there is a lot of disturbance from your line.

Ravi Naredi: Sorry. Now you won't get any disturbance. Sir, it is really, I can say, a fantastic result so far. Sir, how much debtors outstanding since long in our books like the Bengal Energy Limited and this Afghanistan projects? How can we say how much is pending?

P.P. Gupta: Yes, very little in amount. Bengal Energy is a very legacy issue of where they did not pay our retention money of INR15 crores only. And arbitration is going on. I think any day we'll get the award. In Afghanistan, it is much advanced now. Our total outstanding of 8 million plus have been certified by debt and found it to be enough for payment. We trust in Q1 we should get this money.

Ravi Naredi: Okay. And sir, please tell some detailed commentary about data center. How our Chennai is working? How is the top line and bottom line of Chennai?



- P.P. Gupta:** It's a bit early to talk, Mr. Ravi. We are still work in progress if you ask me. Demands more hard work. And I think this is a -- still a -- this market of data centers is very different than power centers. So I think we'll be more in a position to speak on it by September '26.
- Ravi Naredi:** September '26 it will be fully gearing up, right?
- P.P. Gupta:** Yes, till we have a lot more clarity to say, clearly that this is how it will plan out. But I'm very sure of one thing if you ask me. By '28, '29, data center will -- digital infra will become the face of the company. It will be other way around. Yes.
- Ravi Naredi:** Some data center we are planning with RailTel also?
- P.P. Gupta:** Yes, absolutely. Noida is with RailTel. Edge data centers are all with RailTel.
- Moderator:** Thank you very much. The next question is from the line of Shrey Gandhi from CR Kothari & Sons Stock Broking.
- Shrey Gandhi:** My question is regarding the data center segment. So how much capex are we planning for the next year for Chennai, Kolkata and Noida? If you can give a brief state wise?
- P.P. Gupta:** Yes. Our planning is around INR500 crores to INR600 crores in data centers in '26, '27.
- Shrey Gandhi:** Can you give a brief like how much in Chennai and Kolkata and Noida in Phase 1 and Phase 2, respectively?
- P.P. Gupta:** No, Kolkata -- as Chennai is concerned is a part of the audited accounts in March and you will see we have spent by now about INR550 crores in Chennai and maybe another INR50 crores more, if required to suit to build to some applicants, some entities, some hyperscalers' requirements. And additionally, I'm giving these budgets for '26, '27, April to March '27. That will be another about INR600 crores in Noida and Kolkata. And also maybe three to four edge data centers.
- Shrey Gandhi:** Okay. And how are we planning to depreciate to data center? What is our policy regarding that?
- P.P. Gupta:** There is no policy as of now. We'd like to hold on it and build on it as I've already stated in my submissions.
- Shrey Gandhi:** Okay. And how is the customer onboarding going right now in Chennai? Have we acquired any major customer there?
- P.P. Gupta:** We are in a silent period with some hyperscalers. We cannot announce, but discussions are going on with many more. If there is a very active interest, I can share that with you.
- Shrey Gandhi:** Okay. And my last question is, how are we seeing the opportunity -- since Google has announced that they are setting up a data center. So how are you seeing [inaudible 0:31:09]?
- P.P. Gupta:** Can you repeat your question?

- Shrey Gandhi:** How are we looking at the opportunity of the data center segment in which the Google has announced 1 billion investment in Visakhapatnam? How are you looking at our share in that?
- P.P. Gupta:** 1 gigawatt.
- Shrey Gandhi:** Can you share that?
- P.P. Gupta:** Yes, we won't be interested in doing any EPC for Google. But if they need any data center as a suit to build, we will be very keen to be partner in that. And we are talking to them, but anyway, they will need a lot of power infra behind it.
- Moderator:** Thank you. The next question is from the line of Anmol Mittal from SMC Private Wealth.
- Anmol Mittal:** My first question is regarding -- given the commentary given -- guidance often focus on standalone performance. Could you please explain why standalone is a preferred metric for tracking business health and whether consolidated number will be more relevant going forward?
- P.P. Gupta:** In my mind both are relevant here, but it depends on the investors which one he wants to rely more, because console also inbuilds the future, where as standalone is of the very period of the entity as a HoldCo as a face of the entity, or conventional return.
- Anmol Mittal:** Okay, sir. Can you provide Q4 FY 2026 guidance on revenue and PAT separately for standalone as well as consolidated operation? What are the key assumptions behind the guidance?
- P.P. Gupta:** I thought I have already shared with you. I said Q4 will be upside over the last year and our target is to achieve INR3,400 crores around and A EPS of INR50 as a standalone.
- Anmol Mittal:** Okay, sir. And on the other income part, it is a meaningful contributor to overall profitability. So could you please share a future outlook on how much other income can we take in next quarter or in next year also?
- P.P. Gupta:** You can take the same amount year-on-year. It is well managed treasury with us, we're very secured and you can take around INR150 crores per year.
- Anmol Mittal:** INR150 crores.
- Moderator:** Thank you very much. The next question is from the line of Shreyans Gathani from SG Securities.
- Shreyans Gathani:** I had a question on the data center strategy. So just trying to understand, are we in the future looking to dispose of these assets like we did for the power transmission assets, maybe give it - lease it out. Otherwise, it's like a big capex-heavy business where we'll probably need to raise money. So how are you looking at that strategy?
- P.P. Gupta:** Can you repeat your question? I think the question is a little confusing.



- Shreyans Gathani:** No. So what I meant is like once you have your data center ready and leased out, are you looking to sell it how we did for the transmission assets, where we get the higher return and then we sell it out to some infrastructure trust or something like that?
- P.P. Gupta:** Not for next 2, 3 years as of now. We first want to build the scale as a platform. And we may look for investors at the platform level and not exit the asset like transmissions.
- Shreyans Gathani:** Got it. Okay. So what kind of capex are you looking at in the next 3 to 5 years in this segment then?
- P.P. Gupta:** We have stated our outlook that we are looking for a capex in data centers of no less than INR5,000 crores over next -- by 2030.
- Shreyans Gathani:** Okay. Sir, previously you had mentioned that the margins would be around 70% to 80%. This call, you said it's around 60%. So I don't know if I -- if those are comparable or I'm looking -- understanding differently?
- P.P. Gupta:** No. Look, these margins.
- Ankit Saraiya:** Let me answer that. So basically, you see when we talk about a margin of 70%-odd, we talk about in a situation where the data center is getting purely leased out or only on a pure lease model. But when we start building services on top of the data center such as bare metal services or cloud services, it ends up improving the top line, but obviously, it also impacts the EBITDA. Though the absolute number in EBITDA and top line improves, the margin levels are not the same comparable to a pure-play colocation lease.
- Shreyans Gathani:** I see. So we are not providing racks as such. We are providing additional services. If you could elaborate on that, that is not something that?
- Ankit Saraiya:** Yes. So we are building on additional services. Today, we target to generate at least 20% to 30% of your revenue out of additional services, while 70% to 80% might come out of pure-play co-location.
- Shreyans Gathani:** Got it. That's good to know.
- Ankit Saraiya:** And I think in the beginning of the call during the introduction phase, we also mentioned that we have already onboarded our first customer for bare metal services and we have also onboarded our first customer for cloud services.
- Shreyans Gathani:** Got it. And when would the rest -- how long would it take to operationalize the entire 36 megawatt in Chennai? Would it be as and when you get customers or is it going to be like one shot kind of an expansion?
- Ankit Saraiya:** So it will largely depend on how we are -- how smoothly and how fast we are able to acquire customers. We will not be expanding speculatively. But given the way industry is evolving and rapidly evolving, I believe that we should be commissioning the entire capacity and maybe more within the next 2.5, 3 years. We might just be required to expand our Chennai project beyond what we initially envisaged.



- Shreyans Gathani:** Okay. So we have capacity there too, like additional capacity that we can expand to?
- Ankit Saraiya:** Yes. So the project can actually be expanded up to at least 45 megawatts, whereas we have currently executed somewhere around 34 to 36 as of now.
- Moderator:** The next question is from the line of Prasanth Gopal from Spark Asia Impact Managers Private Limited.
- Prasanth Gopal:** Sir, can you provide approximate per megawatt cost for your data centers now?
- Ankit Saraiya:** We'll assume around INR40 crores safely.
- Prasanth Gopal:** Okay, sir. That helps.
- Moderator:** The next question is from the line of Gaurav Shukla from Finvestors. Please go ahead.
- Gaurav Shukla:** Congratulations, sir, for good set of numbers, and thank you for giving me opportunity. Sir, when we see the reality in stand-alone mode and consolidated mode, depreciation is different, in stand-alone INR2 crores and in consolidated INR9 crores. Please explain this, sir?
- P.P. Gupta:** Yes. It ought to be different here because in stand-alone is the EPC piece, and we don't own many heavy value equipments. They are mostly rented out for the purpose of construction. But when you consol, the assets deployed or owned by those subsidiaries or SPVs, they have to have an impact on the depreciation of the equipments. So obviously, in a consol mode, the depreciation will always be higher and growing more going forward.
- Gaurav Shukla:** Okay, sir. And sir, your guidance which you have given for 50 EPS, that is consolidated mode or stand-alone mode?
- P.P. Gupta:** I have given on stand-alone mode. But consol mode will also not be very different. It will be within plus/minus 5% only.
- Gaurav Shukla:** Yes, that is right. INR7 crores difference is made in PAT also. Okay. Thank you, sir.
- Moderator:** The next question is from the line of Krupa Desai from Electrum PMS. Please go ahead.
- Krupa Desai:** Yes. Hi, sir. I'm actually new to the company, so some basic questions. Sir, my first question was on smart meters. So in smart meters, we are saying that we have more than INR2,000 crores of order book, where we would be installing more than 2 million meters. So sir, how much capex we would be doing per meter? How much revenue we are generating? And what are the EBITDA margins here? That was my first question.
- P.P. Gupta:** You have more questions or you are done -- this question only?
- Krupa Desai:** No, there are more questions. But on smart meters, this was the question.



- P.P. Gupta:** Ma'am, the question is a little tricky. I think you need to see the whole value chain of it. When the concession is given to us by the customer, it is always on a per month per meter basis with some grant inbuilt into the concession. And now this is also inclusive of GST also.
- So it's a bit difficult to compute per se. But whatever concessions we have got with us, you can easily say that our margin -- EBITDA margin will be around, you can say, 20%. But we are not recognizing in the books again. That is the difficulty because it involves a lot of time and discounting because they happen over 10 years -- 94 months.
- So there are a lot of computations involved in terms of the time value, in terms of the taxes, in terms of the back-to-back arrangements with the people providing the services to us. Sometimes they are upfront and sometimes they are also standard on month-on-month basis. So different business models are deployed in it. But overall, I can say we are in a good shape in this space. Like transmission, we'll be exiting on profit only if we decide to.
- Krupa Desai:** Okay. So it would be difficult to give capex per meter?
- P.P. Gupta:** No -- there's no difficulty, ma'am, but there can be different modes of computing it and the numbers can again change.
- Krupa Desai:** Okay. And sir, how much capex we will be doing going ahead in this space, as we have already done some INR1,000 crores you said. So going ahead, we would do more capex in this space, smart meters?
- P.P. Gupta:** Yeah, we have to complete our assignment of 2.24 million meters. And definitely, our total capex will be around INR1,500 crores.
- Krupa Desai:** Okay. And sir, my next question was on the data center. So you said the per megawatt cost is around INR40 crores. How much revenue can we generate per megawatt?
- Ankit Saraiya:** You can take a revenue -- if you are doing a pure colocation, you may take a revenue of about, I would say, INR8-odd crores. And the moment we bring in bare metal services and cloud services, it is 3x.
- Krupa Desai:** Okay. Okay. Those are the two questions for now. Yeah. Thank you for answering my questions.
- Ankit Saraiya:** Thank you, ma'am.
- Moderator:** The next question is from the line of Ashish Soni from Family Office. Please go ahead.
- Ashish Soni:** Sir, this new data center policy, do you think you will want to expand more into data center against your stated goal of 250 megawatts by, I think, 2030?
- Ankit Saraiya:** I think we need to firstly see the impact of the announced policy. It sounds very motivating and very encouraging to the industry and especially global players who were refraining, if at all, because of taxation inequalities. But if it truly makes a difference, we will surely expand beyond what we have -- what we planned when we entered the industry in '21.



And as we speak, we are seeing good interest from large-scale data center users, whether it is hyperscalers or Neo cloud, into the Indian market, and they are looking at capacities of very, very large size. So yes, it is quite possible that very soon we will -- we might have to revise our entire plan, and hopefully so.

Ashish Soni: And just another question on this Google setting up 1 gigawatt in, I think, Vizag. So what sort of services, if at all, you want to do for other customers like that? Will you be -- from your gamut of services you'd like to do, which is not -- what I think -- some clarity was given by Gupta sir, but I didn't understand what -- are we planning to play there or we don't want to play in this space for other customers?

Ankit Saraiya: See, we want to remain to participate in this industry as a developer, as an operator and going forward as a managed service provider and a network service provider. These are the 4 products and services that we want to keep providing. Within that, there are many products and services, but these are the 4 verticals. And that's the reason in our entire discussion, we try to keep EPC out of the content of the discussion itself because we want to limit to be a developer today.

While having said that, because when large-scale data centers of gigawatt capacity or even 0.5-gigawatt capacity comes up, there is a larger requirement for power infrastructure. And if we are playing as a power infrastructure provider, over there, we can look at providing our conventional or traditional business services like EPC. But when it comes to data center itself, these are the 4 buckets I would put it.

Ashish Soni: And in next 2, 3 years, what is the mix in terms of business you're anticipating right now in data center and your core business, maybe including smart meter in the core?

Ankit Saraiya: I didn't get your question. Could you repeat? In what terms?

Ashish Soni: Okay. In terms of the percentage of revenue or the profitability in 2, 3 years, where do you see data center like mix, 30%, 40% sort of thing, compared to your core services, including smart meter you can say?

Ankit Saraiya: So you see data centers are -- data center balance sheet will look very different than what we have in EPC because profit margins are different, top lines are quite different. They are not very heavy on top line, but they give good EBITDA margins. The PAT gets subdued because of depreciation, but it's always positive cash flow.

Therefore, the contribution towards the total balance sheet from data centers might look different at different line items. But I would be confident to say that within 2, 3 years of time, we should be able to target -- we should target a top line from data centers of close to around -- maybe around INR400-odd crores, maybe INR300 crores to INR400 crores.

Ashish Soni: And can you elaborate on this networking services you spoke about the service for data center? What exactly do you want to do there?



- Ankit Saraiya:** Yes. So we have recently been awarded a license. We've actually succeeded in getting a license from Department of Telecom to provide network services within the city of Chennai. And what it helps us to do is aggregate bandwidth into our data centers and sell that bandwidth to the end customer who is leasing racks or end services within those data centers from us. So this becomes an additional set of revenue for us apart from what traditionally data center brings.
- And it's a good achievement because getting a license is also a procedure. It requires you to achieve certain qualifications. And we've been able to break through that, and we've finally got the license and we'll be starting generating revenue out of network services, though very, very small, but from this quarter itself.
- Ashish Soni:** But that will be only for Chennai? Or do you think it will expand it to wherever you're going to operate?
- Ankit Saraiya:** We will expand it. We will expand it. We will expand the license itself that is under planning. But we are starting with Chennai because that is the commissioned capacity today with us.
- Ashish Soni:** And how much margin there or is this an add-on service you're thinking right now?
- Ankit Saraiya:** So we can expect a margin of around 40% to 50% from network services.
- Ashish Soni:** Okay. But it will be like miniscule portion of your data center revenues or if you include right, overall revenue wise?
- Ankit Saraiya:** It may not be a significant portion, but it will have a significant contribution to EBITDA of the data center.
- Ashish Soni:** Thanks and all the best.
- Ankit Saraiya:** Thank you.
- Moderator:** The next question is from the line of Jainis Chheda from Kemfm Family Office. Please go ahead.
- Jainis Chheda:** Good afternoon, sir. Sir, my question is with regards to smart meters. I just wanted to understand that you said you have done a capex of INR1,000 crores and the INR1,500 crores capex. So there's incremental INR500 crores or incremental INR1,500 crores capex to be done in smart meters?
- P.P. Gupta:** No, no, no. We said total is INR1,500 crores. And out of that, INR1,000 crores is committed already. That is what we are talking and that will be the number by the close of the year or so.
- Jainis Chheda:** Okay. And how do we follow the...
- P.P. Gupta:** It is nothing quarter specific. I must make it clear. capex is one of the...

- Jainis Chheda:** Right. I understand that. But in terms of accounting, how are we following the accounting that, as you said, you are getting it per meter basis and then capex, it's not the part of your fixed assets, I assume, I see from the annual report. So how are you following the accounting in terms of revenue capex as well as expensing out the entire thing?
- P.P. Gupta:** There are separate SPVs for each concession. And they are doing their own accounting, which becomes part of the consol.
- Jainis Chheda:** No. But the amount you get while installing the smart meter, you show it in your revenue or you are still capitalizing the entire thing?
- P.P. Gupta:** The cost of deployment becomes part of the revenue for EPC company. And it is capitalized in the SPV per se. And then SPV generates its own revenue as a grant and on PMPM basis as eligible.
- Jainis Chheda:** So that SPV would be depreciating the meter over a period of 10 years, right?
- P.P. Gupta:** Yes. Actually, in this case, I don't think depreciation is required. Basically, it is amortized, you can say.
- Jainis Chheda:** Okay. So eventually in the consolidated balance sheet, this number should be capitalized capex of INR1,000 crores work in progress of INR1,000 crores either of the two. It should be there in the consolidated balance sheet, right?
- P.P. Gupta:** Yes, it will come. But when only they go live, like I said, one concession to go live in March, one goes live in July, June, July and rest two will happen in December. You are right. When they get go live, it will happen like that. Till then it is kind of in deployment mode.
- Jainis Chheda:** Okay. So revenue will start flowing once it goes live. So even in the top line on the consol basis, there won't be any revenue as of now?
- P.P. Gupta:** Again, this is the dubiousness in our government policies. Government starts using even say, I have to deploy in a given concession 0.5 million meter. But even if I have deployed, say, 50,000 meter, the revenue starts there. But definitely, the whole scheme is not complete. Those contractual obligation stats. So as a conservative approach is to capitalize them when whole deployment happens and go-live certificate is obtained from the customers. But revenue happens on system acceptance test we call stats.
- Jainis Chheda:** Okay. So how many are expected to be deployed in March, number of meters?
- P.P. Gupta:** Till March, it should be about 1.4 million.
- Jainis Chheda:** 1.4 million in March? Okay.
- P.P. Gupta:** Up to March.
- Jainis Chheda:** Up to March. And total, it's 2.5 million, right?



- P.P. Gupta:** 2.24 million.
- Jainis Chheda:** 2.24 million. And in the previous call, we have...
- P.P. Gupta:** There is amendment to it. Customers also seeing the progress can enhance the requirement by 25%. That is a part of the contract.
- Jainis Chheda:** Okay. And by '25, we are saying we want to target up to 5 million by 2031 in the previous calls, right? Just confirming that.
- P.P. Gupta:** No, no, no. We have never set a target of AMI to be 5 million or so. We'll continue to scout for good opportunities. If we find it rewarding, we may do 5 million or maybe more. But as of now, the government is more keen to deploy whatever stands on it. And very few new tenders are happening in this space as of today because the performance of the industry is not very good. Probably Techno is the best where we have deployed more than 50% of the concessions backed by us, others performance is only ranging from 15% to 25%.
- Jainis Chheda:** Okay. Thank you so much. That was it from me.
- Moderator:** Thank you very much. Ladies and gentlemen, due to time constraints, that was the last question. I would now hand the conference over to the management for the closing comments.
- P.P. Gupta:** Yes. I once again like to -- just a minute, Suraj. I would like to thank you for your continued trust and partnership. And I was really delighted for insight, questions being sought by all of you. I'm now happy to say that you are welcome to visit us whenever you are this side of the country, either to our Gurgaon office or to Kolkata, and we'll be happy to address any other questions you have for our ongoing work. Please e-mail us if you need any more details.
- Moderator:** Thank you very much, sir. On behalf of Asian Markets Securities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.