"Techno Electric & Engineering Limited
Q4 FY'26 Earnings Conference Call"
May 26, 2026

MANAGEMENT: **MR. P. P. GUPTA – CHAIRMAN AND MANAGING DIRECTOR – TECHNO ELECTRIC AND ENGINEERING LIMITED**
MR. ANKIT SARAIYA –DIRECTOR AND CHIEF EXECUTIVE OFFICER – TECHNO ELECTRIC AND ENGINEERING LIMITED
MS. SHIVANI CHANDOK – VICE PRESIDENT, STRATEGIC INITIATIVE AND INVESTOR RELATIONS – TECHNO ELECTRIC AND ENGINEERING LIMITED
MR. AMIT AGARWAL – PRESIDENT, DATA CENTER – TECHNO ELECTRIC AND ENGINEERING LIMITED

MODERATOR: **MR. VIDIT TRIVEDI – ASIAN MARKET SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Techno Electric & Engineering Company Limited Q4 and FY '26 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 completes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference call is being recorded. I now hand the conference over to Mr. Vidit Trivedi from Asian Market Securities. Thank you, and over to you, sir.

Vidit Trivedi: Hi. Thank you. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you to the 4Q FY '26 Earnings Conference Call of Techno Electric & Engineering Company Limited. We have with us today Shri P. P. Gupta ji, Chairman and Managing Director; Mr. Ankit Saraiya, Director and CEO, representing the company; Shivani Chandok, VP, Strategic Initiative and Investor Relations; and Mr. Amit Agarwal, President, Data Center. I request Shri. P.P. Gupta ji to take us through an overview of the quarterly and yearly results, and then we'll begin the Q&A session. Over to you, sir. Thank you.

P.P. Gupta: Thank you, Vidit. Very good afternoon, ladies and gentlemen, and thank you for joining us to discuss Techno Electric & Engineering Company Limited's financial results for the Q4 and the full year ended 31st March 2026. Before I begin, a quick note on forward-looking statements. Anything we say today about the future should be read along with the usual risks and uncertainties that affect our industry sector and in turn our company. Let me begin with the key highlights in financial year '26.

We continued our trajectory of delivering all-time high revenues for the company. We executed with discipline across all our business segments. delivered resilient operational and financial performance and are entering the new fiscal year from a position of strength. Two structural trends gives us strong confidence as we look ahead.

First, the Union Budget's continued support through tax incentive for cloud and digital infrastructure is a significant positive for data center business. Second, India's transmission sector continues to present a strong multiyear growth opportunity, and we believe we are well positioned to participate in this expansion as a key entity in this segment.

Importantly, we are at a critical inflection point where reliable power infrastructure is becoming crucial and central to the data center ecosystem. This convergence is creating new opportunities across both our transmission and data center businesses and strengthening the strategic alignment between the 2 segments. However, currently the operating environment driven by global wars and supply chain disruption have added some cost pressure in the near term and we expect this may continue to impact the next few quarters as well unless resolved as promised in near future. The company is geared up for the same.

We are actively managing costs, optimizing our procurement and staying disciplined in execution. We are confident that as these external factors normalize, our margins will steadily move back to their structural levels or better. Our priorities still have not changed, disciplined execution, efficient use of capital and long-term value for the shareholders. Our transmission and distribution, we first take up businesses segment-wise. First is the T&D business. Our transmission and distribution business continues to demonstrate very strong momentum.

India's energy demand is rising rapidly, driven by industrial expansion, the growing scale of data centers and the accelerating transition towards renewable energy. As power demand increases, the need for robust transmission infrastructure becomes inevitable, and this is precisely where we are strategically positioned.

We are witnessing a steady pipeline of opportunities across extra high-voltage transmission corridors as the country continues to strengthen and expand its energy backbone. Our unexecuted order book as on 31st March 2026 stands at almost INR9,600 crores. We have secured fresh orders after March '26 for about INR386 crores, a very interesting order will detail later. And L1, we have placed L1 in another bidding worth about INR810 crores, which adds to our execution pipeline and gives us revenue visibility going forward.

As India advances towards a more digital and intelligent grid digital substation represents the next frontier of power infrastructure modernization. Our early investments and positioning in this space provide us with a meaningful competitive advantage as the country accelerates its grid transformation agenda.

We are among the early movers in this domain and our recent order for a 132 kV digital substation at 4 locations in DVC Grid Command area is one of the most advanced of its own kind in India. And this marks a significant milestone in our smart grid journey. It reinforces our capability to deliver generation next infrastructure aligned with the evolving needs of the power sector.

This reflects not only the strength of identifying market opportunities, but also our disciplined approach to growth, remaining selective in bidding, maintaining strong execution practices, standards and staying focused on prudent risk management. Market outlook. India's power story is unfolding faster than anyone projected. Over the last 4 to 5 years, India's power sector has undergone a significant transformation characterized by rapid capacity expansion, accelerated renewable energy deployment, grid modernization and major policy reforms.

The sector has moved steadily towards cleaner energy while simultaneously ensuring the reliability and energy security to meet the rising electricity demand driven by economic growth, urbanization and digitization apart from electrification. As per the CEA long-term national resource adequacy plan of March 2026, the peak demand in financial year '25 stood at 250 gigawatt, up from 190 gigawatt in the financial year '21.

And by January '26, before summer even began, we already had touched 245 gigawatt. -- summer broke every record India met an all-time peak of 271 gigawatt on May 21, 2026, and the CA projects demand reaching 289 gigawatt by financial year '27 and 459 gigawatt by financial year '35, nearly doubling within a decade.

To meet this, India must build a 1,120 gigawatt generation portfolio by financial year '35, '36 from about 520 gigawatt today and largely through renewable sources. By financial year '36, 70% of India's installed capacity will be non-fossil, up from 52% today. But as you are aware, none of the generation reaches is consumer without transmission.

As electricity demand continues to grow at an estimated 6.4% CAGR through 2030, pressure on India's transmission network is expected to intensify significantly. The challenge ahead is no longer linked to adding generation capacity. It is about building a transmission infrastructure capable of evacuating and delivering renewable energy efficiently across the country.

This becomes particularly important as renewable energy capacity continues to export in the home switch states such as Rajasthan, Gujarat, Tamil Nadu, Andhra Pradesh and Karnataka, while demand centers remain geographically dispersed in this context. HVDC transmission is emerging as a critical technology for long distance renewable power evacuation with lower transmission losses and higher grid efficiency.

According to Kotak Neo, India's HVDC market is projected to grow from $15 billion in 2025 to $30 billion by 2035. As per CEA transmission plan between financial year '27 and financial year '36, 137,500 circuit kilometers of new lines and 827,600 MB of transformation capacity through new stations will happen.

Which will entail an investment of almost INR8 lakh crores approximately or US$85 billion. Techno Electric & Engineering Company remain deeply aligned with the infrastructure needs of the energy transition. Our expertise in 765 kV AIS/GIS execution, the highest voltage class in India's grid is precisely what this transition requires.

Every solar park evacuated, every wind corridor energized, every pump storage project integrated all run through high-voltage substations -- and just to remind, in last 3 decades, this country has, say, around 500 stations of 400 kV and above. Out of that, no less than 350 are built by the Techno Electric itself. So -- and even presently also, we are delivering no less than 6 to 7 stations out of 10 new stations in construction in the country. We have capability, we have a track record, and we have a decade of policy backed investment certainty behind us.

Now I hand over to Mr. Ankit Saraiya for data center business update.

Ankit Saraiya: Thank you. Let me now take you through our data center industry outlook as well as business vertical, which is a transformative chapter for Techno Electric. India's data center industry has clearly moved from potential to execution at scale. As per MeitY the total data center capacity in the country has increased from about 375 megawatts in 2020 to around 1,500 megawatts by 2025. While by conservative estimates, the industry is expected to grow to 4.5 gigawatt by 2030.

As per many sectoral reports, the capacity may as well jump to 8 gigawatt, driven by the surge in data consumption, rapid cloud adoption, regulatory data localization rules and the increasing use of artificial intelligence.

The expansion will require an investment of more than $30 billion, driven by massive investment in digital infrastructure and GPUs. The union policy is also providing strong structural support to the industry. The Union Budget '26, '27 introduced a tax holiday until 2047 for eligible foreign cloud service providers operating through India-based data center infrastructure, a move experts estimates could unlock almost about $100 billion in investments, significantly strengthening India's position as a global cloud and AI infrastructure hub.

In this environment, our differentiation is clearly power-led. As AI workloads and high-density computing push up power requirement, the industry's biggest constraint is increasingly reliable power infrastructure and ability to execute it. Given our track record and heritage in transmission and mission-critical electrical systems, -- we believe we are well positioned to capture the next phase of growth in India's data center industry.

Some key operational highlights around the data center business, starting with our data center at Chennai. It became operational around September 2025. And just to give a basic idea about Chennai itself, the Chennai micro market has historically trailed Bombay, reflecting the limited presence of hyperscalers and BFSI customers. The 2 segments that drive the bulk of data center absorption, especially today in India and Bombay.

That said, Chennai has consistently seen steady demand from its large industrial base and IT/ITS sector. And it remains strategically important destination as it's the only other city besides Bombay connected to multiple submarine landing stations. The Chennai market currently has 6 to 7 operators, including Singapore Telecom, Nxtra, AdaniConneX, Sify, Equinix, NTT and Digital Connexion, which is a JV between Digital Realty, Reliance and Brookfield.

And amongst all these players, Techno Digital, we are the newest entrant and just been in operations for the last 6 months. And with no prior presence in this segment, we have already tied up 0.5 megawatt of capacity. We have active pipeline discussions for over 2 megawatts of capacity with enterprise customers and cloud operators. But we must recognize that establishing ourselves in this kind of competitive landscape with such large organizations will take time, but we remain confident that we'll be able to lease out the entire commissioned capacity within this financial year.

Looking ahead, the market is seeing growing -- we are seeing and market is seeing growing interest from global players. Chennai's proximity to Singapore, access to multiple subsea cable landing stations and competitive power cost, along with availability of renewable energy, positions it as a critical gateway for international connectivity. Evolving geopolitical dynamics in the Gulf are also reinforcing the case for network diversification and alternate routing beyond the Arabian Sea corridor.

And the demand arising out of these global factors tend to be available in near term and -- but in large in size, requiring immediate capacity. And therefore, we may as well plan for a Phase II expansion, ensuring that we have large capacity available for such requirements, which can be met on an immediate basis. The time becomes essence in delivering these capacities, especially of demands coming out of such evolving structures.

The first edge data center that came online was Gurgaon under partnership with RailTel, which commenced operation in August 2025. And we are fully subscribed in Gurgaon today. Customer billing started in September 2025 and contributes today almost a little above INR2 crores of annual revenue. The facility in Gurgaon provides co-location and cloud services to marquee clients across government and public sector utilities, and it is currently delivering on positive operating margin.

Our second edge data center went live in May 2026, and we today have active funnel of prospective customers across government and private enterprises, especially BFSI segment, and we are close to filling out the entire capacity and customer onboarding will commence soon as our network services become operational within Bombay Edge Data Center.

In addition, we plan to expand our edge data center footprint in Indore, Lucknow, Chandigarh, Vizag, Prayagraj with construction commencing at least 2 to 3 of these locations within this year. The rollout under the RailTel contract for edge data centers has been slower than anticipated, owing to land acquisition challenges at RailTel's end. But once the land is handed over to us, we will deliver these edge data centers within a year at each of these locations. This is a 20, 25-year-old -- 25-year long contract. And within that period, we are confident of delivering multiple edge data centers across the country.

Our Noida data center is on track, which is also being constructed in partnership with RailTel. Our first phase or you can say actually of 0.5 megawatt will be commissioned by June 2026. and we are already seeing strong demand, particularly from the government, and we expect that this 0.5 megawatt will be fully occupied by December '26. The construction of first phase, which is 5 megawatt is also on track and will be completed by May 2027.

The Kolkata data center is under construction and is progressing as planned and remains on schedule for commissioning by end of calendar year 2028. As our data center assets steadily move towards operations, we expect them to start contributing to our overall financials. Based on what we see today and the customer discussions we are having, we target around INR40 crores to INR50 crores of revenue from data center business in financial year '27.

The pace of ramp-up will depend on leasing closures, customer onboarding time lines and market conditions, but the demand environment and the positioning of our assets give us real confidence. We have also received a license from DOT to provide network services. We expect to gradually ramp up this business through financial year '27.

While on the business front, we have been moving increasingly towards digitization, including distribution through smart metering projects, smart grid and digital infrastructure. We are also undergoing a digital transformation within the organization, and it has become a core strategic priority for Techno Electric, and this is well beyond simply digitizing records.

Our digital agenda is anchored around 2 clear objectives. First, achieving full organizational visibility to support both internal and external audit requirements; and second, to build a robust framework to identify and mitigate operational risks proactively. A central enabler of this has been our EBS Connect platform, which we have rolled out across the organization to embedded data accuracy into the way we work. It captures and reports data in real time across all project sites and functions, significantly improving the quality, consistency and reliability of our financial and operational reporting.

We have also meaningfully strengthened our underlying digital infrastructure during the year. The cumulative impact of these initiatives is tangible. We are seeing significant annual cost avoidance, a more predictable order book to cash conversion cycle and measurable improvements in our operating cash flow outcomes. outcomes that reflect the real business value of our digital investments.

Shivani Chandok: Yes. Thank you, sir. So now let me take you through the financial performance for Q4 and full year ended March 31, 2026. I'm pleased to share that Techno Electric has closed FY26 on a strong note, demonstrating both resilience and sustained growth across our stand-alone and consolidated operations. Our results reflect the project-driven nature of our business and the nature of seasonality of execution. Historically, our performance has followed a 40-60 split between the first and second half of the year.

Q4 being the closing quarter has again contributed strongly to our full year numbers. On a stand-alone basis for the year, our revenue stands at INR3,252 crores, demonstrating a growth of 35.42% over FY 2025. For the full year, our EBITDA has reached INR448 crores, giving a growth of 36.44% over FY '25.

Our profit after tax for FY '26 stands at INR517 crores, a robust growth of 34.8% over FY '25, reflecting strong operational leverage and capital efficiency underpinned by our debt-free philosophy. Our stand-alone EPS for FY '25-'26 stands at INR46.6 compared to INR37.65 in FY '24-'25, a growth of approximately 24% year-on-year.

For the quarter, our revenue for Q4 is at INR1,043 crores with a growth of 28.5% over Q4 FY '25 and EBITDA reached INR132 crores, a growth of 28.6% over FY '25. On a consolidated basis, our full year results are as under. The consolidated revenue for FY '26 is at INR3,250 crores, a growth of approximately 43.3% over FY '25. EBITDA grew to INR462 crores with a growth of 36.13%. EBITDA margins remained healthy at 14.2%, although there was a slight decline as compared to the previous year.

Consolidated profit after tax reached INR449 crores, a growth of approximately 18.7% over FY '25. Our consolidated EPS for FY '25, '26 stands at INR40.74 as compared to INR37.19 in FY '24, a growth of approximately 10% year-on-year. On a quarterly basis, our revenue for Q4 is at INR1,010 crores with a growth of 23.8% and EBITDA at INR132 crores, a growth of 4.26%.

The quarter was impacted by certain macroeconomic challenges, including supply chain disruptions due to the conflict in GCC region, which also led to high energy cost. As a result, our expected top line for the quarter was impacted and procurement costs also increased a bit in Q4. We believe that these are temporary and short-term challenges. While the company has continued to invest in digital transformation and capacity building, which is inbuilt in our opex cost, we believe that these are important foundations for long-term value creation for our stakeholders.

With this, I now hand over to Mr. PPG to cover our smart metering, other businesses and closing remarks.

P.P. Gupta: Thank you, ma'am. In smart metering, as of March '26, we have already executed approximately 70% of our smart metering order book of about 2.24 million meters, up significantly from 50% at the end of quarter 3. Our current priority is clear; complete all ongoing projects on time and with full efficiency. Given the margin pressures we are observing in recent tenders, we have consciously adopted a selective and disciplined bidding approach.

We are focused on protecting execution quality within our existing portfolio rather than aggressively pursuing incremental volumes at the cost of returns. Progress remains healthy across all project sites. Our digital execution tools enable real-time monitoring, early identification of bottlenecks and swift corrective action, ensuring we stay on track across geographies.

On the implementation front, we are on track to implement 100% of the smart projects in current financial year. We have 4 ongoing concessions. While Indore and Ranchi will be completed within H1, Kashmir and Tripura project will be completed in H2 of the current year. FGD over the last few months, policy uncertainties, delays, and regulatory clarity have slowed down new FGD tenders.

We are watching developments closely and remain well positioned to participate when tendering picks up. And the Kota-Jhalawar project execution is on track, and we expect to complete Kota project by March '27 and Jhalawar by June '27. With this, we now open the house to question and answers.

Moderator: We will take the first question from the line of CA Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal: Hi. Am I audible?

Moderator: You're audible.

Garvit Goyal: Good evening, sir. My first question is on the data center side. Management has built impressive brand visibility for Techno Digital on the platforms like LinkedIn, where we are showcasing the capabilities that appear superior to the industry peers, right? But there seems to be a disconnect as this has not yet translated into the tangible top line growth or the improved consolidated EPS.

In fact, if you look at the numbers, the gap between the stand-alone EPS and the consolidated EPS is getting widened than expected initially. So, although in the opening remarks, you highlighted the reasons for it, but are we -- what are the specific go-to-market hurdles which are causing these slower-than-expected utilization and ramp-up in the data center business?

Because as far as I remember, in our earlier calls, we were targeting INR100 crores of revenues for FY27 from data center. Now you mentioned only INR40 crores. So what are the challenges are we facing here, sir? And when can we expect a meaningful contribution to the bottom line? That's my first question.

Ankit Saraiya: Let me take that question. So firstly, see, we've been in operations with data center only for the last 6 months. Our commissioning of Chennai data center in all honesty, happened in September with first client moving in from October 2025 onwards. And within 6 months, we have seen a consumption of about 0.5 megawatts of capacity within Chennai. Now as I mentioned in the opening remark as well, that we need to appreciate the fact that we are new to the industry, and we do not come with a background of even an IT/ITES sector far being data center.

And with the competition landscape that we are dealing with, with most players well established over the last couple of decades and with large organizations such as Adani, Reliance, Sify, NTT, STT, which are multinationals, we are still trying to find a foothold for our own selves.

And an industry like data center, which is largely mission-critical in nature, where it takes a lot of time to develop confidence with customers and industry at large. It is going to be a slow but a rewarding journey, but a long journey, as I have mentioned earlier. With RailTel as a partner, it has helped us in achieving some footing much before than any other new entrant would have taken.

And therefore, we have seen absorption of capacity in Gurgaon and Bombay faster than other locations. And Chennai being our first data center of being operated 100% of our own, one can expect that we will take some time in this competitive landscape. Secondly, I'd also mentioned that Chennai micro market is quite different than micro markets we hear most about, which is Bombay. with Chennai having limited presence of hyperscalers and BFSI segment, the absorption largely comes out of the industrial base within that city and out of the IT/ITES sector within that city. The good part about Chennai is though that there's always a trickling demand in the industry.

It may not be large, but there's always a constant demand, which is available for us to fulfill, but it takes time to fill up capacities of the size. But because you're catering to more enterprise and retail customers in a city like Chennai, these margins are superior than bulk customers which come out of hyperscale or BFSI segment.

So, in all honesty, I would say, we are still gaining ground in the industry. We are competing with large organizations who have been established for decades in it. But the journey is solid. It will be rewarding, but it will take some time. And therefore, what we are seeing today, will start improving from FY27 and onwards.

P.P. Gupta: Let me add more to it. You see from given background of Techno Electric, we are probably the first to be in this space, number one. And secondly, I will say no industry, no expansion of high-tech deployment like this becomes profitable in the very first year. At least it takes 2 years to gain ground and be profitable and rewarding. But I can assure you by 2030, our takeaway is that the data center or digitization will become the face of this company and transmission will be the second side of the coin, which is presently the face of the situation.

And coming to the targets, I will say this INR100 crores or more we have never said, number one. Yes, investors may have been anticipating now the capacity of 5 megawatts can deliver that kind of rewards. But nevertheless, we are conscious of investor expectation in this segment. And I can assure you have patience; we'll outperform the industry like transmission.

Garvit Goyal: And secondly, on our standalone business, we had targeted the EPS of 50, but we ended at INR46.5 which is due to a combination of commodity price headwinds that we mentioned and lower than anticipated execution as well. And apart from that, there is a significant spike in trade receivables balance, which is clearly weighing on our operating cash flow. So, given this environment of persistent commodity inflation and current working capital challenges, how confident is the management in scaling up the revenue target of [INR4,400 0:37:34] crores FY27 with EPS of INR75?

P.P. Gupta: Look, nobody anticipated Gulf War so soon; in December, it was now visible -- so war has definitely shaved off INR200 crores top line and as well as gas non-availability have increased costs of certain vital equipment in our sector, namely insulators, the aluminum metals, commodity prices all-time high. So, macros, nobody has a control on, as we said in the beginning. And you have to perform within the macros and micro-opportunities as it happens.

So, I will say that a loss of only INR3 EPS is no great. It will definitely be made up going forward. But definitely, we stay committed the EPS of INR75 by '28 as we have always been maintaining, and current year will be at around INR60. It will be better than this year, much better than this year, because we will definitely be changing our product mix in station work in -- which is focused more on GIS component than on AIS. But let's hope the war gets over soon and the impact only lasts for Q1 and not beyond. So, that's what we can wish you.

But otherwise, India is very vulnerable, as you all know, to the fuel cost, impact of fuel costs and the impact on interest rates emerging out of CAD and already rupee under pressure that will also add to the cost of the equipment, having certain import elements in it. So, these challenges are on table of the sector. which will also be impacting us a bit. But I can assure you among all the entities in this segment, we will be the least impacted.

Garvit Goyal: Just a clarification, sir. I think earlier INR75 was the target for FY27, isn't it?

P.P. Gupta: No. You see, we were expecting -- even today, you may achieve more than INR60 also, but we are factoring this war, number one. And secondly, certain bottom lines were to happen out of the InvIT exits of our smart meter projects happening, which leads or InvIT are or with foreign funds flowing out of the country. may impact that. So, we want to be conservative in conveying it.

And if that happens, that will definitely add another INR10 to the bottom line if we are able to take exit out of our invest in AI. There are hidden profits in that in exits. Profit margins are yet to be part of our operations. So, it's how it evolves going forward.

Garvit Goyal: And what is the top line target for …

Moderator: I would request you to please rejoin the queue again for more questions. We will take the next question from the line of Churchit Goyal from Nvest Analytics Advisory LLP. Please go ahead.

Churchit Goyal: Sir, for FY27, what is the top line target?

P.P. Gupta: INR4,000 crores plus/minus.

Churchit Goyal: INR4000 crores plus/minus -- and what is the EBITDA margin change, sir?

P.P. Gupta: EBITDA margin, you take around 13%. Believing war impact lasts no more than H1. But certain cost impact will continue to be there. The oil prices are not going to roll back so easily, despite war being not there. So, some cost impact will continue in H2 also, but still, we should be able to have 13%.

Moderator: Sorry to interrupt in between Churchit. I would request you to please rejoin the queue again for the follow up question. We will take the next question from the line of Ravi Naredi from Naredi Investment. Did you not response, we will take the next participant. We have the next question from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Sir, non-current investments have jumped from INR648 crores to INR1,316 crores in FY26. So, what would be the breakup among smart meter and data centers? And what do we plan to invest in FY27 and '28 in both the businesses?

P.P. Gupta: In data center, we intend to invest INR1,000 crores during the current year and INR250 crores and INR650 crores in smart meters, but the capex outgo will be INR250 crores and INR400 crores will be self-funded. That will be the generation as internal accruals for that business segment. But what you see basically as a CWIP, the major difference has happened because we are executing two EPC contracts rather in joint development along with IndiGrid at Dhule and at Isanagar.

Isanagar project will be completed by June end Q1 and Dhule may go up to December because of the delay in the acquisition of the [inaudible 0:44:26]. So, those deployment of funds have created contract assets, which will no longer be visible in the current year closing. So, that is the only impact. Out of this, you can take for these 2 projects alone, the contract work in progress is almost about INR600 crores of these 2 projects. So, if you minus that, you will find that it is at par with last year.

Vaibhav Shah: And the INR1,400 crores number INR600 crores.

P.P. Gupta: Pardon?

Vaibhav Shah: So, in the INR1,300 crores number on investment, what is data center and smart meters?

P.P. Gupta: In smart meter, our investment today is about INR500 crores already done and INR250 crores this year, INR750 crores total. Rest is internal. In data center, we have invested about INR600 crores by now and further INR1,000 crores during the current year.

Vaibhav Shah: Okay. Thank you sir.

Moderator: We will take the next question from the line of Pankaj from Axis Capital. Please go ahead.

Pankaj: Good set of results, sir, when we see the P&L, but I have some questions on the balance sheet side. Question number one, which is one of the emphases on the matter, which has been highlighted by auditors also, and this is regarding the receivables from 3 large partners, the old outstanding, some amounting to some INR88-odd crores. And I think management is of the opinion that no impairment is required for that. So, request you to put a color on that because considering the last PAT we did in FY26, the amount is fairly, fairly meaningful.

So, that is one. Second, I think on -- again, on the receivable side, the receivables actually have increased a lot. So, is there some reason? I mean, is there some rationalization we are actually looking forward to in terms of collection of money from these trade receivables. Last question on the working capital side is on the other current assets. So, there is a meaningful increase again from INR80.7-odd crores to INR160-plus-odd crores in FY26 from last year, and I'm talking about the consolidated numbers. So, what is the breakup of this meaningful increase, sir?

P.P. Gupta: Simple issues. Firstly, coming to the book debt. This is the first year when book debts have been considered along with the retention money receivables. Earlier, we were giving this in 2 parts, receivables and retention money. If you look separately, the receivable is INR950 crores, another INR240 crores, INR250 crores is our retention money, which is unbilled. You can take it.

And definitely, in Q4, you see our turnover is almost 1/3 of the top line. So, it skews the book debt of March closing, which comes down. Like in -- till today, we have almost collected INR400 crores out of these INR950 crores also. So, if you look on our type of firms, we are lowest in book debt by September end and highest by March end, number #1. But it is generally not more than 2 to 2.5 months cycle, which generally anybody takes to process, including transit time of material reaching sites, documenting approvals and payments.

Coming to your INR88 crores issue, let me say this is a contract we had in Afghanistan, which was due to political reasons, was suspended 4 years back. Now UNOPS have taken responsibility, ADB, the lender has taken responsibility to pay out the work executed till 15th August 2021, the day of closeout of the previous moment at that time. I can only say with satisfaction that all our bills have been approved. Now they are about 8 million plus. They have been sent to the ADB for payment, and we are very hopeful to get it by Q1 or maybe Q2 at best at maximum.

But in our books, this outstanding is no more than, I will again say INR50 crores to INR55 crores only and not -- but 8 million we have to receive today that rupee depreciation has definitely made it rewarding, number one. And number two, simultaneously, we do hold retention money payable to our suppliers also against the very outstanding we have. That also is about another INR20 crores with us. So, that impact is not great in the books of the company.

Pankaj: Will you be able to adjust this, the retention which you have kind of held for the creditors against the receivables we have on this account?

P.P. Gupta: Absolutely. That is back-to-back. That is almost back-to-back.

Pankaj: Okay. My one question which is still pending is on account of.

Moderator: We will take the next question from the line of Aniket Madhwani from Steptrade Capital. Please go ahead.

Aniket Madhwani: So, I just wanted to understand the impact of the war, as you mentioned, that impacted around INR200 crores of top line and the margins in this quarter. So, could you just touch upon that the exact reason? I mean, were you not able to execute those INR200 crores worth of orders? So how does it really impacted your top line and the margin? And secondly, if this situation carries forward -- I mean, if it goes on, where do you look at -- I mean, in the terms of top line and the bottom line for FY '27?

P.P. Gupta: You see coming to the INR200 crores [inaudible 0:51:02] first, the supply chain, which is basically dependent on gas, the gas got most impacted after this Middle East war. And the industries could not supply the materials or could not produce the materials. Their capacity utilization has come down to more than -- less than 50%. That's what I will say.

So, the materials could not be made ready by our reputed suppliers like ABIL or like GE, they could not get the insulators for their switchgears, particularly in the EHV category like 765 kV. So those impacted us and it continues to impact even now, number one. Number two, in the current year, we have already said our top line is about INR4,000 crores and EPS of INR60.

Aniket Madhwani: Mentioned...

P.P. Gupta: Next year, again, I will say '28. We will be definitely giving you an EPS of INR75.

Aniket Madhwani: EPS of INR85.

P.P. Gupta: INR75. In '28 March.

Aniket Madhwani: For the FY '27, it will be around INR75, right?

P.P. Gupta: No. Current year, it is INR60, again, not to be wrong quoted. And next year, it is INR70.

Moderator: I would request you to rejoin the queue again as there are participants waiting for the turn. We will take the next question from the line of Aniket an individual investor. Please go ahead.

Aniket: My first question would be around -- I want to ask a year-wise road map for the data center business over FY '27, '28, '29. And how much capacity is expected to go live each year across Chennai, Noida, Kolkata and other edge data centers?

P.P. Gupta: Yes. Ankit, will you address this?

Ankit Saraiya: Yes. So, we are already, as I mentioned, we are live in Chennai with 5.6 megawatts. And hopefully, by end of calendar year '27, we should have another phase of Chennai commissioned if we are able to onboard customers for the initial capacity of 5.6 megawatts, which is already commissioned. So maybe by December '27, we'll have another 5 megawatt commissioned. In meanwhile, by May '27, we'll have the first 5 megawatt in Noida commissioned.

And by then, we should have at least a couple of more edge data centers of at least 0.5 megawatt each commissioned apart from the one which we have in Gurgaon and Bombay. So this will bring our total commissioned capacity -- by December '27, we should have a commission capacity of about 15 to 20 megawatt, expandable to -- this 20-megawatt-odd capacity will be expandable to another 35, 40 megawatt on immediate basis because the common infrastructure would have been developed for all these data centers. So, 20 megawatt is actual light capacity expandable to 40 megawatts, and that should be the target for December '27.

Aniket: That was fairly detailed. And I just want to have a follow-up question upon the same. Like how should we think about the utilization ramp-up post the commissioning.

Ankit Saraiya: Come again, I couldn't hear you.

Aniket: So, my question is a follow-up question on the same. How would -- how should we think about the utilization ramp-up post commissioning of these data centers?

Ankit Saraiya: So, we consider that after commissioning of a capacity, it can take about 12 months to reach occupancy levels of close to around 75% to 80%, which is quite ideal to begin capex for the next phase of the same project.

Aniket: Okay, thank you so much.

Moderator: Thank you. We will take the next question from the line of Rishabh Dharewa, an individual investor. Please go ahead No response. We take the next participant. We have the next question from the line of Uttkkarsh Chanana from SMC Private Wealth. Please go ahead.

Uttkkarsh Chanana: All my questions have been answered. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Lakshmikant, an individual investor. Please go ahead.

Lakshmikant: Sir, is there any possible collaboration with the MNCs, in terms of [inaudible 0:56:54]?

Ankit Saraiya: I couldn't hear you clearly. Your voice was breaking in the middle.

Lakshmikant: Sorry, sir, let me come again. Sir, do you see any -- is there any possible collaboration with the MNCs for data centers in chip segment or constructing a data center or sharing? And then my next question is regarding the Australian mission the government is announcing. Is there any reduction of capital layout by government in transmission sector? Are you seeing any in the future?

Ankit Saraiya: If I hear your question rightly, you're asking whether there is a potential collaboration with a multinational in data centers.

Lakshmikant: Yes, sir, correct. Exactly. Or by when we can expect it, sir?

Ankit Saraiya: No, we have potential discussions going on with multiple organizations who are strategic in nature to the data center industry and to our company. And we are constantly exploring partnership with them to expand our footprint, expand our products and services as well as to onboard large customers. So that may trigger at any point of time, it's difficult to put a time line to it, but that may trigger at any point of time when both the parties see potential opportunity to do something more than what we are already doing. So that's always on the cards.

Lakshmikant: And do you see any reduction in transmission business?

P.P. Gupta: No. We see it growing only multiply going forward with so much of capacity, as I highlighted to be added. But I will also include an answer to your question in my closing remarks.

Lakshmikant: Sir, can I ask one more.

Moderator: Thank you. We will take the next question from the line of Ninad Sarpotdar from InCred Capital. Please go ahead.

Ninad Sarpotdar: Hello. Yes, thanks for the opportunity. Sir, what I see -- I just wanted to know out of INR9,500 crores, how much is the T&D order book? Because what I see your execution has ramped up massively. And going forward with smart meter completion, we'll see a sharp fall in the order book. So, your book-to-bill ratio will correct significantly. So, in terms of visibility and who are our plans for the pipeline order book that we have? That's my first question.

P.P. Gupta: I think these details are already available on our website also. As you see, our transmission order book is about INR7,000 crores, another INR1,000 crores is in our -- you can take FGD and another INR1,500 crores you can take in AMI or distribution business, I will say, by and large. So -- and with the INR4,000 crores execution and with the order already in hand, it is almost about 2.5x of the current year turnover projected, so which is quite healthy in the G1 environment.

And we hope to add another business of no less than INR4,000 crores in the coming year as we execute. So, this ratio will be maintained of 2.5 or maybe 2.4 to 2.5 to the top line going forward. And major customers are well known who are the asset holders in our country. They are namely Power Grid, Sterlite, Adani, Ingrid.

And similarly, they are the major ones, but others are also now coming in the field. So, any concessionaire is our customer, like we are working with Apraava called CLP earlier China Light and Power. They are also our customers who are deploying their assets. So, there is no death of customers' opportunity in this segment.

Ninad Sarpotdar: Got it. And sir, my second question on the same business. What is your working capital cycle or requirement for the core AT&T business? Is it getting -- is it currently being positively impacted because of the data center build-out?

P.P. Gupta: No Data center has nothing to do with working capital. Please don't mix the 2. Transmission working capital is met by its own operational generation of cash and operational obligations to meet at project sites and suppliers. So, it is self-funded by and large, I will say. As far as data center is concerned, is a capex for us.

And then data center subsidiaries, they have their own opex operations in their own companies. At the moment, they are yet to become cash positive or cash accretive. But AMI business has become already cash accretive now.

This year, we expect a cash generation from AMI business of about INR400 crores to INR450 crores, whereas the additional capex will be no more than INR650 crores. So that's why I said our additional capital deployment will be limited to INR250 crores as INR400 crores will be met out of the internal generations.

Moderator: Thank you. We will take the next question from the line of Parth Thakkar from JM Financial. Please go ahead.

Parth Thakkar: Thank you for the opportunity. I'm sorry if the question has already been answered. But sir, what would be our stand-alone guidance revenue, margins and order inflow?

P.P. Gupta: I've already narrated dear INR4,000 crores as a revenue, 13% EBITDA, one more, depending on how soon we complete how soon we complete the war, which is not in the control of even Government of India and EPS of INR60, we'll be targeting.

Parth Thakkar: So, this is on a stand-alone level and not?

P.P. Gupta: On stand-alone basis, absolutely.

Parth Thakkar: The order inflow, how many orders?

P.P. Gupta: Order intake will be INR4,000 crores.

Parth Thakkar: Okay, Thank you.

Moderator: Thank you. We will take the next question from the line of Piyush Goyal from Batlivala & Karani Capital Pvt. Ltd. Please go ahead.

Piyush Goyal: Good evening, sir. I just have a very small question on the depreciation part. So, if you see on the December quarter, the depreciation touched almost INR9 crores. And again, in this quarter, it has moved back to INR3 crores. I was figuring out what has happened?

P.P. Gupta: You kindly -- I cannot answer this question offhand, and I'm not so familiar with numbers on that. You kindly write us an e-mail, we'll reply you.

Piyush Goyal: Sure, sir.

Moderator: Thank you. We will take the next question from the line of Pankaj from Avis Capital. Please go ahead.

Pankaj: Yes, sir. This is regarding data center. So, what is our steady-state expectation of EBITDA margins on data center? And say, if we take a financial year FY30, what percent of business we expect from data center side as a percentage to our overall revenue, sir?

P.P. Gupta: Look, let me answer this question as against Ankit. By 2030, our target will definitely be to have a top line of almost INR400 crores out of this business, if not INR500 crores. And EBITDA will be around 50% in this segment, which is generally prevailing or maybe more depending on how India plays out in data center or cloud services or AI more largely.

All these factors will influence this segment. And we should be holding a capacity at that time, to my mind, no less than 250 megawatt by then operationally. We need one Eureka as a breakthrough, maybe AI-based some capacity of 100 megawatt or so with some hyperscalers in some part of India.

And that will create magical transformation. And with the power procurement and power delivery ability with Techno, I'm very sure it will happen sooner than market may expect. We'll give you a surprise.

Pankaj: That's good to hear, sir. And your conviction on 50% EBITDA margin is strong, sir?

P.P. Gupta: No, that is the industry market. I'm told -- because these are lease rentals largely. And the only cost you carry with you is debt and finance and O&M, which is not very great. I'm not including -- you see now it depends on mix of these services, which I have not included.

That will be upside like our IP services, which we have acquired the license traditionally or power supply business, which may further give us a delta. So, all those are not added here. I'm only talking of pure leasing of data center space.

Pankaj: Got it sir. Thank you, sir.

Moderator: Thank you very much**.** Ladies and gentlemen, we will take that as the last question for today. And that concludes the question-and-answer session. I now hand the conference back to Mr. P.P. Gupta for the closing comments. Thank you, and over to you, sir.

P.P. Gupta: Thank you, ma'am. I will again repeat what I have said today with a strong financial foundation, execution track record and a growing order pipeline, we are very well positioned for India's next phase of growth in energy transition, energy consumption growth.

As I've already said, we'll be targeting a top line of INR4,000 crores in the current year with an EPS of INR60 and for next year, a top line of INR5,000 crores and with an EPS of INR75 -- to support this growth, we have outlined a capex of INR1,250 crores this year, which includes INR1,000 crores in our data center business and INR250 crores for smart metering.

But the investment will be INR650 crores in smart metering and net of internal accruals of INR400 crores. The additional capex from the parent will be INR250 crores. Importantly, nearly 60% of smart metering capex will be funded through internal accruals from the business itself, reflecting the improving financial strength and self-sustaining of this segment.

Our EPC business remains fully self-sustaining, generating its own working capital requirements while continuing to maintain a debt-free cash surplus balance sheet. This provides us with the flexibility to pursue growth opportunities while preserving financial discipline and balance sheet strength.

While near-term geopolitical tensions, particularly in the GCC region may continue to impact supply chains, these developments are also accelerating investments in renewable energy and grid infrastructure to support this transition, energy transition and creating a long-term business opportunities for companies like ours.

Any energy crisis in Gulf will create alternate forms of energy in rest of the globe. We remain committed to delivering sustainable value to all stakeholders through disciplined execution, prudential and prudent capital allocation and highest standards of transparency and integrity while continuing to maintain our debt-free cash surplus situation.

Thanking you all for joining. And if anybody remains unattended is welcome to write a mail to us or if you happen to be in this side of the in Kolkata, you are welcome to drop in our office and see how we personally physically work. Thank you very much.

Moderator: Thank you, members of the management. On behalf of Asian Market Securities, we conclude this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.