



TECHNO ELECTRIC &  
ENGINEERING CO. LTD.

“Techno Electric & Engineering Limited  
Conference Call”  
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TECHNO ELECTRIC &  
ENGINEERING CO. LTD.



**MANAGEMENT: MR. PADAM P. GUPTA – CHAIRMAN AND MANAGING  
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LIMITED  
MR. ANKIT SARAIYA -- DIRECTOR – TECHNO  
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**MODERATOR: MR. SURAJ SONULKAR - ASIAN MARKET SECURITIES  
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**Moderator:** Ladies and gentlemen, good day, and welcome to Techno Electric & Engineering Company Limited Conference Call hosted by Asian Markets 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Suraj Sonulkar:** Thanks, Pari. Good afternoon, everyone. On behalf of Asian Market Securities, we welcome you all to the Q1 FY'26 Earnings Conference Call of Techno Electric & Engineering Company Limited. We have with us today Mr. P.P. Gupta, Chairman and Managing Director; and Mr. Ankit Saraiya, Director, representing the company.

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

**Padam P. Gupta:** Thank you, Suraj. Very good afternoon, and welcome, everyone, to discuss Techno Electric's financial results for the Q1 and year ended of the year 30th June 2025. Anything said on this call, which reflects our outlook for the future or that could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the industry and company faces. Let me highlight our performance for the Q1 financial year '26.

The results of the company -- firstly, I would like to say the results of the company are not comparable on quarter-on-quarter basis due to the inherent nature of the business we carry out. The Q1 is generally not a plus/minus 15% of the full year turnover, followed by 20% plus in Q2, 25% plus in Q3 and around 35% in Q4. This pattern you must have noticed over the previous years also.

The total revenue of the company for this quarter stands at INR515 crores, up by 25% year-on-year. EBITDA of the company stands at INR80 crores, up by 42% year-on-year. EBITDA margin is at 15.6% compared to 13.7% last year, year-on-year. The other income stands at INR58 crores approximately compared to INR23 crores last year. Similarly, profit before tax is at INR124 crores compared to INR75 crores last year, up by 64% year-on-year.

The PAT of this quarter is at INR99 crores, up by 78% and EPS is at INR10.70 per share. We have been getting compressed due to delay in acquiring land parcels for setting up of the facilities from our clients as they want their projects to be operational as per COD dates forming part of their concession agreements.

We are bettering the timeline in setting up of the prestigious substations which is again repeated after seeker at Dausa, which is 765/400 kV substation, comprising of 28 elements of transformers and reactors, which implies a 5 gigawatt of transforming of reactive capacity.

A compressed schedule increases the productivity of the resources deployed, which includes mechanized construction equipment, skilled labor, the cost of procurement of local inputs,



materials, et cetera. The compressed schedule further helps in optimizing the establishment cost and more so the productivity out of the resources deployed, making working capital efficient -- more efficient. This is now being practiced in other ongoing projects at Bidar, Anandapur, Halvad, Lakadia, which are under execution and will be completed during the year.

During the last year, we have successfully commissioned projects at 17 locations all over the country. Apart from this, in spite of increasing revenues, we do not let our balance sheet stretch in terms of working capital management due to better execution, operational efficiency and focus on cash flows and efficient utilization of resources.

Our current investment as on 30th June 2025 stands at INR2,250 crores, which is around INR200 per share. Techno has been able to garner better operating margins consistently over the years in this phase compared to its peers. We have been able to convert the profit into cash on our balance sheet and one of the efficient working capital management.

The reasons for same can be summarized like speed of execution, thereby timely completion of the projects, the timely collection of the receivables, but more so the retention money by achieving closing of the contracts too, avoiding interest-bearing advances by the client and the better credit terms from the vendors backed by commitment to pay in time.

Due to better margins and working capital efficiency, we have been able to be debt-free company. Apart from that, over the past few years, the company has successfully monetized its all renewable power assets and transmission assets, thereby garnering a cash surplus of INR1,500 crores and not in a single asset we had to see haircut. Additionally, INR1,250 crores has been raised on QIP basis.

This amount is available for next growth phase, which is in execution now. And we are constantly investing now in value-accretive assets like data centers, AMI, TBCB, et cetera, the benefits -- financial benefits, which will be seen in the coming years. We have already deployed about INR1,250 crores in last 2 years as CapEx in our subsidiaries, SPV for setting up of the data centers, edge data centers, AMI projects, transmission projects acquired in TBCB mode and also the projects in execution in partnership with IndiGrid at Dhule, Ishanagar.

The company is pleased to inform that the Chennai data center is now ready for operations and edge data center at Gurgaon is already in deployment is complete and in deployment. We expect during the year to deploy edge data centers at 5 locations and also deploy smart meters of more than 1 million.

And we have also planned to successfully complete substations of 765 to 220 kV level at more than 20 locations countrywide. You will be happy to note that we are deploying 220x66 kV GIS substations in the highest altitude of the country in Ladakh and Kashmir at 4 locations, out of which 3 will be complete during the year.

Coming to the order book, the momentum for bidding and order book has been steady. We have robust order book of unexecuted orders as of INR1,408 crores as of the June end. We are further L1 in orders and also in advanced stage of order receipt for worth INR720 crores.



We expect the order book momentum to continue and order intake for the financial year would be around INR3,500 crores. This simply reflects we will have enough orders in hand to keep the growth momentum of around 40% to 50% CAGR for next 2 years.

Building on this growth momentum witnessed in last 3 years over our monthly revenue grew from INR75 crores in '23 to INR200 crores per month in financial year 2025, which is further - which is further planned to be at INR300 crores per month in the current year. This confidence stems from our already achieved performance in the previous year successfully.

With this, the rate of order backlog to execution will be at around 3 plus, which is the industry norm. In the meantime, the company will continue to grow its business in data center space, which is becoming very exciting with every passing day. We are pleased to inform that our Chennai data center has been considered eligible for deployment of AI-backed applications, including clouds.

Outlook. India's energy landscape is going through a significant transformation from historically sluggish industry energy demand growth to now registering double-digit growth by -- driven by peak load target scaling 260 gigawatt and above and ambitious 400 gigawatt by 2030.

To bridge this demand-supply gap, strategic investments are being channeled into advanced transmission systems like high-end 765kV solutions, STATCOM solution, VSC HVDC solutions, battery storage solutions where Techno enjoys a market-leading position. On the distribution front, massive smart metering rollout under RDSS and newly formed link distribution, digitized distribution schemes will drive efficiency and private sector participation, another area of focus for us.

The generation segment is also reviving meaningfully with the government 80 gigawatt thermal capacity addition plan, opening the substantial opportunity for balance of plant, EPC and power evacuation infrastructure or grid connectivity of these facilities.

Simultaneously, the data center ecosystem in India is undergoing a paradigm shift driven by AI, cloud, 5G and data localization imperatives. The market is expected to more than double by 2030. Our investment in hyperscale and edge data centers in Chennai, Gurgaon, Kolkata and across Tier 2, Tier 3 cities via RailTel are timely and strategic position to capitalize on this.

We believe this convergence of energy transformation and digital infrastructure offers a multiyear high-growth opportunity. Techno Electric is strategically aligned, technically equipped and financially sound to scale alongside India's aspiration in both these mission-critical sectors.

Let me brief outlook opportunities and Techno strategy in this segment. The key drivers for the power transmission sector are integration of 500 gigawatt of renewable energy to the grid needs at least 50,000 circuit kilometers of transmission lines and at least 4330 MBA transformation capacity.

National electricity plan envisage an outlay of INR9.15 crores and Power Grid's own CapEx in this is no less than INR2 lakh crores till 2030 as per their plans. Finance Minister in Budget



reach 2025 has incentivized electricity distribution and augmentation of intrastate transmission capacity by states amid efforts to improve their capacity of power firms and financial health and additional borrowing of 0.5% of GSDP will be allowed to states contingent of these reforms. This will bring another investment opportunity of INR1.5 lakh crores. And we can see already Maharashtra taking lead in this place.

The EPC opportunities in this segment, the TBCB model projects, increasing private participation, high-end technology, EPC 765 kV AIS, GIS, STATCOMs and battery energy storage solutions and VSC HVDC solutions. Intraregional corridor strengthening, corridor capacity transfer ability strengthening, green energy corridors for more RD evacuation and integrating with rest of India.

The bidding pipeline apparently visible is around INR40,000 crores per annum, and we at Techno blends to INR2,500 crores per year for next 4 years. We concurrently have orders worth of -- presently, we have orders worth INR7,127 crores for transmission -- we have successfully bagged 2 concessions in TBCB with a total revenue of INR2,800 crores over concession period.

Now coming to distribution, the RDSS scheme has an allocation of INR3 lakh crore plus as an outlay, out of which 2 years are already nearly over and the scheme is for 5 years. The reform linked distribution scheme of INR16,000 crores focused on PPP/privatization model. The scheme is for distribution sector at a mix of result and reform-based financial support with an objective of ensuring 24/7 sustainable power for all and financially viable distribution sector.

The scheme envisages to DISCOMs in case of adoption of reform packages, including PPP ownership of distribution companies, adoption of various financial models at distribution level, including multiple supply franchises.

Focus areas are going to be grid modernization, which includes SCADA, GIS, AMI, smart grid deployment, loss reduction and power quality improvement solutions, advanced smart metering as an opportunity landscape 22.24 crore meters planned under RDSS and other scheme, which totals almost about INR2.22 lakh crores as a CapEx.

Out of this 14 crore meters are already awarded and 2.9 crore meters stands installed. And out of this, our share is about 1.5 million against INR29 million. Scope for 8 crores to 9 crores more meters to be bid out in next 2, 3 years, high-margin recurring O&M scope under TOTEX model and also data-driven DISCOM transformation due to the very presence of smart meters or AMISP in place now.

We have won concessions in AMI for 2.5 million meters, out of which by now, we have deployed about 0.8 million, and we -- it will be around 1.7 million by the end of the year. Thermal generation. 80 gigawatt of additional thermal capacity is planned by 2030 to meet the peak demand of 400 gigawatt, focus on ultra-supercritical and supercritical plant technology, which means lesser coal consumption and also emission thereby. The EPC scope as a balance of plant will continue to be there. We'll have a scope to deliver at least the grid connectivity part as well as the electrical elements for auxiliary systems.



The estimated EPC opportunity is about INR80,000 to INR1 lakh crores over 7 years, out of which we intend to make around INR500 crores per year. Renewable generation. The target is 500 gigawatt of renewable capacity by 2030 up from around 200 gigawatt currently need to integrate solar plus solar hybrid systems and wind farm EPCs and also to ensure RTC solutions.

Floating solar and RD parks under MNRE programs, the EPC opportunity is another INR3 lakh crores to INR4 lakh crores and with a number of pooling stations required to facilitate this capacity. The budget for financial year '26 significantly increased the allocation for the renewable energy sector with the budget estimates reaching almost INR258 million. MNRE 39% increase against the earlier budget allocation of INR191 billion from last year.

We see a slowdown in FGD segment, particularly after the NITI Aayog report, but the orders we will -- the orders we have got will continue to be executed at a given pace. The industry may see business to the extent of 5 gigawatt per year from SEBs and somewhat from private sector in this space if they are classified under Category A by the Ministry of Environment and Forest. We have got the orders worth INR1,450 crores of FGD and it is progressing normally.

Next is the data center. Major growth drivers for data centers are public cloud adoption, data localization, policy incentives, digital transformation, technology development and the rollout of 5G -- AI, 5G and VR increased adoption, revolutionizes enterprise technology market, IoT, big data and private cloud computing will be another opportunity. The Chennai data center is now ready in its first phase of 5 megawatt, which is a high I will say, hyper density infrastructure deployed in the solution.

We have invested about INR500 crores into this project by now. Despite facing delays due to regulatory and permissions, approvals, et cetera, supply chain disruption, we have successfully now completed the first phase of our Chennai data center and now is in deployment. We are ready to deploy 40 -- almost 50 lakhs, I will say, before end of Q2 which is megawatt.

And we hope to deploy this full capacity by December end. We are inaugurating this facility on 27 August and our first few orders from retail customers are -- will help us streamline our operations and demonstrate our capabilities as a data center operator. We have received orders from leading media production studio. We're working on animation and special effect, VFX. They will be running this entire studio operations from our data center and will be a good reference for future.

Our pipeline for data center is robust and with ongoing discussions with cloud and AI partners, these partners are particularly interested in high-density setups, leveraging the unique value propositions offered by our Chennai site due to its comprehensive design.

Domestically, we are engaged with banks, CDNs, domestic cloud providers, receiving positive feedback from one global private sector bank. We are actively participating in RFP processes with the global bank, which we anticipate conclusion within next 2 months. Recent advancement in AI field have significantly increased the demand for data centers as GPUs require substantial resources that can only be supported by data centers like ours.



With the unique proposition due to the design of the Chennai data center, we are placed ahead of the competition. India's AI mission has recently commenced with the empanelment of various players, and we are in contacts and negotiations with multiple stakeholders to provide our data center infrastructure at Chennai.

To enhance our market reach, we are onboarding global channel partners for distribution and establishing an extensive distribution network within India for our forthcoming data centers. With the help of our distribution and IT players, we are also in discussion with some customers for bare metal private cloud services with our customers. With the niche service offerings, we'll have better monetization.

Edge data centers. We have secured a concession from RailTel to build 100 edge data centers, as you know, at Tier 2, Tier 3 cities and towns across India. Our first TDC in Gurgaon with 200 kilowatt is complete and is being now in deployment. We are now in the process of deploying the racks to the various customers engaged by RailTel, which are largely government and PSUs.

Work on the Mumbai edge data center has become and is expected to be operational by -- in H2 of the current year. Discussions are ongoing with an Indian conglomerate to lease 100% of the capacity upon commissioning. We are negotiating and contracting 4 to 5 Tier 2, 3 locations with global hyperscale customers.

We have shown interest in sites at Gandhinagar, Indore and Bhopal. New Delhi, Hyderabad and Guwahati are targeted for future edge data centers under the RailTel contract. Multiple inquiries from distributors and channel partners are being actively pursued.

Noida Data center. We have secured a concession from RailTel to build a hyperscale data center of 18 megawatt in Noida. The construction work for the same is going on, and we expect a partial completion and commissioning in H2 financial year '26. Kolkata Data center.

The master layout for the data center is ready and preconstruction has started. The first phase will be commissioned between mid and late 2027. We have an active funnel of INR100 crores and key large cloud opportunities.

The expected revenue for financial year '26 is INR3,500 crores and approximately growth of another 25% for the year '26-'27. Accordingly, the EPS forecast is INR50 for the current year and around INR75 for the next year. With this, Ankit, do you have something to add? We can take up the questions.

**Moderator:**

The first question is from the line of CA Garvit Goyal from Nvest Analytics Advisory.

**CA Garvit Goyal:**

Congrats for a good set of numbers. You mentioned about FGD slowdown. And while you also mentioned in the existing order book, we will not be facing any hindrance in the terms of execution. Can you spend a few minutes on explaining the impact of this policy related to FGD on your vision for Techno's scale up over the next 3 to 5 years? That's my first question.

**Padam P. Gupta:**

Yes. You see FGD was never a big time focus as a top line growth for Techno in business. We never expected business to be more than INR300 crores to INR400 crores per year out of this



segment, and we wanted our presence to be no more than 5% in this marketplace. I think this is a debatable space even now.

Although government has under some prudence classified requirements on category A, B and C, believing the cost of deploying the solution is not value driven. The CapEx is a lot more than the benefit achieved out of this facility. So they have classified the country based on populations, 1 million and above, number one, and the powerhouse must be within 10 kilometers as a category. Then they have a B category and C category.

The B is not very well defined, but Cs, which are not required immediately. So that is the classification. But if the ongoing projects have already achieved a progress more than 40%, those projects will see the completion depending on the approval from the DISCOMs. That is how the policy is.

So government is actively engaged. Meetings have been held at the level of the project utilities. CA has conducted meetings with generators. They have conducted meeting with EPCs, and I'm sure some guideline will follow shortly.

**CA Garvit Goyal:** Understood. So is there any risk in the existing order book execution as well, like you mentioned about some approvals. So if approvals are not there, then that means we will be facing some challenges in the execution of existing order book as well? Can that be the case?

**Padam P. Gupta:** No, no, no existing orders have already more than 2-year old with us. And Kota falls -- we have 2 orders, Kota and Jhalawar. Kota is in category A, so it has to see the completion by the very policy. Jhalawar is in category C, which is already complete beyond 60%. We have shared all the data with the generators with the utilities, DISCOM as well as with CA. NTPC has already taken a call to go ahead with the ongoing projects. So we technically don't see much threat to the other order also at Jhalawar.

**CA Garvit Goyal:** Understood, sir. And secondly, on the Chennai data center, you mentioned that is operational now. So can you tell us like what kind of revenue are we anticipating in this year itself from Chennai data center?

**Padam P. Gupta:** Ankit, are you there? Yes. You see you can take a revenue this year may not be more than my -  
- Ankit will be more able to say accurately, but I trust it will be about INR25 crores.

**CA Garvit Goyal:** I think earlier, we were speaking about INR100 crores.

**Padam P. Gupta:** Not this year. You see. Ultimately, this will grow up to INR100 crores. I said today also. Maybe it will be more visible from INR100 crores to INR200 crores next year. And this year, we are in the process of building up of the capacities like Gurgaon, Bombay, Chennai. So these 3 facilities will be ready for deployment. So I will say conservatively INR25 crores, but maybe more. And depending on what you include in it, I'm not including any services or any power cost in it. I'm talking of the [inaudible 0:35:04] revenue, which will have an EBITDA of 80% or more.

**CA Garvit Goyal:** Understood, sir. And lastly, on the guidance part, the guidance for this year, EPS INR50 and revenue INR3,600 crores, is that intact, sir?



- Padam P. Gupta:** Yes, yes, absolutely. They are intact.
- Moderator:** The next question is from the line of Ankit Madhwani with StepTrade Capital.
- Ankit Madhwani:** Yes, I just wanted to know the margin profile like the data center will be operational by this year. So what will be the margin for the FY '27?
- Padam P. Gupta:** No, we have already said margin, we don't inbuilt the INR75 crores -- EPS of INR75 will largely be coming out of the EBITDA inclusive of data center in that, obviously. So it is -- depends on how top line is constructed in this business. If you take bare rentals, then it is 80%. But if you include services, power costs, then accordingly, EBITDA goes down to 50%, 60%. So -- but it will be much better than what we get in our EPC business. So it will only be improving.
- Ankit Madhwani:** Okay. Okay. So sir, when we look at your data center business, so what will be the proportionate revenue for FY '26? So can you tell us the weight of the data center?
- Padam P. Gupta:** No, in '26, it will be very negligible. So we are already talked about it in the previous question, maybe INR25 crores to INR30 crores, but it will be a little more significant next year.
- Ankit Madhwani:** Okay. Okay. So 1 year is a waiting period?
- Padam P. Gupta:** Yes, that is '26-'27.
- Ankit Madhwani:** Okay. Understood sir. And sir, FY '27, what would be the tentative number? So when it is significant, but what would be tentative number?
- Padam P. Gupta:** You see, we need to be precise. I think you wait for another 2 quarters. When we take up the results of around maybe Q3 on data center revenue, we will be more precise. But we are definitely targeting a big push because this sector is evolving and changing every moment. Sometimes it looks -- it is so opportunistic, so wonderful and sometimes it takes time to conclude with customers.
- Customer takes more time to conclude a contract and deploy facilities. So that bit of uncertainties of 3 months here and there always keep playing in the -- forging a relationship and relationship becoming revenue accretive.
- Moderator:** The next question is from the line of Rohan Dalal from Batlivala & Karani Capital.
- Rohan Dalal:** Sir, first of all, congratulations on some excellent numbers that you've shown, and we really look forward to the next couple of years going forward. My question is that we have been -- in the past, you have guided that you're looking for a strategic investor for your data center business. Is that still on the cards? Or now are you looking at doing it entirely on your own?
- Padam P. Gupta:** Look, strategic is a very meaningful and very significant word. How strategic a partner is who brings opportunities, who brings capabilities and not merely finance because Techno is capable to finance its operations. So we will keep -- we are exploring. We are continuously in touch with many great global firms as well as Indian companies. So it's a work in progress, I will say, and



we have an open mind on it. So we will definitely take you in confidence as and when something significant happens.

**Rohan Dalal:** Okay. And sir, my next question is I know that in the past, you have offered for -- if anyone wants to come and visit your office in Kolkata, who should we contact if we would like to come?

**Padam P. Gupta:** Vishal Jain is our PR man.

**Moderator:** The next question is from the line of Deekshant from DB Wealth.

**Deekshant:** Congratulations on the good results. So the first question is, could you actually -- from a historic perspective, before 2021, we used to have margins in the range of 24%, 25%. But since 2021, our margins have dipped significantly. So what has been the change in the business that has led to this drop in margins right now?

**Padam P. Gupta:** I think all of you should know, we were the first IPP in wind power and had invested in 200 megawatts. The revenue of wind power had an EBITDA of no less than 80%, but the revenue may be around INR200 crores. So that was contributing a lot more to the EBITDA when put together with EPC business. And same may happen down a year when data center business is clubbed with our EPC business. So EPC business has a different EBITDA than the EBITDA in an asset-based business.

**Deekshant:** Sir, given our seasonality of business, June quarter has had an actual better margin than the previous year. So -- and so what has been going right for us to give us this margin in a seasonally muted quarter?

**Padam P. Gupta:** No, there is no magical change, again, I will say, because now the -- some revenue of our wind business, number one, has become so insignificant that the auditors decided to take it a 1 segment business and not 2 segment business anymore as we did till previous year. So if you take on EPC business only, the margin will be around 14.5% only, whereas if you put the wind business revenue, which is around INR15 crores, INR20 crores now of the remaining 20 megawatt in our books, then it improves by further 1% more.

**Deekshant:** Got it. Sir, in our line item, there is a particular line item in our P&L, which is profit from discontinued operations. So could you just give us some light on understanding what this particular number means and why is it declining?

**Padam P. Gupta:** You see a discontinued business is a discontinued business. And realization out of the same is the arrears receivable from the DISCOMs of the power already supplied over previous years. The asset stands monetized and disposed off in '23 by the company now. So those are regulatory disputes as and when we get regulatory favorable orders, those amounts becomes payable by the DISCOMs and we get paid. That is what it means.

**Deekshant:** But could you elaborate a little bit on this that when does a regular business become a discontinued business for us? Just from a business cycle perspective, the question -- I'm asking the question.

- Padam P. Gupta:** No, I've not got your question. Discontinued business never become regular business.
- Deekshant:** See, regular business will become discontinued business at some point of time, right?
- Padam P. Gupta:** Yes. That is already discontinued in '23. So as said, there is no more power generation, no more regular sale of power. These are the realization of arrears as per the eligibility as per provisions of the PPA we have with the DISCOMs. So DISCOM has its own disputes with us. So we went through regulatory resolutions with the NERC, with APTEL.
- So those favorable orders as and when are implemented, money is received, we disclosed that amount on receipt basis in our books as a conservative. They were not kept in our books as outstanding of the previous years nor accounted for those entitlements.
- We already stated that we are conservative and we account all disputes and all these kind of regulatory issues pending in the courts or arbitration or in regulatory courts on receipt basis only.
- Deekshant:** Got it. Sir, last question is on guidance. So you have mentioned a 40% to 50% guidance for the next at least 2 years. What kind of margins can we expect on this sort of growth? Do you think we can be more than 25% at the end of this?
- Padam P. Gupta:** Look, margins are not so simple to come by. We are a regulated -- part of regulated businesses. As far as EPC is concerned, 14% plus/minus will be the benchmark, as I have always guided and we have achieved consistently. The further improvements will happen only by our data center business now happening and somewhat out of the AMI business, which are the asset-based businesses of the company. So club together, you may find some improvement year-on-year.
- Deekshant:** Sir what will be the ballpark number.
- Padam P. Gupta:** Please, as I said earlier, we will discuss this more in Q3.
- Deekshant:** Okay. Okay. Sir, if I may ask one more last question is on our other assets item. Our other assets item, sir, has improved from last year to 2025. So it has gone from INR400-odd crores to close to INR900 crores, around INR880 crores. Could you just tell us that what are these other assets that we are working on right now? Is this part of the CWIP, but that would be different.
- Padam P. Gupta:** It is -- you rightly worded yourself. It is a CWIP, which will be capitalized in Q2 now out of this for Chennai data center and somewhat more by the end of the year on the AMI and somewhat on the TBCB side as and when commissioned.
- Moderator:** The next question is from the line of Pranjal Mukhija from Growthsphere Ventures.
- Pranjal Mukhija:** I have to say, sir, congratulations on a great set of numbers. Sir, my -- I had a couple of questions on the smart meter business. So given we understand that H1 is usually slightly low on the softer on the implementation part in smart meters and then the majority of the business and the implementation picks up in H2.



So I just wanted to understand like what kind of like on ground -- what is the on-ground situation that you're seeing right now in the market? And do we foresee like installation picking up quarter-on-quarter even from this level?

**Padam P. Gupta:** Yes. We have not faced any problem to be honest, in deploying meters so far. And we almost do about 80,000 to 1 lakh meters a month, and that is what we are obliged to do under these 4 concessions. And it is going as per the program. So we are to complete all this by September '26 or entire 2.5 million meters. And by end of this year, we should be at around 1.7 million to 1.8 million meters, leaving another 0.5 million 0.7 million for next year, 6 months.

**Pranjal Mukhija:** Right. And sir, how are we seeing the new announcements that are coming out in states like Tamil Nadu and maybe Karnataka side? Like are we also pursuing those opportunities?

**Padam P. Gupta:** Not seriously, to be honest, because we -- as we always maintained that our exposure will be no more than 3%, 5% in this segment because counterparty risk is a little high because of the DISCOMs and DISCOM reforms are still not very strongly visible, though government is supporting it. So we are conservative on this aspect. Wherever we feel we are getting our good EBITDA, good customer support, we are there. But we are not going to grow this business aggressively.

**Moderator:** The next question is from the line of Shivkumar Prajapati from Ambit Investment Advisors.

**Shivkumar Prajapati:** Congratulations on a great set of numbers. So my question is on data center first. So if I look at the last presentation, last quarterly presentation, I see INR650 million of order in our order book. So the INR25 crores that we are assuming for this year, is it from that? Or is it the additional INR25 crores?

**Padam P. Gupta:** No, it is part of that only what you see.

**Shivkumar Prajapati:** Okay. Understood. And sir, this Mumbai data center, is it on track? I mean.

**Padam P. Gupta:** It will be commercialized by December.

**Shivkumar Prajapati:** Okay. Okay. Okay. And sir, one more thing. What would be the depreciation rate for the data center?

**Padam P. Gupta:** This is a very challenging question. In an evolving technology space, how to determine a depreciation is always a management challenge because insulation is a bigger risk you carry than a very physical or operational availability of those assets. So technological solution always is a challenge. To my mind, one should not take a life of data center more than 10 years to my mind.

**Shivkumar Prajapati:** Okay, 10 years. Got it sir. And sir, in last year Q2, we had mentioned to some foreign -- like we are interacting with some foreign entities for our data centers. So could you shed some light like what sort of customers and from what all reasons we are in talks for the data centers?

**Padam P. Gupta:** No, I have already Yes, Ankit, please go ahead.



**Ankit Saraiya:**

Yes. So as we mentioned in the beginning of the call that we are in discussions with multiple foreign entities and even domestic entities who can be strategic partner to us. But now that we have successfully started operating our data center in Chennai as well as Gurgaon and have started deploying capacity over there to end customers.

We would ideally like to possibly continue deploying that capacity and wait for right valuations because once we have taken the call of boldly going into a market on our own strength, then better to see the entire cycle and then look out for a strategic partner who is willing to give those valuations, which come with an asset which is generating revenue. So it is more wise to now wait and take a more prudent call and a bold call when the time is right.

Having said that, we have not stopped discussing with strategic partners. We are already in discussion with them, and we keep engaging with them time to time.

**Moderator:**

The next question is from the line of Vinod from PhillipCapital.

**Vinod:**

Sir, I had a question on distribution reforms. So you've seen this industry for a very long period of time. I think recently, the Supreme Court has said that for Delhi, the regulatory assets have to be cleared in the next 3 years. And this could become a role model for other distribution cycles. So do you really think this time, it's very different because we've seen a lot of different distribution reforms in the past, which have faltered. So what's your view on this Supreme Court judgment?

**Padam P. Gupta:**

I wish our country was more simple than what you are stating when it comes to the politics of World Bank and power sector have not missed or not seen the market reforms like telecom or aviation or highways, similar sectors. So that's a sad part. It's a pain part that we say -- we go by so much of litigations and court orders.

But states, it's ultimately a discretion of the states. We have 2 layers. It's a so-called concurrent list. We have SERCs, CRCs. Rather my biggest pain is the very Electricity Act, it provided 2 things apart from others that we will give a consumer a choice of the power supplier and we'll also give. Hello. Can you hear me?

**Vinod:**

Yes, I can hear you now.

**Padam P. Gupta:**

Yes. Other than these 2 things like open access and choice of power supplier to the consumer, we have done everything in this sector. We have deployed best of the capacities, best of the solutions, best of the technologies, but still they are not cost effective because of the inefficiencies of the DISCOMs. So that is a challenge which still persists in our sector, sir.

And someday, central government has to take as an economic reforms call that power sector is under GST, number one, which is still not. Number two, I will say that they must by legislative or parliamentary order make it mandatory to have multiple power suppliers in every area of the country as well as openness to the generators. It should be one market, free market, like any other thing.



When we say power is a commodity, then it must be dealt like a commodity. Sometimes you cannot say -- some people will say it is essential. Somebody will say it is a necessity. Sometimes we want rules like commodity. So it is a very blended mindset. It's basically a mindset and behavioral issue in this sector of the local governments.

**Vinod:**

Sir, on that thought, actually, since you mentioned open access, I think what's happening with state DISCOMs is I think many of the industrial customers are -- the C&I customers are moving out. They are moving into either captive or hybrid kind of renewables.

And that is probably -- and they were typically the customer segment that used to cross subsidize the others. So I think the pain is probably going to increase for state DISCOMs than I think what we are seeing today.

**Padam P. Gupta:**

So, I'm not getting into those debates. We usually call it a creamy layer in our sector. That is the language we use, sir. But government have to believe can T&D cost be 200% of power generated cost in any country? Tell me. Have you experienced that? You generate power at INR3 to INR4. And still in your house, it comes at no less than INR10.

So no citizen asks in this country to the government, who takes away my INR6, sir. So those questions, public have to rise up one day and ask these questions. So that is the challenge. And obviously, when normal efficiency or efficient and competitive solutions are not available to the industry or large commercial sector, they find roundabout ways to achieve it.

**Vinod:**

Sure, sir.

**Padam P. Gupta:**

That is what is happening. Why so much of pain? Why we cannot reduce the cost of the power to 50% and consumption to 2x, you see how much growth it will bring to the sector. Why per capita consumption cannot be INR2,000 in this country if power cost comes down to INR5 to INR6.

**Vinod:**

Let's hope I think this probably sets because there have been many onetime settlements, which have never remained a onetime settlement.

**Padam P. Gupta:**

Absolutely right.

**Moderator:**

The next question is from the line of Deekshant from DB Wealth.

**Deekshant:**

Sir, our working capital days has been increased. So could you shed some light on what's happening on our total working capital cycle right now?

**Padam P. Gupta:**

No, no, no. It was very momentary in June and if you are talking, in July itself, we realized no less than INR250 crores out of these outstandings. So now it is back to normal. In June, customers were a little short of funds and government maybe funds were not released by the government MOP, maybe war was the one reason, I don't know. But now we have got all the money back. Even our balance in the cash in hand is almost INR2,500 crores plus in stand-alone entity.



- Deekshant:** So do you think that our current years working capital cycle will be in the similar range? Or can we be better?
- Padam P. Gupta:** Absolutely. No, it will be in the similar range.
- Deekshant:** So sir, last year also, our working capital had increased in 2025. FY '25.
- Padam P. Gupta:** Not at all. Please read our document more with a deep sight with a growth of 50%, the working capital requirement remained the same. Our debtors were at INR600 crores only.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.
- Padam P. Gupta:** Yes. Suraj, would you like to say.
- Suraj Sonulkar:** You say sir.
- Padam P. Gupta:** Thank you very much for joining the conference call. If you have any questions regarding our performance, please send us an e-mail and you are always welcome to drop in our office if you happen to be in Kolkata or in Gurgaon, any part of the time of the year. With this concludes the conference, and we appreciate and respect your participation. Thank you very much.
- Moderator:** Thank you. On behalf of Asian Market Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.