Techno Electric &Eng

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Operator: Ladies and gentlemen, good day and welcome to the Techno Electric & Engineering Company Ltd. Q1 FY27 earnings conference call, hosted by Asian Market Securities Private Limited. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone 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 – Asian Market Securities: 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 Ltd. We have with us today Mr. CP Gupta, Chairman and Managing Director; Mr. Ankit Saraiya, Director and CEO; Mr. Amit Agarwal, President, Data Center; and Shivani Chandok, VP, Strategic Initiatives and Investor Relationship. I request Mr. CP Gupta to take us through an overview of the quarterly results, after which we will begin the Q&A session. Over to you, sir, and thank you.

CP Gupta – Chairman & Managing Director: Thank you, Vidit. Very good afternoon to everyone, and we are grateful to you for joining Techno Electric & Engineering Company Ltd.'s Q1 FY27 earnings call. Before I begin, I would like to draw your attention to our customary forward-looking statement 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 various geopolitical reasons or government programs going forward.

Let me also remind my colleagues present here that quarter-on-quarter comparison in our type of business is neither sound nor practical. We have always highlighted that Q1 is no more than 15% of the annual outlook, H1 is approximately 40%, plus or minus, and the balance 60% occurs in H2 of the year. Therefore, our results may please be reviewed in this context.

Let me now begin with an overview of the quarter, the first quarter. I am pleased to share that we have continued our growth streak, and revenue for Q1 FY27 grew by approximately 25% year-on-year, driven by strong planning and execution across projects despite a challenging and chaotic monsoon. We have, to date, secured fresh orders worth no less than 2,200 crores, including 666 crores in the first quarter and the balance 1,530 crores secured to date, which may again appear as part of Q2. We are also placed L1 in bids worth another 2,100 crores with various concession owners. These wins are not only about the quantum of orders but also reflect 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 build-out in its history, and we are among the leading companies delivering it to make this transformation possible. We are propelled by two engines of growth: power, where we are legacy leaders, with a legacy of leadership in defining the transmission and distribution landscape today after having been part of generation until 2010; and digital infrastructure, where Techno Digital is architecting data center-edge ecosystems built on the shared foundation of engineering excellence and financial discipline.

Let me start with the first engine, the power transmission business. Driven by engineering excellence, our current order book comprises large and complex high-voltage substation solutions and transmission projects with top industry players, including PowerGrid, Adani Energy, Sterlite, IndiGrid, leading state utilities, and others. These projects are spread across multiple states and voltage classes and are progressing as per customer requirements and schedules. The sites are fully mobilized and resourced, with a team of more than 650 engineering and commercial professionals executing these projects of national importance.

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

First, the transmission sector presents a very strong and visible investment opportunity. India is expected to invest approximately 9 lakh crores in transmission infrastructure between FY26 and FY32, driven by the country's energy shift towards renewable energy. In yesterday's report in Mint, which I saw at the airport, it was stated that the present availability of feeders to evacuate this renewable power is no more than 80%, and the government has planned another 50,000 crores of additional expenditure to strengthen intra-state transmission facilities.

Coming to the macro planning, the government has set an ambitious target of executing power projects with more than 900 gigawatts of non-fossil fuel capacity over the next 10 years, including around 540 gigawatts of solar and wind capacity. As per the economic report of July 2026, this will require a significant expansion of the transmission network across the country to facilitate evacuation of the power.

Second, demand is setting new records. India met an all-time peak demand requirement of 271 gigawatts in May 2026, and this is projected to reach around 480 gigawatts by FY32. Electricity consumption is growing at more than 6% a year, with data centers and electrification now adding an entirely new load category to the system.

Third, the scope of work itself is expanding. Alongside conventional evacuation packages, the grid now needs synchronous condensers, dynamic reactive compensation, and HVDC corridors. This is 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 the market through July 2026. This is sophisticated engineering, and this is where our margin and reputation lie.

Fourth, digital substations are the 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 in the execution of 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 opportunities where we are confident that we can execute well and generate attractive returns. With that, I would now invite Ankit to take over and speak about our second engine, digital infrastructure. Ankit, over to you.

Ankit Saraiya – Director & CEO: 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 clearest possible way. Customer demand has exceeded our planned capacity. In response, we have acted decisively and organically increased the design IT load of our Chennai campus to support this stronger-than-expected demand.

Let me explain how we organically expanded the design capacity of our Chennai campus. The first factor 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. Over the past 2 months, this market has seen a sudden surge in inquiries and an influx of opportunities. Our assessment 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 the market with supply. Mumbai is largely committed, and large demand cannot be catered to there for 18 to 24 months, so demand is flowing to other Indian cities, with Chennai leading it.

Apart from that, the tax holiday provided in the last budget has also added to and fueled this sudden surge in demand and opportunities. Chennai 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 the short term 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 in the previous 1 or 2 years.

Ankit: APAC outside India has been absorbed rapidly, leaving India as the market with supply, and Mumbai is largely committed, where large demand cannot be catered to for 18 to 24 months. Therefore, demand is flowing to other Indian cities, with Chennai leading it.

Apart from that, the tax holiday provided in the last budget to cloud operators serving global customers through Indian data centers has further made the country more attractive for capital investments in data centers. 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 the short term 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 in the previous 1 or 2 years. The weather in the city of Chennai is changing.

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

The third factor 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, and the way we sequence construction, and establishing that 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 greater revenue-earning capability for the capital we deployed, 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 megawatts 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 are at a mature stage. We have more than 30 open opportunities in our funnel. These discussions are at varying stages of maturity. This is the demand picture that led us to re-engineer Chennai rather than simply market it. 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 to approximately 130 kilowatts of IT load through a wholesale arrangement, along with a first cloud services engagement. 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 the entire estate. The facility has operated on approximately 97% renewable energy in recent months. We design at a PUE of 1.35, with 75% lower water consumption than a conventional build.

But our ambition has never been a single campus. We are building a national platform, and let me take you through this.

Andhra Pradesh is where the 2 engines converge. We signed an MOU with a global hyperscaler for a 2-megawatt data center facility. Our GPC business has delivered multiple substations across Andhra Pradesh, and that presence on the ground, along with a working understanding of the state's power infrastructure and local challenges, gave us the edge in concluding the transaction. The significance is not the megawattage that the hyperscaler completed, but that a hyperscaler completed its diligence on us and concluded that we can deliver to its standard. It is 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 Calcutta 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 the foundation stage.

The Edge network, our Gurgaon facility, is fully occupied, and cloud services operations have also commenced. Mumbai is commissioned, and customers are being onboarded. Beyond these, we are building towards more than 100 edge locations across 23 states under the RailTel arrangement. No other operator in India is assembling a national edge layer of this reach. 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 for GPU-as-a-service at our Noida edge facility under 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 and an 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 center capacity in the first half of this calendar year, up 59% over the same period last year, taking operational capacity to approximately 1.8 gigawatts, with a projection of more than 7 gigawatts by 2030. Cumulative investment commitments in Indian data centers have crossed $126 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 from which these campuses draw power, and we bring that engineering directly into how we design power and operate our facilities.

On revenue, data center revenue tracks customer commissioning, validation, and migration cycles. It builds gradually for a new operator and then compounds as the ecosystem fills in. During this ramp phase, we will report contracted capacity in 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 workloads migrate, validation to billing occurs, and GPU-as-a-service commences 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 upon commissioning.

Our medium-term ambition is unchanged: 250 megawatts of capacity by 2030, anchored on contracted, enterprise-led demand, with 150 megawatts of pipeline under discussion today, strengthening our conviction in the trajectory. Capex deployed in Chennai stood at 524 crores as of March 31, 2026, with cumulative data center capex of INR 628 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 a data center is fundamentally a power asset. Given that, I would like Shivani to speak about our Q1 financial performance.

Shivani: Thank you, Ankit, and good afternoon, everyone. Let me take you through the standalone numbers for the quarter. Revenue from operations for Q1 FY27 stands at 641 crores against 514 crores in Q1 FY26, reflecting growth of approximately 25%, primarily driven by project execution. EBITDA for the quarter is 89 crores versus 79 crores last year, representing growth of approximately 13%. Our EBITDA margin for the quarter stands at 13.88%, and profit after tax is 96 crores.

At the consolidated level, our revenue from operations in Q1 FY27 stands at 630 crores against 525 crores in Q1 FY26, representing growth of approximately 20%. EBITDA for the quarter is 99 crores against 92 crores last year, representing growth of 8%. EBITDA margin at the consolidated level is 15.79%, and profit after tax was 93 crores. Our earnings per share for the quarter at the consolidated level is Rs.8.02.

Let me share a few points that will help you understand these numbers better. The margins are in line with our guidance despite a period of real external pressure. While input costs for transformers, CRGO steel, and other long-lead equipment have been elevated, as the order books of manufacturers have more than doubled since FY22, advanced planning for order placement, our relationships with vendors, and control over other costs have led to sustained profitability. Our other income has shown a decline, primarily due to the 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 income from a discontinued business, which translated to roughly Rs.2 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 from passive investments into our growth businesses. Therefore, 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 the industry earns 40% of its revenue in the first half of the year and 60% in the second half. The first quarter, by far, is the lightest period in the construction industry for our area, which is approximately 15-20%, as mentioned by Mr. Gupta at the beginning of this call. During this quarter also, we have shown growth of 25% in our EPC revenues.

We are very comfortable with what we had set earlier, and we are comfortable delivering the same. On the order book, our unexecuted order book as of date stands at 11,000 crores, while as of June 30, 2026, it was 9,600 crores. However, given the orders that we have won after June 30, it is currently 11,000 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 a double-A rating. I am now handing over to Mr. BP Gupta to continue and speak about the smart metering business.

BP Gupta: Thank you, Shivani. Let me turn to smart metering, which I believe is also one of the most valuable business verticals in the company. As you all know, we had contracted approximately 2.5 million smart meters to be installed at 4 locations. This portfolio is capital-intensive during the build phase and is also rewarding in annuity mode. It is a segment that funds its own growth and generates 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. What follows is 93 months, close to 8 years, of contracted O&M revenue against a completely de-risked asset. Once a meter is installed, there is no further capital at risk; it simply generates cash. As you know, we have {? 2.24 million ?} meters under the RDSS scheme in 5 states, with a revenue commitment of {? [unclear] ?}.

Management: ...600 crores in project value. By now, we have already installed about 18.5 lakh meters, leaving only 4 lakh meters more to be installed. Out of the concessions, Madhya Pradesh is fully saturated and has achieved go-live. It is now in the {? NOD ?} phase and in a cash-generative mode. The concessions in Ranchi, Tripura, and J&K are more than 70% complete and are expected to be completed progressively before the end of this calendar year.

For investors, this leads to capital efficiency: as installation is completed, capital intensity in this segment falls sharply. We do not expect any further capital expenditure in this segment this year, which will be self-funded out of the revenue stream available on the commissioned meters and the lump-sum payments available on any meter going live every month.

Zooming out, the addressable opportunity is still large. The RDSS carries a sanctioned outlay of over 3 lakh crores, involving more than 20 crore meters nationally, and the program runs up to March 2028, which I am sure will be further extended to 2032. Sector fundamentals are also moving in the right direction. 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 the PRAAPTI portal being in place and also to growing profitability, with no more leakages in the Discoms. That translates directly into counterparty quality and collection certainty for anyone holding these contracts.

Our approach to new bids is very selective, as always. The priority is first to execute and complete what we have on our platter and position ourselves as a natural fit for the next round of awards.

With respect to the guidance, I will only further add that Shivani mentioned our EPS may have come down due to a reduction in other income or discontinued business, but in our balance sheet you may have observed one inherent asset with inherent profit in it: the contracted assets, which are worth about 1,500 crores as of June 2026. As and when these assets get capitalized or monetized, they will unlock the bottom line for the company. That will be another way of describing the other income, which will become business income going forward.

With respect to the guidance, we remain on track to achieve revenue of 4,000 crores or more, with EBITDA margins of around 13-14%, and a year-end order book target of 4,000 crores, which is likely to be exceeded. We are happy to take questions now.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference call, please limit your questions to 2 per participant. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vaibhav Shah from JM Financial. Please proceed with your question.

Vaibhav Shah – JM Financial: On order inflow, you mentioned that in Q1 we received 663 crores and year-to-date is 2,200 crores, correct?

Management: Absolutely.

Vaibhav Shah – JM Financial: And L1 is 2,100 crores.

Management: Right.

Vaibhav Shah – JM Financial: So, including L1 and year-to-date orders, you have already surpassed the guidance of 4,000 crores.

Management: You are right. In a way, you are right.

Vaibhav Shah – JM Financial: Can you throw some light on what the segmental mix of this inflow would broadly be?

Management: These are largely transmission and high-specification station businesses, forming part of the concessions to be deployed by Power Grid, Adani, Sterlite, or IndiGrid at different locations. I would say that every month now, at least 8 to 10 concessions are being finalized by bid coordinators such as PFC and REC. We are partners in these concessions with developers or concession winners, as you can say. Therefore, they largely revolve around the transmission and distribution businesses.

Vaibhav Shah – JM Financial: Secondly, our non-core investments stood at roughly 1,300 crores as of March. You had mentioned last time that we would be investing another 1,000 crores in data centers and roughly 250 crores in smart meters. What would be our investment targets this year?

Management: It is more or less the same. We have kept about 1,000 crores for data centers, but smart meters will not need any more investment, as the business has now become self-cash-accretive. We plan to collect about 450 crores during the year from the smart meter {? PMP ?} and lump-sum payments. Our outflow for deploying the balance meters during the year will be only about 400 crores out of this. Therefore, this year is more or less self-funded. The capex requirement is limited only to data centers.

Second, as you have seen from our balance sheet efficiency and discipline, we do not need any additional working capital for the EPC businesses. They are self-funding or accretive.

Vaibhav Shah – JM Financial: And the fourth investment of this 1,000 crores—will this be required next year for the data center business?

Management: Although Ankit has already described it, Vaibhav, the data center business has become a very logical opportunity today. Whether it will require 1,000 crores or more, we are still not able to predict because of AI penetration. However, we are keeping our balance sheet healthy to meet any rewarding opportunity in this space. I would like Ankit to elaborate further on it.

Ankit: Addressing the capex requirement for data centers, when we started this quarter, we were not expecting such opportunities to be on the table, where we would be discussing such large capacity and deployment. At that time, the capital investment program was quite different. However, given the opportunities in front of us, the discussions taking place, and the stages of maturity they have reached, it is increasingly becoming very difficult to pinpoint the capital requirement and deployment. It really depends on which opportunities we are able to close and how things mature specifically for us. Keeping our fingers crossed, I think capital will continuously be required so that we can cater to this demand.

Management: If I may add, Vaibhav, all this is happening because of AI, and the deployment of GPUs or TPUs is highly energy-intensive and very capital-intensive for the deployer. Therefore, the infrastructure requirements to accommodate them are also very different. That makes the difference. Whenever anybody occupies this capacity, the capacity occupation will be anywhere from 25 to 100 megawatts. We have to build for it within 9 to 12 months, without fail.

Therefore, this is no longer a historic-growth business. It is a very transformative business as of today because of AI penetration. At the moment, we are at a very important inflection point in this sector, very strongly placed, and expecting very good results from Chennai and Noida in the next quarter, possibly in Q2 itself, but definitely not later than Q3. We will be able to share good news with all of you.

Vaibhav Shah – JM Financial: And Ankit mentioned that the total investment in data centers—

Operator: Sorry to interrupt, Vaibhav. May we request that you return to the question queue for a follow-up?

Vaibhav Shah – JM Financial: Okay.

Operator: Thank you, sir. The next question is from the line of Parth Thakkar from JM Financial. Please proceed with your question.

Parth Thakkar – JM Financial: Thank you for the opportunity. What were cash and current investments as of June 2026?

Management: Yes.

Operator: Sorry to interrupt, Parth. Can you speak a little louder?

Parth Thakkar – JM Financial: What were our cash and current investments as of June 2026?

Management: In June 2026, you can take the total at approximately 1,250 crores.

Parth Thakkar – JM Financial: What was our investment in data centers as of March 2026?

Management: Ankit just said approximately 650 crores.

Parth Thakkar – JM Financial: Can you provide an update on the smart meter projects, project by project?

Management: Yes, why not. I just gave you the update that, out of a total of 2.32 [inaudible] 2.25 million meters, we have already deployed 18.5 lakh meters, leaving only 4 lakh more to be deployed as of today. As of March, we had completed 15 lakh, with 7.5 lakh pending. That is the present status. All of this will be completely deployed by December.

One hundred percent saturation has occurred in the Indore project. The remaining projects are ranging from 60% to 80% at Ranchi, Tripura, and Kashmir. Does that answer your question, Thakkar?

Parth Thakkar – JM Financial: Yes, broadly. What would be our O&M component out of the backlog of 1,560 crores as of March 2023? Is there any O&M component in this?

Management: We continue to carry out O&M of the meters, which involves very little manual intervention, as the systems are software-based and remotely operated and controlled. More importantly, we have to meet the SLA obligation and system-level availability, based on which our revenues are ensured as part of the contracted agreement, which we are generally able to meet. There is also an upside now in services through the induction of AI and many more services demanded by Discoms. It is an interesting space to be in.

Parth Thakkar – JM Financial: My last question is regarding the current backlog—

Operator: Sorry to interrupt, Parth. May we request that you return to the question queue for a follow-up?

Parth Thakkar – JM Financial: Okay.

Operator: Thank you, sir. The next question is from the line of Nehal Shah from {? Eykigai Asset Manager ?}. Please proceed with your question.

Nehal Shah – {? Eykigai Asset Manager ?}: Thank you for the opportunity. It is heartening to see the comments on the data center side, especially regarding demand returning to Chennai in a meaningful way. My first question is to Ankit. You mentioned increasing capacity within the Chennai data center without significant capex investment. Can you discuss how much the capacity is now and whether the same modification of designs could be done across your Noida and Kolkata data centers as and when they come up?

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

Today, conservatively, I believe we should be able to accommodate almost 35 to 40 megawatts there instead of the 24 megawatts initially planned for Chennai. That is what has become interesting in our conversations with possible end users.

The same applies to Noida and Kolkata. We never designed data centers for such high rack density, but if demand comes in for such requirements, which is possibly going to happen because that is where the next phase of deployment lies, I do not think we have a single opportunity that is non-AI. Therefore, even for Noida and Kolkata, I expect a similar increase in capacity to be visible without undertaking significant capex.

Nehal Shah – {? Eykigai Asset Manager ?}: Understood. Ankit, you mentioned offering GPU-as-a-service at the Noida facility. When we are thinking of moving to approximately 250 megawatts over the next 3 to 4 years, GPU-as-a-service adds a significantly higher capex requirement on top of that, correct? How are we thinking about capital allocation over the next 3 to

4 years to manage both the 250-megawatt scale and the offering of GPU-as-a-service?

Ankit: We are not going ahead and building GPU-as-a-service in the format in which we are seeing other operators do it. We are only building rack capacity for GPUs where we have committed demand from a specific customer and where the counterparties are very strong. It is at a very nascent stage, so we are not going ahead and deploying billions of dollars in GPUs or multiple billions of dollars in GPUs. That is not the plan.

We are doing it at a very measured level and at a measured scale, where the counterparty requirements are well known, they are small to medium-sized, and the counterparty risk is negligible. It is just the start; I would not put all my eggs in that basket today.

Gupta: We are not buying GPUs. Let me make that clear to my colleagues. We are only providing infrastructure to house GPUs owned by a third party. Our role will always be limited to providing infrastructure to house CPUs or GPUs.

Nehal Shah – {? Eykigai Asset Manager ?}: Understood, sir. Best of luck with the scale-up of the data center business, and I hope to see 1 or 2 hyperscale announcements soon. Thank you.

Operator: Thank you, sir. The next question is from the line of Ravi Naredi from Naredi Investment. Please proceed with your question.

Ravi Naredi – Naredi Investment: Thank you for giving me the opportunity. Respected Mr. Gupta, I have known you and the company very well for the past 8 years, as I have been a shareholder of the company. Why do you not provide an investor presentation with clear details about order bookings and the data center? Everyone is asking these questions on the conference call. If you provide an investor presentation, many questions will be answered automatically. Also, what is the 1,500-crore hidden asset you mentioned? Please clarify this.

Gupta: First, your suggestion is well taken. Shivani, please note that from the next call onwards, we must prepare an investor presentation, which is of course prepared after the call and placed on our website, but in the future we will try to do it in advance. Thank you for that suggestion.

Coming to the second part, the unbilled asset in present-day industrial accounting is called a contract asset. In our case, these contract assets are not merely unbilled assets but are largely in the nature of capital work in progress. They include smart meters, our own {? TBCB ?} project, and {? TBCB ?} projects built in partnership or jointly with Power Grid. These are capex investments made in those opportunities that are lying unbilled and unmonetized. That is what I was referring to.

During this year, we will monetize 2 transmission assets to Power Grid, at Ishanagar and Dhule. Ishanagar will happen in Q2 and Dhule will happen in Q3. In the case of smart meters, 1 asset is now eligible for monetization, namely Indore, and the remaining 3 may become available next year. Progressively, these completed facilities will become available for monetization, as we did earlier with our power-generating assets or with our transmission asset built jointly with Kalpataru.

Ravi Naredi – Naredi Investment: Ankit, can I ask a second question? What was the top line in the June quarter from the Chennai data center or the other data centers?

Ankit: Shivani, am I audible?

Operator: Yes, sir.

Ankit: Can I answer? We are not reporting the—

Ravi Naredi – Naredi Investment: I am just asking what the top line and bottom line of this data center were, approximately.

Ankit: We are not reporting the quarterly revenue from the data center or the bottom line because it is not very significant today. Maybe towards the second half of the year, we will start reporting it on the call.

Ravi Naredi – Naredi Investment: Definitely. Okay, Ankit, thank you very much.

Operator: Thank you, sir. The next question is from the line of Vishaka Jain from Veritas Research and Advisory. Please proceed with your question.

Vishaka Jain – Veritas Research and Advisory: Thank you, team, for the opportunity. I wanted to know about the order book of 10,800 crores. Could you please provide some highlights on the realization of the same?

Gupta: What do you mean by realization, ma'am? I could not understand you.

Vishaka Jain – Veritas Research and Advisory: In how much time do you plan to generate revenue from that order book?

Gupta: Generally, the customer gives us 2 to 2.5 years, but the zero date starts from the date of handing over the land parcel, which is often delayed by another 6 to 9 months, you can say. Therefore, at best, you can take 2 to 3 years.

Vishaka Jain – Veritas Research and Advisory: Also, could you highlight the receivables that were due and have not yet been reflected?

Gupta: Generally, dues in this sector are no longer a challenge because everybody wants the project to be completed at the earliest. Although on a given date or in a given month you may see some number as an accounting practice, by and large, if you look at the balance sheet and working capital efficiency, you will see that they are self-funded, and we are not providing any additional working capital to support growth in EPC business revenue.

Vishaka Jain – Veritas Research and Advisory: Thank you. Thank you very much.

Operator: Thank you, ma'am. The next question is from the line of Archit Agarwal from StepTrade Capital. Please proceed with your question. Mr. Archit, your line has been unmuted. Please proceed with your question.

Archit Agarwal – StepTrade Capital: Hello, am I audible?

Operator: Yes, sir.

Archit Agarwal – StepTrade Capital: My question is that you are planning approximately 1,000 crores of data center capex in FY27 while guiding for only 40-50 crores of revenue. What portion of this 1,000 crores is directly linked to signed customer commitments, and what portion relates to speculative capacity creation?

Gupta: Ankit, please go ahead.

Ankit: First, the capex currently planned for the data centers in Noida and Calcutta represents a combined capital investment program of approximately 500 to 600 crores in total.

Second, the capacity in Noida is being built in a joint venture and strategic partnership with RailTel. It is a revenue-sharing model in which the capacity being built today is 5 megawatts to start with. We expect that, very soon, through the efforts of RailTel and Techno, the entire capacity will be absorbed by central government ministries, departments, CPSUs, or other parts of the government ecosystem, given the fact that this is possibly the only government data center being built today and possibly the largest data center by a government entity. Therefore, Noida is the least of the challenges, given the relationship under which we are building it.

Calcutta is too early to discuss. It is still in the early stages of construction, with foundation and piling work taking place, and it will not be commissioned before FY28. Therefore, we will possibly see traction and demand coming for Calcutta once we are somewhat more mature in that project. That should be around the middle of next year.

Archit Agarwal – StepTrade Capital: Understood, sir.

Ankit: The additional 400 crores of total capex for Phase 2 will be taken up as and when demand comes, because customer queries are now for larger capacity. That is the budget we have kept in case we need to start Phase 2 of Chennai.

Archit Agarwal – StepTrade Capital: Thank you, sir.

Operator: The next question is from the line of Neeraj Sarpotdar from Incred Capital. Please proceed with your question.

Neeraj Sarpotdar – Incred Capital: Good afternoon, sir. My question is to Mr. Ankit. First, you mentioned a 2-megawatt order for a global hyperscaler in Andhra Pradesh. Is this an EPC contract that you are taking up to build a data center for someone? What kind of margins and revenue are we looking at if that is the case?

Ankit: First, it is not an EPC contract. We are developing a data center for a particular customer on a standard per-kilowatt-per-month basis. Today, I am not in a position to discuss the revenue and profitability there, as I mentioned that it is still under development. We have just signed the MOU with the customer, and we are under strict confidentiality and cannot discuss anything more than what I mentioned on the call. However, we will come back with more guidance towards the end of this financial year.

Neeraj Sarpotdar – Incred Capital: My second question is regarding Chennai. You mentioned a number of contracts being floated in the market. Are these relevant to us, or are you speaking about the overall market traction happening in Chennai? As a follow-up, are we looking to expand capacity beyond 5 megawatts by adding further phases? From our last discussion, out of the 5 megawatts, we had sold approximately 500 kilowatts, and you mentioned that you were able to sell an additional approximately 130 kilowatts, if I am not mistaken. Could you provide some color on that?

Ankit: Yes, you are absolutely right. First, the opportunities I spoke about are specific to us. They are not industry-wide opportunities.

Management: ...in the all-market-wide context, but I cannot comment on whether those particular opportunities are being discussed with other operators. However, those opportunities are specific to our pipeline.

Coming to the question on the expansion of Chennai, as we mentioned, that will be taken up against particular customer demand or user requirements. Those plans will be developed as we proceed with conversations with end users. If there is a requirement for them to have capacity beyond the existing commissioned capacity, we will surely go ahead and build that capacity for that particular end user.

Neeraj Sarpotdar - Incred Capital: All right, sir. It is good to hear about the strong traction on these projects. All the best for the future.

Operator: Thank you, sir. The next question is from the line of Aman Soni from Seven Alpha Investment. Please proceed with your question.

Aman Soni - Seven Alpha Investment: Hello?

Operator: Yes, sir.

Aman Soni - Seven Alpha Investment: Thank you for the opportunity. I have 2 questions. The first is about the standalone business. I want clarification regarding EPS. Earlier, we had guided for EPS of 60 for this financial year. Looking at the numbers in terms of top-line growth, which is more likely to be 25% or lower, and OPM, which is similar to last year, I wanted to understand how we are going to increase EPS from the 47 EPS we achieved last year to 60 this year with these numbers. That is my first question.

PP Gupta: We do not want to comment on EPS, but on growth, yes, it will be no less than 25%, as we have said. Last year's EPS was 37 rupees.

Aman Soni - Seven Alpha Investment: I am speaking about standalone, sir. I am speaking about standalone.

PP Gupta: Yes, that is what we are saying. It should be better and should be higher, I am very sure. However, it may also be influenced by how much we are able to monetize from the capital work in progress or contract assets created. All of these are variables, depending on whether you carry them into the future or monetize them in the current year. We can definitely say that the top line and bottom line of the company will grow by at least 25%.

Aman Soni – Seven Alpha Investment: Secondly, regarding the data centers, it is good to hear that inquiries are coming to us, but I need to understand this in numerical terms. We have been discussing this for some time, but so far it is ultimately impacting our consolidated EPS, correct? I want to understand from a future perspective how quickly we will see the results. Will it be in FY27 or FY28? What kind of revenue and EBITDA targets do we have for FY27 and FY28 from the data center business?

Shivani: Can I come in here?

Management: Yes, go ahead, Shivani.

Shivani: To answer your question, you know that a data center is an infrastructure asset. Even the circular on the harmonized list for infrastructure defines it as an infrastructure project. As such, the payback period is longer. Therefore, comparing it only with EPS would not be the right approach.

The better perspective would be to look at the asset value that we are creating, in terms of the capacity that we are building across our assets. EPS will take some time because these are assets that need to be depreciated, which brings down EPS. In terms of value, nobody values data center companies on the basis of P/E multiples. Valuation is driven more by capacity or the EBITDA multiple.

Aman Soni – Seven Alpha Investment: That is what I am asking about—EBITDA. I am trying to understand the revenue and EBITDA numbers from this particular segment. What kind of revenue and EBITDA numbers are we targeting in FY27 and FY28? You must have those numbers with you.

Shivani: Are you talking about the sector or about us?

Aman Soni – Seven Alpha Investment: I am speaking about the Techno Electric data center vertical.

Shivani: On the data center, this will take some time. I think that by next year it will start contributing, assuming that the conversations we are having now result in customers moving into our data center. By next year, it will start showing an impact on revenue. Ankit can answer regarding revenue and EBITDA, but I would say that on the valuation side, you need to do an SOTP analysis in which you break down the valuation of our businesses into different—

Aman Soni – Seven Alpha Investment: I agree, but regarding valuation, I am trying to understand revenue and EBITDA.

Ankit: As Shivani was trying to explain, this is still under development. It will take some time for us to provide guidance. As I mentioned in the opening remarks, it is too early for us to start guiding on revenue and EBITDA today, but we will have better numbers and some guidance during the second half of the year.

As of today, we have a pipeline and visible closures in the near future. They will start determining what the capex, revenue, and EBITDA will look like, but it is a little too early for us to start guiding the market on the revenue and EBITDA expected from this business.

Aman Soni – Seven Alpha Investment: I understand. However, I think last quarter you said 40 crores could be achieved. I thought that because of the increased inquiries, you might have revised that.

Ankit: That guidance remains.

Aman Soni – Seven Alpha Investment: Understood. Thank you.

Operator: 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.

PP Gupta: Let me bring all this together. This quarter, our revenue grew by 25%, and we have won approximately 2,200 crores of new work to date. Our first Kochi project began generating payments after 100% completion and go-live. The data center business remains strong in implementation and is drawing significant customer interest.

TEI is entering a significant phase of investment in power and digital infrastructure, and Techno Electric is well positioned to be a leading participant in both. 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 more than 40 years, and we have been first movers in many opportunities in this space, including renewable power, HVDC, and PPP concessions, apart from executing EPC projects of any complexity and voltage level. We have built a strong execution discipline, and we will continue to bring the same discipline and long-term approach to our digital infrastructure business.

Additionally, I would again like to remind my investors that the digital business is long term, unlike EPC, where you build for others who own the asset. Here, you have to invest, create an asset, and bring in a customer. The customer also takes approximately 6 months to deploy equipment before it becomes a revenue-generating entity. Therefore, we have to be patient, but it is a very exciting and rewarding business to be in. The rewards grow 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. I once again thank you for joining us and for your continued support to Techno Electric. Thank you very much. Have a good day.

Operator: Thank you, sir. I will now hand the conference over to Vidit Trivedi from Asian Market Securities. Over to you, sir.

Vidit Trivedi – Asian Market Securities: Thank you. On behalf of Asian Market Securities, we thank everyone for joining this call. Special thanks to Mr. PP Gupta and Mr. Ankit for providing us with insights into the company's business and financial performance. With that, we conclude the call. Thank you, and have a good day.

Operator: 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.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.