TECHNO ELECTRIC & ENGINEERING CO. LTD.

"Techno Electric & Engineering Company Limited

Q1 FY27 Earnings Conference Call"

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TECHNO ELECTRIC & ENGINEERING CO. LTD.

ASIAN MARKETS SECURITIES

CHORUS CALL

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

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

Moderator: Ladies and gentlemen, good day, and welcome to Techno Electric & Engineering Company Limited Q1 FY27 Earnings Conference Call, hosted by Asian Market Securities Private Limited. 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 touch-tone phone. Please note that this conference is being recorded.

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

Vidit Trivedi: Yes. Thank you. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you to the Q1 FY27 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; Mr. Amit Agarwal, President, Data Center; and Shivani Chandok, VP, Strategic Initiative and Investor Relationship.

I request Shri. P.P. Gupta-ji to take us through an overview of the quarterly results, and then we'll begin the Q&A session. Over to you, sir, and thank you.

P. P. Gupta: Thank you, Vidit. Very good afternoon to everyone and grateful for joining Techno Electric & Engineering Company Limited Q1 financial year '27 earnings call.

Before I begin, I would like to draw your attention to our customary forward-looking statement of the disclaimer. Any statement made during this call regarding the outlook should be considered in the context of risks and uncertainties that may impact our industry, our businesses and the company due to the very geopolitical reasons or the very government programs going forward.

Let me also again remind to my colleagues present here that quarter-on-quarter comparison in our type of business is not sound and practical. We have been always highlighting that Q1 is no more than 15% of the annual outlook and H1 is about plus/minus 40% and balance 60% happens in H2 of the year. So our results may please be reviewed in this very context.

Let me now begin with an overview of the quarter, first quarter. I'm pleased to share that we have continued our growth streak and the revenue for Q1 '27 grew by approximately 25% year-on-year, driven by strong planning and execution across projects despite challenges and chaotic noises.

We have also till date secured fresh orders worth no less than INR2,200 crores but it includes INR666 crores for the first quarter and balance INR1,530 crores till date, which may again be appearing as a part of Q2. And we have also placed L1 in another INR2,100 crores of the bids with the various concession owners. These wins are just not about the quantum of orders but also reflects the trust that our customers place in our technical capabilities, execution track record and ability to deliver projects on time.

India is entering the largest power and digital infrastructure buildout in its history, and we are among the leading companies delivering the same to make the transformation possible. We are propelled by 2 engines of growth, power, where we are a legacy leader, legacy of leadership and defined transmission and distribution landscape today after having been part of generation till 2010. And digital infrastructure where techno digital is architecting the data centres as ecosystems build on the shared foundation of engineering excellence and financial discipline.

Let me start with the engine 1, the power transmission business. Driven by engineering excellence, our current order book comprises of large and complex high-voltage station solutions and transmission projects with top industry players, including Power Grid, Adani Energy, Sonia, IndiGrid, leading state utilities, etcetera.

These projects are spread across multiple states and voltage classes and progressing as per the customer requirements and schedules. The sites are fully mobilized and resourced with a team of 650-plus engineering and commercial professionals behind it, executing these very projects of national pride.

Let me now spend a few minutes on the strong demand environment we are witnessing. What is encouraging is that opportunity is not only large, but also growing across where we have strong capabilities. I would highlight 4 key developments in particular.

First, the transmission sector presents a very strong and visible investment opportunity. India is expecting to invest approximately INR9 lakh crores in transmission infrastructure between financial year '26 and financial year '32, driven by country's accelerating shift towards renewable energy.

In yesterday's report in Mint, at the airport, I saw that the present availability of the feeders to evacuate this renewable power is no more than 80% and government has planned another INR50,000 crores of extra expenditure to strengthen the interstate transmission facilities.

Coming to the macro planning of the government have set an ambitious target of executing about power projects of over 900 gigawatt of non-fossil fuel capacity in next 10 years, including around 548 gigawatt of solar and wind capacity as particular report of July 26. This will require significant expansion of transmission network across the company to facilitate the evacuation of the power.

Second, demand is setting new records. India met an all-time peak time requirement of 271 gigawatt in May 2026 and this is projected to reach around 480 gigawatt by financial year '32. Electricity consumption is growing at over 6% a year with data centers and electrification now adding entirely new load category to the system.

Third, the scope of work itself is expanding alongside conventional evacuation packages, the grid now needs synchroners, condensers, dynamic reactive compensation and HVDC corridors a category of high-value technically demanding work that has grown rapidly as the share of renewable generation has risen. Fresh tenders in exactly these segments came to market through July '26 sophisticated engineering and where our margin and our reputation live.

Fourth digital substations most important shift in grid engineering in a generation, moving protection, control and monitoring from copper to fiber with real-time visibility on every asset from a control room. We took a position in this technology early. We have delivered on it and are now among the very few Indian companies with proven credentials in it.

As the country modernizes its grid, this becomes one of our sharpest differentiators including executing smart grid solutions. Our bidding discipline is anchored around three pillars: execution capability, risk-adjusted returns and balance sheet discipline. We bid selectively and pursue the opportunities where we are confident we can execute well and generate attractive returns.

With that, I would now invite Ankit to take over and speak on our second engine, the digital infrastructure. Ankit, over to you.

Ankit Saraiya: Thank you, and good afternoon, everyone. Our digital infrastructure business was founded on a single conviction that a data center is fundamentally a power asset and that the company which understands power best will therefore build India's digital infrastructure best. This quarter, the market validated our conviction in the cleanest possible way. The customer demands have exceeded our planned capacity. In response, we have acted decisively and organically increased the designed IT load of our Chennai campus to support the stronger-than-expected demand.

Let me explain how we organically expanded the design capacity of our Chennai campus. The first is a decisive shift in Chennai demand. The conversations we are having today are with larger counterparties for larger blocks on longer tenures with faster delivery expectations. And over the past 2 months, this market has seen a sudden surge in inquiries and influx of opportunities.

Our read is that several forces have converged. The conflict in West Asia has moved deployments towards APAC, available capacity across APAC outside India has been absorbed rapidly, leaving India as a market with supply and Mumbai as a city is largely committed where large demand cannot be catered for 18 to 24 months. So, demand is flowing to other Indian cities with Chennai leading it.

Apart from that, the tax holiday provisioned in the last budget has also added and fuelled the sudden surge in demand and opportunities. Chennai sits on the East Coast as a natural hedge to Mumbai, offers the shortest, lowest latency to Singapore, anchors 5 active submarine cable systems and has capacity available in short duration across multiple operators. In the past 2 months alone, we have witnessed at least 2 large-scale transactions in the city of a kind not visible for the previous year or two.

Moderator: Ankit, sir?

Ankit Saraiya: Yes, sorry, I think my voice got lost. Let me possibly restart. Good afternoon, everyone. Our digital infrastructure business was founded on a single conviction that a data center is fundamentally a power asset and the company which understands power best will therefore build India's digital infrastructure best. This quarter, the market validated our conviction in the clearest possible way. The customer demand has exceeded our planned capacity.

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Apart from that, the tax holiday provided in the last budget to cloud operators serving global customers through Indian data centres has further made the country sweeter for capital investments into data centres.

The city sits on the East Coast as a natural hedge to Mumbai, offers the shortest, lowest latency path to Singapore, anchors 5 active submarine cable systems and has capacity available in short duration across multiple operators. In the past 2 months alone, we have witnessed at least 2 large-scale transactions in Chennai of a kind not visible for the previous year or 2. The weather in the city of Chennai is changing.

Second, within that demand, we are increasingly gaining position as a preferred operator. As a new entrant, we are more flexible. We carry no conflict of interest with large cloud and AI customers. We are the infrastructure partner, not the competitor. And because we are an EPC company ourselves, our time from commitment to delivered capacity is the shortest in the market.

The third is our own engineering. The uplift did not come from buying more land or adding another building. It came from our engineers going back into the design, the electrical topology, the cooling architecture, the way we sequence construction and establishing that our process discipline and design capability allow us to carry significantly more IT load within the same footprint.

We created that capacity ourselves. It converts directly into more revenue-earning capability for the capital we deploy, and it is a form of value creation that very few operators in the market can execute because very few of them are power engineers first.

Let me put numbers to that demand. Approximately 150 megawatt of aggregate IT load demand is under active discussion with global hyperscale, AI infrastructure and enterprise counterparties, including 6 opportunities of more than 3 megawatts, some of which is at mature stage. We have over 30 open opportunities in our funnel. These discussions are at varying stages of maturity. There is a demand picture that led us to reengineer Chennai rather than simply market it, and traction is already in the books.

We signed 10 new customer logos during the quarter across colocation, cloud and interconnection, including 2 of India's leading telecom carriers together subscribing approximately 130 kilowatt of IT load with a wholesale arrangement and a first cloud services engagement additional to that.

Individually modest, collectively, these build the carrier and ecosystem density that anchor enterprise demand into a young platform. The Chennai campus is TIA-942-B certified across both design and constructed facility and holds IGBC Gold Green building certification. These standards and green certifications are procurement requirements for hyperscalers and large BFSI buyers, and we intend to carry them across entire estate.

The facility has operated on approximately 97% renewable energy in recent months. We designed at a PUE of 1.35 with 75% lower water consumption than conventional bill. But our ambition has never been a single campus. We are building a national platform, and let me take you through this.

Andhra Pradesh, wherein 2 engines converged. We have signed an MoU with a global hyperscaler for a 2-megawatt data centre facility. Our EPC business has delivered multiple substations across Andhra Pradesh and that presence teams on the ground. A working understanding of the state's power infrastructure and its local challenges gave us the edge in conclusion.

This significance is not the megawattage a hyperscaler completed a hyperscaler completing its diligence on us and concluded we can deliver to its standards. It's an entry ticket that we have earned. We see 2 megawatts as the starting point with a pathway to multiple megawatts as this engagement scales, and we expect our EPC footprint and depth in the power sector to help us convert more such opportunities across the country.

Coming to Kolkata and Noida, -- both campuses are advancing on the ground. Noida received its building plan approval in July with all major long lead equipment under manufacturing towards commissioning in the final quarter of FY27 and Kolkata is in foundation works. The edge network. Our Gurgaon facility is fully occupied and the cloud services operations have also commenced.

Mumbai is commissioned and customers are being onboarded. Beyond these, we are building towards over 100 edge locations across 23 states with rail engagement. No other operator in India is assembling a national edge layer of this reach and as computing moves closer to the user, that footprint becomes strategically more valuable.

We hold a license from DoT and cloud and managed services are live from Gurgaon EDC across private, hybrid and sovereign models. We are also preparing towards GPU as a service at our Noida Edge facility on an anchor public sector commitment, but our approach is disciplined. We procure capacity against committed demand.

Our architecture is deliberately hybrid, large campuses for heavy compute, edge layer for everything that must happen close to the source. We are bringing both together on one national platform.

Stepping back, the national market has moved just as quickly. According to industry reports, the country added 258 megawatts of data centre capacity in the first half of this calendar year, up 59% on the same period last year, taking operational capacity to approximately 1.8 gigawatts with projection of more than 7 gigawatts by 2030. Cumulative investment commitments into Indian data centres have crossed USD126 billion and are expected to rise a further 45% this year.

Across every study of this market, the same enabler is identified as decisive, reliable, well-priced power close to the grid. We build the substations that feed the grid these campuses draw from, and we bring that engineering directly into how we design, power and operate our facilities. On revenue, data centre revenue tracks customer commissioning, validation and migration cycles. It builds gradually for a new operator and then compounds as an ecosystem fills in.

During this ramp phase, we will report contracted capacity and actual segment revenue rather than guide the segment. We expect the revenue trajectory to be weighted towards the second half of the year as committed stage deals close, government workload migrates and validation to billing happens and GPU as a Service commence under its anchor commitment.

We should keep in mind that the higher cost of servers, GPUs and switches, along with supply constraints will extend lead times for workload migration and deployment after definitive agreements are signed. Billing currently runs at Gurgaon and Chennai, Mumbai is onboarding customers as we speak and Noida follows on commissioning.

Our medium-term ambition is unchanged, 250 megawatt of capacity by 2030, anchored on contracted enterprise-led demand with 150 megawatt of pipeline under discussion today strengthening our conviction in the trajectory. Capex deployed in Chennai stood at INR524 crores as at 31st March 2026, with cumulative data centre capex of INR628 crores across the portfolio. For FY27, investment is primarily concentrated on our Noida and Kolkata build.

In short, our approach is simple, build ahead of demand where we have visibility, scale with customers and deploy capital with discipline. The market is increasingly validating the thesis we started with that data centre is fundamentally a power asset. Given that, I would like Shivani to speak on our Q1 financial performance.

Shivani Chandok: Thank you, Ankit, and good afternoon, everyone. Let me take you through the stand-alone numbers for the quarter. Revenue from operations for Q1 FY27 stands at INR641 crores against INR514 crores in Q1 FY26, which reflects a growth of approximately 25%, primarily driven by the project execution.

EBITDA for the quarter is at INR89 crores versus INR79 crores in the last year, growth of approximately 13%. Our EBITDA margin for the quarter stands at 13.8% and profit after tax is INR96 crores. On the consolidated level, our revenue from operations in Q1 FY27 stands at INR630 crores against INR525 crores in Q1 of FY26, growth of approximately 20%.

EBITDA for the quarter is INR99 crores against INR92 crores last year, which is growth of 8%. EBITDA margin at consolidated level is 15.79% and profit after tax was INR93 crores. Our earnings per share for the quarter at consolidated level is at INR8.02.

Let me share a few points which will help you understand the numbers better. The margins are in line with our guidance despite the period of external pressure. While the input cost for transformer, CRO and other long lead equipment have been elevated as the order book for manufacturers have more than doubled since FY22, advanced planning for order placement, our relationship and the vendors and control over other costs have led to sustained profitability.

Our other income has shown a decline, which is primarily due to deployment of QIP funds for the underlying projects since June of last year. Our EPS for Q1 FY27 was lower versus FY26, primarily because last year, there was an income from discontinued business, which translated to roughly INR2 per share of EPS.

Further, QIP proceeds that were earning investment income have now been deployed towards our data center, AMI and transmission projects, resulting in lower other income. This reflects the transition of funds into our growth businesses. So while fundamentally on the business side, we remain on track.

With respect to the outlook for the year, as you are already aware, ours is a project-driven business and this industry earns 40% of its revenue in the first half of the year and 60% in the second half. The first quarter by far in the construction industry is the lightest of our area, which is roughly at 15%, as mentioned by Gupta ji at the beginning of this call.

And during this quarter, we have shown a growth of 25% on our EPC revenues. We are very comfortable with what we had said earlier, and we are comfortable in delivering the same. On the order book, our unexecuted order book as on date stands at INR11,000 crores, while at 30th June 2026, it was at INR9,600 crores. But given the orders that we have won post 30th June, it is currently at INR11,000 crores.

Overall, our order inflow momentum has been strong, and we are ahead of our projections for FY27, giving us good visibility for the year ahead. On the balance sheet, we remain debt-free with a net cash position and AA rating. Now I'm handing over to Mr. P.P. Gupta to continue and speak on our smart metering business.

P. P. Gupta: Thank you, Shivani. Let me turn to smart metering, which I believe is also one of the most valuable business vertical in the company. As you all know, that we had contracted about 2.5 million meters to be installed at 4 locations, smart meters. And this portfolio is capital intensive in the build phase and also is rewarding in annuity mode.

That is a segment that funds its own growth and throws off predictable contracted cash flow for years. Here is the structure that drives it. We build, own and operate capex is front loaded with a 27-month installation period or window. What happens follows is 93 months close to 8 years of contracted O&M revenue against a completely derisk asset. Once a meter installed, there is no further capital at risk. It simply generates cash.

As you all know that we have 2.24 million meters under RDSS scheme in 5 states with a revenue commitment of INR2,600 crores in the project value. By now, we have already installed about 18.5 lakh meters, leaving only 4 lakh meters more to be installed. Out of these concessions, Madhya Pradesh is fully saturated and have achieved goal line. Now it's in annuity phase and in a cash generative mode.

The concessions in Ranchi, Tripura and J&K nearly more than 70% complete and will be completed progressively before end of this calendar year. For investors, the relevant read through is capital efficiency installation completes capital intensity in this segment fall sharply.

We do not expect any more capital expenditure in this segment this year that will be self-funded out of the revenue stream available on the commission meters and the lump sum available on any meter going live every month.

Zooming out, the addressable opportunity is still large. The RDSS carries a sanction outlay of over INR3 lakh crores, more than 20 crores meters nationally and a program runway to March '28, which I'm sure will be further extended to '32.

Sector fundamentals are also moving the right way. AT&C losses have fallen from 22% to 15%. DISCOMs have moved into aggregate profitability after so many years of losses and overdue payables are down sharply, thanks to crafty portal in place and also the growing profitability. No more leakages in the DISCOMs. That translates directly into counterparty equality and collection certainty for anyone holding these contracts.

Our new bids, we are very selective as always. The priority is first execution, completing what we have on our platter and position us as a natural fit for the next round of awards. With respect to I will only further add as Shivani has said, our EPS, due to shrinkage in other income or discontinued business may have come down, but in our balance sheet, you may have observed hidden asset and having hidden profit, that is the contracted assets which are worth about INR1,500 crores as of June 2026.

And as and when these assets get capitalized or monetized, they will unlock the bottom line to the company. So that will be further another mode of describing the other income which will become the business income going forward. With respect to the guidance, we remain on track to achieve a revenue of INR4,000 crores or more with around 13% to 14% EBIDTA margins and current year order book is target of INR4,000 crores but is likely to be exceeded. Happy to take questions now.

Moderator: Thank you very much. The first question is from the line of Vaibhav Shah from JM Financial. Please procced with your question.

Vaibhav Shah: On order flow, you mentioned that in Q1 we received INR660 crores and YTD it is INR2,200 crores, correct?

P. P. Gupta: Yes, absolutely.

Vaibhav Shah: And L1 is INR2,100 crores.

P. P. Gupta: Right.

Vaibhav Shah: Including L1 and YTD infow, we already surpassed the guidance of INR4,000.

P. P. Gupta: Yes, you are right. In a way, you are right.

Vaibhav Shah: And so, can you throw some light, what would be the segmental mix of this inflows broadly?

P. P. Gupta: These are largely transmission and high end station business part of the constructions to be deployed by power grid, Adani, the Sonia or Ingrid at different locations. I will say, every month now, at least 8 to 10 concessions are getting finalized by the bid coordinators like PFC, RDC. So we are partners in these concessions with developers or concession winners you can say. So they largely revolve around transmission business and distribution business.

Vaibhav Shah: Okay. Sir, secondly, our noncurrent investments stood at roughly INR1,300 crores as of March. You had mentioned last time we'd be investing another INR1,000 crores in data centre and roughly INR250 crores in smart meters. So what would be our target of investments in this year?

P. P. Gupta: Yes. It is more or less the same. We have kept about INR1,000 crores for data centre, but smart meters won't need any more investment as it has become self-cash accretive now. We plan to collect about INR450 crores during the year out of the smart meter PMPM and lump sum payments . And our outgo in deploying the balance meters during the year will be only about INR400 crores out of this.

So this year is more or less self-funded. The capex requirement is limited only to data centres. Number 2, as you have seen, our efficiency of the discipline of the balance sheet, we don't need any additional working capital for EPC business. They are self-funding or accretive.

Vaibhav Shah: And Sir, post investment of this INR1,000 crores, anything more would be required in next year for data centre business?

P. P. Gupta: You see, although Ankit have already described, Vaibhav, this data centre has become a very magical picture today. Whether it will be 1000 or more, we are still not able to predict because of the AI penetration, but we are keeping our balance sheet healthy to meet any rewarding opportunity in this space. I would like Ankit to elaborate more on it.

Ankit Saraiya: Yes. So, addressing the capex requirement for data centres, see, today, when we started this quarter at that time, we were not even expecting such kind of opportunities on a table where we are talking about such large capacity and deployments. And at that time, the capital investment program was quite different.

But today, with the kind of opportunities that are in front of us in discussion and at the maturity stages that they are, it is increasingly becoming very difficult to pinpoint the capital requirement and deployment, really depending on what opportunity we are able to close, how things will mature specifically for us. But keeping fingers crossed, I think the amount of capital will continuously be required so that we are able to cater to these demands. You see...

P. P. Gupta: Yes, Ankit continue. Ankit, you are over, let me add. Vaibhav, this all is happening because of AI and deployment of BCU or TPUs are highly energy intensive and very, very capital intensive for the deploy. So these infrastructure requirements are also very different to accommodate them. So that makes the difference.

Whenever anybody will occupy, the capacity occupation will be anywhere from 25 to 100 megawatts. So we have to bid for it in 9 to 12 months without say. So, it is no more a kind of a historic growth business. It is very transformative business as of today because of the AI penetration.

So, at the moment, we are at a very inflex position in this sector very primely placed and expecting very good results out of Chennai and Noida in next, maybe this quarter in Q2 itself, but definitely not later than Q3. We will be able to share good news with all of you.

Vaibhav Shah: Ankit mentioned that the investment in total data...

Moderator: Sorry to interrupt Vaibhav sir, may we request that you return to question queue for follow up. The next question is from the line of Parth Thakkar from JM Financial.

Parth Thakkar: Sir, cash and current investment of June '26?

Moderator: Sorry to interrupt, Parth sir. Can you speak little louder?

Parth Thakkar: What would be our cash and current investments of June 26?

P. P. Gupta: In, June '26, you can take it in total about INR1250 crores.

Parth Thakkar: And what would be our investment in data centre as of March 3 weeks?

P. P. Gupta: Ankit just said about INR650 crores.

Parth Thakkar: Okay. Can you provide update on smart meter project and as per projects…

P. P. Gupta: I just now gave you that out of total of 2.25 million meters, we have already deployed by now 18.5 lakh meters, leaving only 4 lakh more to be deployed as of today, As of March, we have done 15 lakh and 7.5 lakh were pending. So that is the present status. This will be completely deployed by December. So, with 100% saturation has happened in dot project. And the rest of the projects are ranging from 60% to 80% at Ranchi, Tripura or Kashmir. Does that answer your question, Thakkar?

Parth Thakkar: What would be our O&M part in this out of the backlog of INR15 crores INR60 crores as of March '26? is there any O&M part in this?

P. P. Gupta: Yes, we continue to O&M, carry out O&M of the meter which is very little involvement. But they are all software based, remotely run and controlled. But more important is to meet the SLA obligation, system level availability, based on which our revenues are ensured as a part of the contracted agreement, which we are generally able to meet. And it also has an upside now on services, by inducting AI, by inducting lot more services demanded by DISCOMs. So, it's an interesting place to be…

Parth Thakkar: Okay. And sir, my last question was in the current bit…

Moderator: Sorry to interrupt, Parth. May we request that you return to question queue for follow-up.the next question is from the line of Nihaar Shah from Ikigai Asset Manager.

Nihaar Shah: Heartening to see the comments that we made on data centre side, especially on demand coming back to Chennai in a meaningful way. I think my first question is for Ankit. You know, you mentioned about increasing capacity within the Chennai data center without investing much capex. Can you just talk about, you know, how much is the capacity now? And if the same thing can be done for modification of designs across your Noida and Kolkata data center as and when they come up?

Ankit Saraiya: Yes. So, let me break this down. So, basically, when we designed the data center in Chennai, it was designed at a certain kilowatt per rack capacity, which was around 10 kilowatt. The moment we start talking about GPUs which serve AI requirements, the capacity required per rack increases from, let's say, 10 kilowatt to anything above 30, 70 or even 100, 150 kilowatts. So, when the rack density increases, you are able to, you know, cater to more capacity within a smaller footprint. And that helps you increase the total serviceable load.

And today, conservatively, I would believe we should be able to accommodate instead of 24 megawatt, which was initially planned for Chennai, we should be able to accommodate almost around 35 megawatt to 40 megawatt over there. And that's what has become interesting in our conversation with possible end users. Coming to Noida and Kolkata, it's the same case.

You know, we never designed data centers for such high rack densities. But tomorrow, if demand comes in for such requirements, which is possibly going to come in because that is where the next entire deployment lies, I don't think we have a single opportunity which is non-AI. So, even for Noida and Kolkata, I'm expecting that similar increase in capacity will be visible without undertaking much capex.

Nihaar Shah: Got it, and Ankit, you mentioned a comment about offering GPU as a service in the Noida facility. Just wanted to get your thoughts, you know, when we're thinking of moving to about 250 megawatt over the next three to four years, GPU as a service adds a significantly higher capex level on top of that, right?

So, how are we thinking of capital allocation here over the next three to four years to manage both 250 megawatt scale and then also offer GPU as a service?

Ankit Saraiya: So, we are not going ahead and building GPU as a service in the format which we are seeing other operators do. We are only building that capacity of GPUs where we have a committed demand from a specific customer and where the counterparties are very, very strong. And it is at a very, very nascent stage.

So, we are not going ahead and deploying billion dollars of GPU or multi-billion dollars of GPU. That is not the plan. We are doing it at a very measured level, at a very measured scale, where the counterparty requirements are very well known. They are small to medium size and the counterparty risk is negligible. So, it's just a start. I wouldn't put my eggs in that basket.

P. P. Gupta: No, we are not buying BCUs. Let me make it clear to my colleagues. We are only providing infrastructure to house BCU owned by some third party. So, our role will always be limited to infrastructure to house GPU to BCU.

Nihaar Shah: Great, great. Understood, sir. Thank you. And best of luck for the data center business. And hope to see one or two hyperscale announcements come pretty soon. Thank you.

Moderator: The next question is from the line of Ravi Naredi from Naredi Investments. Please proceed with your question.

Ravi Naredi: Respected Gupta, sir, I knew and company very well since last 8 years as I am a shareholder of this company. Why you do not give Investor Presentation and clear all details about order booking and data centre. So, everyone is asking in the con call, if you give Investor Presentation, so many questions answer automatically comes. And what is INR1,500 crores hidden assets you are talking, please clarify this.

P. P. Gupta: There is -- firstly, your suggestion is well taken. And Shivani, please note from next call onwards, we must come out with an investor presentation, which is of course done close call and parked on our website. But in future we try to do in advance.

Now coming to part 2, you see, the unbilled assets in our present-day industry as accounting is called contract asset. In our case, those contract assets are the thing which are unbuilt but largely in the nature of capital work in progress like smart meters, like or our own TBCB or TBCB projects, the well-grained partnership or jointly with IndiGrid. So those are the capex carried out in those opportunities, which is lying unbilled, unmonetized. That's what I was talking about.

So during this year we will be monetizing two transmission assets to IndiGrid at Isha Nagar and Dhule. In Q2, Isha Nagar will happen and Q3, Dhule will happen. Whereas smart meter one, we are now eligible to monetize, that is in Indore and the rest of the three may be available next year. So progressively those completed facilities are available to you to monetize as we did earlier in our power generating assets or in our transmission assets built jointly with Kalpatru.

Ravi Naredi: Okay. Ankit sir, I ask you second question. What is our top line in the June quarter of data center of Chennai or other?

Moderator: Ankit Sir.

Ankit Saraiya: We are not reporting the… Go ahead.

Ravi Naredi: Just asking what is the top line and bottom line of this data center roughly?

Ankit Saraiya: So, we are actually not reporting the quarterly revenues from data centre or the bottom line, but because it is not very significant today. Maybe towards the second half of the year, we will start reporting them on the call.

Ravi Naredi: Definitely. Okay, Ankit. Thank you very much.

Moderator: The next question is from the line of Vishakha Jain from Veritas Research Advisors. Please proceed with your question.

Vishakha Jain: Thank you team for the opportunity. So, I wanted to know that the order book of INR10,800 crores, could you give us some highlight on the realization of the same.

Ankit Saraiya: What do you mean by realization ma'am? I could not get you.

Vishakha Jain: So, like how much time period you plan to generate the revenue from that order book?

P. P. Gupta: Generally, customers give us 2 to 2.5 years, but the starts from the date of the land parcel, which is often delayed by another 6 to 9 months, you can say. So, you can take 2 to 3 years.

Vishakha Jain: Okay. And also, any highlight on the receivables that were due and not yet reflected.

P. P. Gupta: Generally, this sector dues are no more challenge because everybody wants this project to be completed at the earliest. And so -- although in a given month, you may see some number as the accounting practice. But by and large, if you see the balance sheet and working capital efficiency, you will see that they are self-funded. And we are not providing any more working capital to take care of the growth in the revenue of the EPC business.

Vishakha Jain: Alright. Thank you. Thank you so much

Moderator: The next question is from the line of Archit Agrawal from Steptrade Capital. Please proceed with your question

Archit Agrawal: You are planning around INR1,000 crores of data centre capex in FY '27 only INR40 crores to INR50 crores of revenue. So what portion of this INR1,000 crores is directly linked to customer commitment versus speculative capacity creation?

Ankit Saraiya: Firstly, the capex as on date, which is planned for data centres, which is in Noida and Calcutta, they combined have a capital investment program of roughly about INR500 crores to INR600 crores in total. Second is that the capacity in Noida is being built in joint venture with RailTel. It's a strategic partnership with RailTel.

So it's a revenue share model wherein the capacity which is being built today is about 5 megawatts to start with. And we are expecting very soon with the efforts of RailTel and Techno that the entire capacity will be absorbed by the centre government, ministries, departments, CPSUs or other government ecosystem, given the fact that this is possibly the only government data centre which is being built today and possibly the largest data centre by a government entity.

So Noida is least of the challenges per se given the relationship that we are building it under. Calcutta is too early to talk about. It is still under early stages of construction where foundation and piling is happening, and it is not commissioning before FY '28. So possibly, we'll see traction and demand coming for Calcutta once we are a little much more mature in that project. And that should be somewhere around mid next year.

Shivani Chandok: Balance INR400 crores for the phase 2 of Chennai will pick up as and when the demand comes through because now that the customer inquiries are for a larger capacity. So that is the budget that we have in case we need to start the Phase 2 of Chennai

Moderator: The next question is from the line of Nidhar Sarpotdar from InCred Capital.

Nidhar Sarpotdar: Sir, my question is to Mr. Ankit. First, you mentioned some 2 megawatts of order for a global hyperscaler in Andhra. So, is this an EPC contract that we are taking up for someone to build out a data centre? And what kind of margins and revenue are we looking at if that's the case?

Ankit Saraiya: Firstly, it is not an EPC contract. It is where we are developing a data centre for a particular customer. And it is on as usual per kilowatt per month basis. Today, I'm not in a position to talk about the revenue and profitability over there. As I mentioned, that it is still under -- we have just signed the MOU with the customer. And we are under strict confidentiality today to talk any more than what I had mentioned on the call. But we'll come back with more guidance towards the end of this financial year.

Nidhar Sarpotdar: Okay. Got it. My second question is regarding Chennai. You mentioned some number of contracts being floated in the market. Are the pertinent to us? Or were you speaking about the overall market traction that's happening in Chennai? And a follow-up on this that are we looking to expand this capacity from 5 megawatts to further adding some further phases? Because from last what we spoke, out of this 5 megawatts, we had sold out around 500 kilowatts. And you mentioned that you were able to sell out more around 130 kilowatts, if I'm not wrong. So some colour on that.

Ankit Saraiya: Yes, you're absolutely right. Firstly, the opportunities which I spoke about are specific to us. It is not opportunities industry-wide in or market-wise. But I cannot comment on whether those particular opportunities are being discussed by other operators or not, but those are specific to our pipeline.

And coming to the question on expansion of Chennai, as we've mentioned, that will be taken up against a particular customer demand or user requirement. And those will be planned as we proceed with conversations with end users. So if there is a requirement for them to have capacity beyond the existing commission capacity, we will surely go ahead and build up that capacity for that particular end user.

Nidhar Sarpotdar: All right, sir. Happy to hear your good traction on these projects and all the best for the future.

Moderator: The next question is from the line of Aman Soni from Seven Alpha Investor.

Aman Soni: I have two questions. One is on the stand-alone business. I just want a clarification in terms of EPS. Earlier we had guided for an EPS of INR60 for this financial year. But looking at the numbers in terms of the top-line growth, which is more likely to be 20% plus minus, and OPM margin which is similar to the last year. So I just wanted to understand from INR47 EPS that we did last year, how are we going to increase it to INR60 in particular with these numbers? So that is my first question.

Ankit Saraiya: You see we don't want to comment on EPS but on growth years. It will be no less than 25% as we have set and last year EPS was INR37 and Yes. -- That is what we are saying. So, it should be better. It should be more, I am very sure. But it may also be influenced by how much we are able to monetize out of the capital work in progress created or contract assets created. So, all those are little variables whether you carry it for future or monetize in this very year. But we can definitely say the top line and bottom line of the company will grow by 25% at least.

Aman Soni: Okay. Okay. And secondly, on the data centers, good to hear that inquiries are coming to us, but I need to understand more in the terms of number, like because we have been speaking about it for a while now. But it is it is ultimately not affecting our consolidated EPS right? So, I wanted to understand from the perspective of the future, like how fast are we going to see the results. Is it in FY27, or is it in FY28? What kind of targets in terms of revenue do we have? In terms of EBITDA do we have for FY27 and FY28 from our data center business?

Shivani Chandok: Can I step in here?

Ankit Saraiya: Yes, go ahead, Shivani.

Shivani Chandok: Hi. So, to answer your question, see, you know that data center is an infrastructure asset, even the circular of harmonized list for infrastructure defines that, infrastructure project. So, as such, the payback period is longer. To compare it only with the EPS, I think would not be the right approach.

The better perspective on this would be to look at the asset value that we are creating, which is in terms of the capacity that we are building across our assets. So, while EPS may take some time because you know that these are the assets which need to be depreciated which brings down my EPS. So, on the value, and nobody's valuing data center companies on the basis of P/E multiples. It's driven mostly by your capacity or the EBITDA multiple. Or…

Aman Soni: What I am asking about EBITDA man. That is where I'm asking about EBITDA from this particular segment, like what kind of revenue and whatever people are targeting in FY27, FY28. I think you must have that number with you.

Shivani Chandok: Are you talking about people or us?

Aman Soni: I'm speaking about Techno Electric data center vertical.

Shivani Chandok: Yes, so on the data center, this will take some time. I think by next year, it will start assuming that the conversations that we are right now having will fructify into the customers moving into our data center. I think by next year, it will start showing the impact on the revenue. Revenue and EBITDA, maybe Ankit can answer, but I would say that on the valuation side, you need to do an SOTP, wherein you break in the valuation of our businesses…

Aman Soni: I'm talking about valuation, ma'am. Sorry to interrupt. I'm trying to understand…

Ankit Saraiya: Revenue and EBITDA See, it -- as Shivani was trying to mention that it is still something which is under development. And it will take some time for us to come out with guidance. As I mentioned in my opening remarks as well that today it is too early for us to start guiding on the revenue and EBITDA. But we'll have better numbers and some guidance during the second half of the year. As of today, we have pipelines, we have visible closures in the near future and they will start dictating what the capex and the revenue and EBITDA starts looking. But it is a little too early for us to start guiding the market on revenue and EBITDA expected out of these.

Aman Soni: Okay, understood. But I think last quarter, you said INR40 crores could be -- Maybe I thought because of increased inquiries, you might end up doing more than that.

Ankit Saraiya: I think that guidance remains.

Aman Soni: Okay. Okay, understood. Understood. Thank you. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments.

P. P. Gupta: Yes. Let me bring all this together. This quarter, our revenue grew by 25% and we won about 2200 crores of new work by now. Our first metering project began paying after 100% completion and go-live. The data center remains strong in implementation as well and drawing customer and drawing huge customer interest. India is entering a significant phase of investment in power and digital infrastructure, and Techno Electric is well positioned to be one of the lead participants in both of them.

Engine one strengthens the power infrastructure that supports India's growth. Engine two is building the digital infrastructure for its next phase. We have built India's power backbone for over 40 years, and we are have been first movers in many opportunities in this space, maybe renewable power, maybe TBCB, maybe PPP concessions. Apart from doing EPC to any complexity and voltage levels. We are and built on a huge execution discipline and we'll continue to bring the same for our long-term approach to our digital infrastructure business also.

Additionally, I will again like to remind my investors that digital business is long term, unlike EPC, which you are building for others who are owning the assets. Here you have to invest, create an asset, bring a customer. He also takes about six months to deploy his equipment before it becomes revenue accretive. So, we have to have patience. But it is a very exciting and magical business to be in. And the reward grows with every passing year in this business.

To our shareholders, thank you for your continued confidence. We remain focused on building a high-quality order book, maintaining a strong balance sheet and converting our investments into sustainable, profitable growth. And I once again thank you for joining us for your continued support to Techno Electric. Thank you very much. Have a good day.

Moderator Thank you, sir. I will now hand the conference over to Vidit Trivedi from Asian Markets. Over to you, sir.

Vidit Trivedi Thank you. On behalf of Asian Market Securities, we thank everyone for joining this call. And a special thanks to Shri P. P. Gupta Ji and Mr. Ankit for providing us insights about the company's business and financial performance. With that, we conclude the call. Thank you, and have a good day.

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