Pace Digitek Limited
(Formerly Known as Pace Digitek Private Limited
and Pace Digitek Infra Private Limited)
Regd. Office: Plot No. V-12, Industrial Estate,
Kumbalgodu, Mysore Highway, Bangalore - 560 074.
T : +91 80 29547792 / 94 / 95 / 96.
E : info@pacedigitek.com
w : www.pacedigitek.com
CIN-L31909KA2007PLC041949

Ref No: PDL/2026-27/Q01_34

Date: June 03, 2026

BSE Limited	National Stock Exchange of India Ltd
Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400001 **Scrip Code – 544550**	Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (E) Mumbai – 400051 **Symbol – PACEDIGITK**

Dear Sir/Madam,

Sub: Transcript of the Investor call on the Audited Financial Results (Consolidated and Standalone) for the quarter and Financial Year Ended March 31, 2026 held on May 26, 2026 at 11:30 AM.

In continuation of our letter bearing **Ref No: PDL/2026-27/Q01_25** dated **May 21, 2026** and pursuant to **Regulation 46(2)(oa)(iii)** of the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, please find the enclosed transcript of the **Investor Call** held on May 26, 2026, on the Audited Financial Results (Consolidated and Standalone) of the Company for the quarter and Financial Year Ended March 31, 2026.

The transcript is available on the website of the Company on: https://www.pacedigitek.com/investor-relations/stock-exchange-compliance

We hereby request you to take note of the same.

Thanking You,

For PACE DIGITEK LIMITED
[Formerly known as Pace Digitek Private Limited and Pace Digitek Infra Private Limited]

Meghana Manchaiah Purushotham
Digitally signed by Meghana Manchaiah Purushotham
Date: 2026.06.03 19:28:38 +05'30'

Meghana M P
Company Secretary and Compliance Officer
Membership No: A42534

Add: Plot No. V-12, Industrial Estate, Kumbalgodu, Mysore Highway, Bangalore - 560 074.

Encl.: As above.

Pace Digitek Limited

Q4 & Full Year FY2026 Earnings Conference Call

May 26, 2026 11:30AM IST

Management:	**Mr. Venugopal Rao Maddisetty – Chairman & MD – Pace Digitek Limited**
	Mr. Rajavendhan P – Chief Financial Officer – Pace Digitek Limited
	Mr. Ajay Tambhale – Head, Investor Relations – Pace Digitek Limited
Moderator:	**Ms. Khushbu Singhania – Go India Advisors LLP**

This transcript has been edited to improve the readability.

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and Full Year FY2026 conference call of Pace Digitek Limited, hosted by Go India Advisors. 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.

I now hand the conference over to Ms. Khushbu Singhania from Go India Advisors. Thank you, and over to you, ma'am.

Khushbu Singhania: Thank you Iqra. Good morning, everyone and welcome to Pace Digitek earnings call to discuss Q4 and full year FY2026 results. We have the senior management of the company on call, Mr. Venugopal Rao Maddisetty, Chairman and Managing Director; Mr. Rajavendhan P, Chief Financial Officer; and Mr. Ajay Tambhale, Head of Investor Relations. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risk that the company faces.

May I now request Mr. Venugopal Rao to take us through the company's operation and strategic highlights for Q4 and full year FY2026, along with the business outlook, subsequent to which we can open the floor for Q&A session. Thank you, and over to you, sir.

M. Venugopal Rao: Thank you. Good morning everyone. I am Venugopal Rao, Chairman and Managing Director of Pace Digitek. I would like to welcome you all to our Q4 and FY26 earnings conference call. FY2026 was a landmark year with successful IPO listing, creating a strong platform for next phase of scale and long-term growth. We have transitioned from a telecom infrastructure execution company into an integrated infrastructure platform across telecom and energy infrastructure and Battery Energy Storage Systems (BESS).

During the year, we have built the capabilities across the complete BESS value chain including the manufacturing, EPC execution, deployment and life cycle services. We have operationalized BESS manufacturing facility with installed capacity of 2.5 GWh during FY26. We have also delivered 178 BESS containers during the last year, which was a record; there is no other company which has manufactured 178 containers within India.

We have also successfully executed 480 megawatt hours (MWh) of utility-scale BESS capacity during FY26. We are also in process of expanding our manufacturing capacity from 2.5 GWh to 5 GWh. The machinery and equipment have been received, installation is underway and the 5 GWh facility is expected to be operational from July 2026 onwards.

In addition to this 5 GWh capacity, we have completed the necessary infrastructure and plant construction for expansion to 10 GWh. We have also placed orders for 5 GWh production lines and which are expected to be operational in October 2026. As a result, by October, we would be operating with 10 GWh operational capacity for BESS manufacturing.

This is actually ahead of our earlier plans where we thought that first we will operate 5 GWh and then take the call for the second 5 GWh, but we have advanced our plans considering the demand outlook and order book visibility and we have already progressed in that direction. By October, we would have a 10 GWh of operational capacity.

We have also strengthened all the internal teams. We have built a strong team to manage this 10 GWh capacity at the manufacturing level. At the same time, we have further strengthened our field operations and project execution capabilities to support the growing scale of our business.

On the telecom side also we are progressing well. In addition to our earlier orders, we have secured further orders from BSNL and Railways in the last quarter. We have also secured an order from RailTel for Railway Kavach and digital infrastructure projects. We are also strengthening our position beyond traditional telecom infrastructure, for example in Railways we are deploying CCTV systems across coaches and for Kavach projects we are providing solutions as well.

On the growth part, the outlook is very good because we already have a very healthy order book in hand coupled with the integrated manufacturing and execution capabilities. We have a strong demand visibility across energy and digital infrastructure. We have a diversified executable order book of Rs.11,338 crores, comprising Rs. 8,854 crores in the Energy sector and Rs. 2,484 crores is form the Telecom & ICT side . The order book distributed across BESS, telecom, OFC and digital infrastructure projects.

Our long-term opportunities are emerging from renewable energy integration, where BESS is required in at scale as well as grid stability requirements and BESS expected to play a critical role. Our opportunities also come from Railways in terms of modernization and digital infrastructure expansion. We are also seeing the utility-scale storage market in India growing significantly because it is still at an early stage of development and the growth potential looks very solid.

Our strategic priorities for the next two years would be to scale up this BESS in the C&I segment in addition to the grid-scale BESS which we are already executing. We are also focusing more on the Commercial and Industrial (C&I) sector. In the grid-scale segment we use MW scale BESS, whereas in the C&I segment, smaller-scale systems like kilowatt-scale are required, so we are focusing on that.

We have already launched some products in that direction and the certifications are also coming through. We are addressing that market as well, which is quite large and attractive. Keeping in mind the various state government policies in states such as Maharashtra, Gujarat and Rajasthan, which have launched their BESS policies recently and stipulate that wherever you have 50 MW and above solar installations, you need to set up BESS on a mandatory basis. This would bring significant opportunities for BESS at the C&I segment level as well.

Our focus for the next two years will be on increasing the contribution from product-led manufacturing and capacity building. As I said, we are expanding to 10 GWh, which itself would give us a very good top line. Going forward, we will be focusing more on increasing the contribution from manufacturing-driven revenues along with selective project-driven revenue. Therefore, our next strategic priority would be to focus on manufacturing-driven revenues.

We also want to improve operating leverage through integration and scale. As we mentioned, from 2.5 GWh we are scaling up straight away to 10 GWh considering the healthy order book and the demand in the market. We are also expanding our participation across telecom, OFC, Railways and digital infrastructure projects, which will also give us a healthy telecom order book and contribute to both our top line and bottom line.

We do have a confident long-term growth trajectory supported by strong expansion visibility across telecom and energy businesses. We are driving both sectors in parallel with independent teams so that both can grow simultaneously. We are increasing the contribution from the utility-scale BESS projects which we already have. We are also taking a leadership position in the sector, with our BESS order book being the largest in the country among individual companies today.

We are also trying to scale up this integrated manufacturing plant where not just the lithium-ion cell to the container assembly, but also the container manufacturing, including the fabrication of containers will be undertaken in-house because there are a lot of logistical challenges when we procure containers from outside, including transportation, costs and related challenges. To optimize this, we are doing in-house fabrication. The plant is ready. It would also be operational from July onwards.

That was a quick summary of the plans that we have and now I hand over the call to our CFO to discuss the financial numbers that we have announced yesterday.

Thank you and I will be happy to take any questions at a later stage. Thank you.

Rajavendhan P: Good morning, this is Rajavendhan, CFO of Pace Digitek. On behalf of the management, I welcome you all to this Q4 and full year FY26 earnings conference call. I will take you through the financial and operational performance for Q4 as well as the full year FY26.

I will start with the top line and most of my numbers will be consolidated basis, as we operate as a group across manufacturing, projects and services. Our consolidated revenue from operations for the Q4 FY26 stood at Rs.1,097 crores compared to Rs. 683 crores in Q4 FY25, representing a 60.5% year-on-year growth. The growth in this quarter was primarily driven by the project execution.

For the full year FY26, we have reported revenue from operations of Rs. 2,641 crores compared to Rs.2,439 crores of the last year, which indicates a year-on-year increase of 8.3%. During the year, we had a mix of telecom and energy businesses, with a larger contribution from energy sector orders. This business mix supported the growth in revenue compared to the previous financial year.

As mentioned earlier, we operate across both telecom and energy businesses. The energy contributed to about 78.1% of the total order book, whereas telecom & ICT accounted for 21.9%. From revenue perspective, the telecom & ICT has contributed 55% to the overall top line and energy contributed to 45%. This reflects a significant growth in the energy business and further diversification from our existing telecom business.

Coming to profitability, the gross profit for Q4 FY2026 stood at Rs.249 crores compared to Rs.130 crores in Q4 FY2025. The increase was primarily driven by the increase in the turnover. During the quarter we had a combination of telecom and energy businesses and in energy we had a combination of both product sales and Build-Own-Operate (BOO) projects execution.

Employee expenses for the full year were Rs. 96 crores for FY2026 compared to Rs. 67 crores in the previous year. The increase in the employee expenses was mainly driven by: 1. diversifying the business from telecom to energy; 2. deployment across a couple of projects and; 3. commencement of a BESS manufacturing plant. Therefore, this has impacted employee expenses during the year. Moreover, this is in alignment with the company's long-term execution roadmap, manufacturing expansion plans, strong order book and visibility.

At the EBITDA level, the Q4 number was Rs.163 crores compared to Rs.76 crores Q4 FY2025. This was significantly impacted by increase in revenue. For the full year, the EBITDA stood at Rs.455 crores compared to Rs.482 crores in the previous year. There is a dip in the EBITDA margins because the composition of revenue has changed from a telecom-focused business to a mix of telecom and energy businesses.

The margins continue to reflect the execution mix and the ongoing investment towards manufacturing and deployment capabilities. However, over the medium term, we expect operational efficiencies to improve through: 1. manufacturing scaling up; 2. localization initiatives as our MD explained; 3. backward integration which we are already doing; 4. improved supply chain efficiencies; and 5. increased contribution from product-led revenues.

Full year finance cost was Rs. 60 crores compared to Rs.115 crores in the previous year. This indicates the reduction of borrowings and the borrowing cost post the IPO and treasury optimization. As our rating has improved from BBB negative to A negative, the treasury cost also has come down.

PBT for FY2026 stood at Rs.430 crores as against Rs. 384 crores in the previous year. PAT for FY2026 stood at Rs. 307 crores compared to Rs. 279 crores of the previous financial year, indicating a YoY growth of 10.1%. PAT margin increased to 11.4% from 11.3% in FY2025.

Moving to the balance sheet, the total equity has increased to Rs. 2,252 crores during FY2026, supported by IPO proceeds and increased reserves and surpluses. The total debt as on 31st March 2026 stood at Rs. 961 crores compared to Rs.161 crores of the previous year. The increase reflects 1. investment towards BESS manufacturing expansion; 2. energy asset creation and 3. execution scaling up for the energy projects.

We are comfortable with our current leverage profile. The debt-to-equity ratio is at about 0.43x. Cash and bank balances stood about Rs.769 crores. The net debt-to-equity ratio stood at 0.09x. Return on equity for the FY2026 stood at 13.6% and return on capital employed stood at 14.3%. The return ratios moderated during the year primarily because of capital deployed towards long-term energy assets, manufacturing expansion and the execution of energy projects.

From a working capital perspective, there are two points to note. First, on the inventory side, our inventory stood at Rs.540 crores as on 31st March 2026. This increase in inventory reflects a strategic initiative undertaken by the Company. We are considering two different aspects: 1. raw material cost, specifically lithium-ion cell prices and 2. exchange rate effect. To mitigate these two, we have increased the inventory levels as on 31st March 2026 . This inventory will be used in current quarter for the consumption. This will benefit Q1 FY2027 in terms of the reduction in cost compared to prevailing commodity prices.

Second, trade receivables stood at Rs. 2,442 crores. Significant portion of receivables is associated with telecom debtors and also infrastructure projects where billing is based on project milestones and retention amounts held by customers. We continue to focus on these milestone-based billings which will enable collections to reduce debtor levels and further optimize working capital.

Coming to order book, the total executable order book as on May 25, 2026 stood at about Rs.11,338 crores, consisting of energy at Rs. 8,854 crores and telecom & ICT at Rs. 2,484 crores. On the manufacturing side, we have operationalized 2.5 GWh BESS manufacturing plant last year with ~ 80% utilization during the year and delivered 178 BESS containers.

Looking forward, we continue to see strong opportunities across, utility-scale BESS deployment, renewable energy integration, grid stability infrastructure, telecom modernization and OFC deployment. Based on the current execution visibility and order book, we maintain our revenue guidance for FY27 at Rs.3,200 to Rs.3,400 crores and for FY28 at Rs. 4,000 crores to Rs. 4,200 crores. This is supported by diversified order book that we have in both telecom and energy and energy being a major contributor to this order book. The company is well-positioned for the next phase of strong growth across both telecom and energy.

With this, I end my presentation and open the floor for questions. We are happy to hear from you. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sahil Jinesh Seth from Anand Rathi Institutional Equities. Please go ahead.

Sahil Jinesh Seth: Hi, congratulations on the great set of numbers. My first question would be, our manufacturing capacity commissioning date has been postponed by almost a quarter across all our facilities. Is there any bottleneck we are facing in terms of commissioning?

M. Venugopal Rao: Hi, good morning. Yes, it has been delayed by two months, not a full quarter. The primary reason was delay in shipments arising from the conflict in West Asia. Shipping lines were disrupted which affected movement of equipment. The equipment has now arrived and it is under installation. As we mentioned earlier, it will be operational by July this year. From July, this line will also commence production of BESS containers.

Sahil Jinesh Seth: From which country are we importing the manufacturing equipment from?

M. Venugopal Rao: It's from China.

Sahil Jinesh Seth: Even from China we facing any shipping challenges due to the Middle East war?

M. Venugopal Rao: Yes and I know your point is that problem is on the other side, so why was the impact felt in the eastern part of the world? Basically, these liners, when they work, let's say they don't just operate only between China to India. To give an example, an aircraft may fly from Bangalore to Hyderabad, then from Hyderabad to Delhi and from Delhi to Jammu before returning.

If there is a disruption at any point in the supply chain, it impacts entire supply chain and the freight network. We almost lost one month due to delays in shipment. But now the problem is over, the equipment is already in our factory and under installation. It will be commissioned within June itself and become operational from July.

Sahil Jinesh Seth: My second question is many players have announced capacity for BESS assembly, the cell-to-pack manufacturing, which will be commissioned in mostly in the later half of this year. Are we planning to backward integrate into cell manufacturing to keep our market share?

M. Venugopal Rao: As you know, we are already in a leading position in cell to pack and pack to container manufacturing in India. Point number one, we would like to maintain this lead by building further capacity as I mentioned from 2.5 GWh to 5 GWh and from 5 GWh to 10 GWh. This capacity expansion happening within next four to five months. By October, we will be at 10-GWh. That is a big capacity compared to what other people are planning now and we will have our capacity already built up by September, whereas others may take some more time.

Point number two, it is not just the manufacturing, it is a complete chain including field operations, execution capabilities and business visibility. The open order book as we speak, is around 6 GWh . Our products are being deployed in the field and they are already working. This itself is a significant learning curve of almost one and a half years for us and everybody has to go through this learning curve. We will have to maintain that lead and we are already working towards that.

Point number three, cell manufacturing is very much on the cards. We will be coming up soon with an announcement.

Sahil Jinesh Seth: Okay. On the recent China rebate reversal policy which has already decreased from 9% to 6% and set to expire in the next year. What is our current cell cost we are facing and what change are we expecting and how much of would be pass on to our realization on the container side? If you can give us in terms of dollar per kilowatt hour or any number.

Rajavendhan P: As we mentioned earlier, as part of strategic initiative we have stocked cells at the older prices. Yes, you are right, from 1st April the rates have increased due to regulatory changes. The rates have increased by almost 20%. The inventory built up as of 31st March has helped us during the current quarter, by reducing the consumption cost for this quarter.

But subsequently, we expect prices to moderate and moreover what we have done for all our bidding is that we have kept some contingency factors for all these rate increase scenarios, which will take care of our margin protection. We expect that prices will start easing from the next quarter onwards. So that's our expectation.

Sahil Jinesh Seth: Sir, can you provide your current realization per container and what would be the cell cost out of it?

Rajavendhan P: Cell cost is almost 60% to 65% of the overall container cost.

M. Venugopal Rao: The current container realization is about $82 to $84 per kWh, while cell costs are currently elevated levels in the range of $48 to $50 per kWh. Therefore, cell costs account for ~ 60% of overall BESS system value.

We hope commodity prices will come down because we believe that these prices are not sustainable.

However, at least for one quarter, we do not expect much impact because we already stocked material at earlier prices. This inventory position provides some protection against the recent increase in cell prices. Many industry participants are evaluating project timelines in the current environment until there is greater clarity on input costs and supply chain conditions.

We are not delaying projects at this moment because we have some stock. However, if this situation continues there could be some impact on project timelines because the government has also issued a guidelines under which projects can be extended by two to four months due to this war. We may evaluate the available force majeure provisions, if required.

Sahil Jinesh Seth: Got it sir. Last question, what savings are you seeing due to in-house container fabrication plant?

M. Venugopal Rao: There are two reasons for this in-house container manufacturing. One, the logistical challenges are quite significant. I'll tell you one example. First of all, in India the container manufacturing is not there as of now. While some limited-scale manufacturing exists, we have not yet found a suitable partner for large-scale BESS container manufacturing. We are developing one or two potential partners, but that process is taking time. Therefore, at present, most containers are imported.

The cost of the container includes almost 30% of overheads cost incurred to bring it to India by sea freight and along with risks relating to handling and transit damages. It is more of logistics advantage in addition to the cost. If we manufacture within our factory, we will be able to use it for our own consumption, that convenience is very high. In addition to that, we expect overall pricing and operating efficiencies to improve by approximately 4% to 5% through in-house container fabrication.

Moderator: Thank you. Next question is from the line of Sanket Sadh from Aarth AIF. Please go ahead.

Sanket Sadh: Thank you for the opportunity and congratulations on a good set of numbers. My first question is, our EBITDA margins in the energy segment are slightly lower than EBITDA margins from telecom. And in the previous call, you had given an estimate of PAT margin becoming around 11% in FY27. In your view, would those margin projections remain intact or are you expecting some dip in margin in FY27 given our order book is mostly in energy?

Rajavendhan P: Yes. Your observation is right. Energy EBITDA margins are lower than telecom. Across our current order book, the EBITDA margins are comparatively lower than the telecom business. With this backdrop, execution of energy orders will increase in FY27. The margins you are referring to, whether the PAT margin of 11.4% or the EBITDA margin of 17.2%, may reduce slightly as the contribution of energy orders to the overall revenue mix increases.

Considering the fact that energy is going to play a significant role to the top line in FY2027 we are expecting PAT margins in a range of 10% to 11% for next year.

Sanket Sadh: Okay. And, regarding the receivables which I noticed on the balance sheet which was just posted last night, so in the FY26 result, it says that the receivables are Rs. 1,565 crores. However, when we look at the annual report or the RHP filed by the company last year, the receivables are Rs.1,843 crores. It's almost a Rs.300 crores difference in receivables. If you could just shed some light on why the difference has occurred.

Rajavendhan P: Yes, I think you need to see the complete balance sheet. There is one more line item where a portion of the receivables has been reclassified as non-current. Considering the fact that one of the telecom projects from BSNL has a five-year payment schedule the related receivables are recoverable over a longer period, and therefore we have classified that portion as non-current. Accordingly, a part of the trade receivables has been moved from current to non-current receivables. You can see about Rs. 295 crores in the non-current portion.

Sanket Sadh: I added the non-current as well as the current portion receivable in the FY2026 result balance sheet and I believe in the RHP and annual report, there's only one line item and that is only in current. Despite that, there's still a difference. If you're able to give an answer or maybe I can email you later for this question.

Rajavendhan P: Ok, let me explain. As I stated, we have regrouped a portion of receivables into non-current receivables not only for FY2026 but also for the comparative FY2025 numbers. So, it is about Rs. 295 crores plus Rs. 1,271 crores. These are two line items of the trade receivables shown for FY2025 in the balance sheet as comparative figures. Accordingly, the receivables have been presented under separate current and non-current categories to ensure comparability with the FY2026 presentation.

Sanket Sadh: My last question is, as you continue to grow in BESS, are you going to continue in the Build-Own-Operate projects via debt funding only? Or are you going to raise through any warrants or a fresh round as internal accruals do not look sufficient enough to continue funding this expansion?

Rajavendhan P: As we stated in our opening remarks, the strategy for FY27 and FY28 is to increase the product business. So wherein the product business in terms of BESS is what we are trying for the external customers.

In line with this strategy, out of the four BOO projects we have, the first three are already funded either through the IPO funds or the internal accruals. The fourth project is being funded through external resources. With this, we are not stepping into further BOO projects unless we have some external investment in place. Currently we don't have that plan, so the FY27-FY28 we want to concentrate more on the product business in terms of selling it to the outside market.

Moderator: Thank you. We will take our next question from the line of Shreeya Kamble from Elios Financial Services. Please go ahead.

Shreeya Kamble: Hi Sir, I wanted to ask as it was mentioned about the changes in accounting policies that were going to happen in Lineage Power, your subsidiary. Are they being changed keeping in mind the changes in Ind AS?

Rajavendhan P: Lineage Power is a manufacturing entity and it is manufacturing BESS. We don't have any accounting policy change in the Lineage Power. What happens is that Lineage Power manufactures BESS products which either sell its products to parent company which is Pace Digitek or to the external market. That's the only difference, otherwise there is no major change in accounting policy.

Shreeya Kamble: Also sir, since the manufacturing facility is more of assembly, are you immune to whatever technology changes happen, right?

M. Venugopal Rao: Yes, as of now we are technology-immune in the sense that we buy the cell as a input and we convert them into a product. Currently, LFP is the most widely adopted technology and that is what we are using.

Having said that, our internal R&D teams continuously evaluate the latest technologies being developed globally and we will continue to adopt the most suitable technologies until we commence manufacturing our own cells. But yes, as of now technology is not going to impact our business because we buy the cell as input for our products.

Shreeya Kamble: Also, the revenue guidance that you've given of Rs.3,200 to Rs. 3,400 crores for FY27, is it a net of intra-company transactions?

Rajavendhan P: Yes, the top line that we report is always net of all the inter-company transactions.

Moderator: Thank you. Next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes, thank you very much sir for this opportunity. I just wanted to understand the execution of Rs. 3,200 to Rs. 3,400 and next year around Rs. 4,000 to Rs. 4,200. How much is contribution from BOO coming through?

Rajavendhan P: In FY27, we expect around 20% to 25% has to come from the BOO project.

Deepak Poddar: That is about Rs. 800 to Rs. 1,000 crores. And what about FY28?

Rajavendhan P: For the FY28 the BOO project may give another Rs.1,000 crores.

Deepak Poddar: Okay. And how are we accounting for it because this BOO project are being executed through subsidiaries, right? How are we accounting this, can you just briefly explain?

Rajavendhan P: Yes, it is based on the project structure. For the current MSEDCL project we are executing, we follow the dealer-lessor model as per Ind AS standards. Under this model, the project has been classified under lease accounting, where revenue and the related receivable are recognized. Therefore, it differs from project to project based on its structure.

Deepak Poddar: Okay, Thank you.

Moderator: Thank you. Next question is from the line of Kaushal Sharma from Equinox Capital Venture Private Limited. Please go ahead.

Kaushal Sharma: My question on your working capital side. In FY2026, working capital seems to be stretched out because of the receivables significantly increased. Our revenue from operations increased 8.3% YoY but receivable has grown 56% YoY. And same side the payable has also grown 77% YoY. What is the reason of increasing the working capital or the receivable side?

Rajavendhan P: Yes sir. There are two points to note as I explained. First, the inventory has been built up as a strategic measure considering the increase in commodity prices and foreign exchange rates. We have specifically built up this inventory for Q1 consumption.

Second, on the receivables side, in FY2026 the sales were concentrated in Q4. In Q4, we have recorded sales of Rs. 1,097 crores. Normally, for projects where revenue is booked, the receivable comes over a span of 90 to 120 days. Therefore, a significant portion of the Q4 sales is reflected in receivables.

Another point is that creditor have also increased. What we normally do is try to match the debtors and creditors. If you see the numbers, the net of debtors and creditors is about Rs. 650 crores with a 90-day cycle, so that is the relevant metric to consider.

What we normally do is maintain creditors with extended usance periods based on the projects we execute and the customer milestone schedules. We also operate on a B2B model wherein most of our customers are government-based customers with milestone-based payment mechanisms.

These factors account for the increase in receivables. Further, as on today, we have already collected about Rs. 300 crores relating to Q4 sales. Between April and May, we have collected Rs. 300 crores and receivables are expected to ease further by September 2026.

Kaushal Sharma: Got it sir. And my question is on your BOO model, where we are having 50% BOO projects. Could you please explain the unit economics taking the Telangana projects into consideration, what is overall capex net of VGF and the debt-equity mix, IRR, EBITDA per MW hour and other unit economics, so that I could understand the BOO model?

Rajavendhan P: Sure. I'll take a live example of the MSEDCL project in Maharashtra. The overall cost of the project is about Rs.1.3 crores to Rs.1.35 crores per MWh. This includes a GST portion of about Rs. 0.2 crores. Excluding the GST component, the net cost is about Rs. 1.2 crores per MWh.

This Rs. 1.2 crores again includes the VGF. In other words, a part of the project cost is offset through VGF from the government of about Rs. 27 lakhs per MWh. After adjusting for the VGF support, the net cost reduces from Rs. 1.2 crores to Rs. 93 lakhs. Rs.93 lakhs is the net cost per MWh, net of GST and VGF funding.

This Rs.93 lakhs per MW hour mostly consists of the battery storage system as a material cost. The government pays us in terms of rupees per MW, not MWh. For example, if this is a project for about 1,500 MWh, the revenue will be based on 750 MW. In terms of MW capacity, the government pays us Rs. 2,19,000 per MW per month.

Kaushal Sharma: And what is IRR in this project?

Rajavendhan P: At SPV level, IRR will be about 12% to 13%.

Moderator: Thank you. Next question is from the line of Paras Chheda from Purpleone Vertex Ventures. Please go ahead.

Paras Chheda: Out of the current outstanding receivables that we have, what proportion is already billed versus milestone linked that is outstanding versus retention money?

Rajavendhan P: Out of the total outstanding, we have ~ 5% retention money.

Paras Chheda: Okay. What is the split between billed receivables and milestone-based receivables?

Rajavendhan P: The milestone-based outstanding which is yet to be billed is about Rs. 900 crores, which will be billed over a period of next 3-5 years' time based on project milestones and the related billing schedule.

Paras Chheda: Okay, understood so under the BOO project you mean to say?

Rajavendhan P: No, this is for the telecom project. We have a milestone-based billing under which every year, over the next five years, we will bill around Rs.150 to Rs.175 crores.

Paras Chheda: Understood sir. When do we expect the cash flow from operations to turn positive?

Rajavendhan P: The cash flow from operations in this financial year was impacted by inventory built up plus increase in receivables. We expect this to ease out by September 2026 because, as I explained significantly higher sales were recorded in Q4 FY2026, which resulted in higher receivables. We expect this to normalize by September 2026.

For this financial year, we are focused on ensuring the top line is more evenly distributed quarter-on-quarter instead of being concentrated in Q4. Last financial year, what has happened is that the order book available with us started execution in Q3, which resulted in a significant portion of sales being recognized in Q4. This is expected to normalize during the current year because at the beginning of the year we have an order book under which we have already commenced execution for a few projects in this quarter.

Moderator: Can we therefore expect FY28 to be CFO positive?

Rajavendhan P: Yes.

Moderator: Thank you. Next question is from the line of Bhagwat from Prosperity Wealth Management. Please go ahead.

Bhagwat: Thank you for the opportunity and congrats on the strong quarterly results. My question is regarding the revenue guidance provided for FY28. Post commissioning of the ongoing capex, the total base capacity for FY28 would be 10-GWh. Assuming 5-GWh utilization for this capacity for BESS EPC manufacturing, the potential revenue from the BESS EPC segment itself could be around Rs. 6,000 crores considering Rs.1,200 crores per GWh.

In addition to this, if we include revenue from telecom and BESS BOO segment, the overall revenue guidance of Rs. 4,200 crores seems quite conservative. Could you please comment on this please?

Rajavendhan P: Your observation is correct. Mostly, we will not operate at 100% utilization but at 75% to 80%. Further BOO and other EPC projects currently account for 5.32 GWh which are to be executed. Accordingly, the revenue realization would be different from project to project.

We expect that the other projects will have a fixed asset accounting model rather than the lease accounting model. For this and the next financial year, majority of the BESS manufacturing will go to these BOO projects and 50% to 60% is expected to be allocated to the direct product business or the EPC business. That is how we have arrived at this guidance of Rs. 4,000 crores for FY28. This would change based on the composition of orders that we execute.

Bhagwat: Okay. In the presentation it's mentioned 2.72 GWh, but you mentioned 6 GWh.

M. Venugopal Rao: Total overall order book stands at 5.32 GWh and out of that, 2.72 GWh is for the BOO. Out of these four BOO projects, two of them are the solar plus BESS where it is energy selling business, whereas the projects we are executing like MSEDCL and KPTCL follow a lease model.

Solar plus BESS projects are different because revenue is generated from the sale of energy. Therefore, project capex will not be counted as revenue. If we put everything together, numbers are a bit conservative, but it is quite possible that we will achieve this or even exceed it.

Bhagwat: Okay. For FY27, I think the previous comment was Rs. 800 crores top line and next year another Rs. 1,000 crores, is that what I have listened? So, on PAT level what the contribution it would be from the BOO segment for these two years?

Rajavendhan P: The 5.32 GWh that I referred to comprises BOO plus EPC. For BOO it is about 2.72 GWh, out of which the first project form MSEDCL is expected to generate revenue of about Rs. 1,000 crores in the current financial year.

Bhagwat: Okay. And at the PAT level if you could comment on what it contributes for the BOO segment?

Rajavendhan P: At the PAT level for the BOO segment, as an overall business, we are trying to maintain PAT margin of around 10%.

Moderator: Thank you. Next question is from the line of Shrinatha Panduranga, an individual investor. Please go ahead.

Shrinatha Panduranga: Yes, thank you. So, congratulations for the great set of numbers. In the initial remark, you have mentioned regarding Kavach project solutions. Can you throw more light on it?

Rajavendhan P: Yes sir. These projects come under our Telecom & ICT vertical. Kavach project is a government initiative for the Railway sector. There are two different areas of this Kavach project; one is the core signaling equipment; second is the infrastructure for the Kavach. We are focused on the infrastructure segment of the Kavach project, where we provide network infrastructure solutions.

Till now, we have bid for a couple of projects and we will continue bidding for further projects. Various Railway divisions are coming up with these projects in smaller project sizes ranging between Rs.100 and Rs. 250 crores. The tenders are floated for specific corridors, for example Mumbai to Ahmedabad or Chennai to Bangalore.

We are participating in these tenders because we are in the telecom segment and have expertise in tower infrastructure and optical fiber deployment.

Shrinatha Panduranga: Yes. Currently we have 2.5 GWh of 80% capacity and when we have 10 GWh by October, by when do you expect utilization to reach ~80%?

Rajavendhan P: By end of the full financial year.

Moderator: Thank you. Next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: Hi, thank you for giving me an opportunity. My first question is related to your order book related to energy. Can you give the timeline and second, the revenue recognition for different segments like solar plus BESS, standalone BESS and solar EPC?

Rajavendhan P: The energy order book stands at Rs. 8,854 crores and it includes both BOO and EPC projects.

For standalone BESS EPC projects, the execution timeline is approx. 1.5 to 2 years, whereas for solar plus BESS mix project, it would range between 1.5 to 2.5 years.

In terms of the BOO projects, if it is a standalone BESS, execution timeline is approximately one and a half years and if it is a solar plus BESS project, it can range between two to three years.

In terms of accounting, standalone BESS projects typically qualify for lease accounting, whereas solar plus BESS projects are generally accounted for under the fixed asset accounting model. The accounting treatment differs from project to project depending on the structure of the agreement with the customer.

Praveen Sahay: Okay. Second question is just a clarification regarding the earlier discussion related to the receivable of FY2025. As per the Q4 and full year FY2026 filing, there is a difference. Even after considering both current and non-current receivables together, there is still a gap of Rs. 399 crores. Can you give a clarification where this amount accounted for in FY2025?

Rajavendhan P: I am not seeing any difference. The amount has been regrouped between current and non-current. If you can email it across to me separately, I can clarify this.

Moderator: Thank you. We will take our next question from the line of Aaditya Sharma from Holani Venture Capital Fund. Please go ahead.

Aaditya Sharma: Hello sir, first of all congratulations for the excellent set of numbers. My question is that your BESS business is going well. Apart from this, does the company plan to expand into other areas like data center, EV charging?

M. Venugopal Rao: Hi, good afternoon. Yes, data centers are focus area for us because most data centers, particularly AI data centers are looking for green energy on a round the clock (RTC) basis. Our teams are currently working on understanding their power configurations and requirements, and we are developing solutions for this segment.

As for charging stations, since this is primarily a retail-oriented market, we are more focused on the industrial sector. Therefore, EV charging infrastructure is not a focus area for us at this point in time.

Moderator: Thank you. Next question is from the line of Yash Jain from NVS Brokerage. Please go ahead.

Yash Jain: Congratulations on a good set of numbers. Sir, I just had two quick questions. First, regarding the NEC XON partnership that Pace Digitek has, which provides Pace Digitek exclusive OEM access across African markets. Can you share the addressable BESS demand across these African markets and what revenue contribution do you expect from this channel in FY27 and FY28, if any?

M. Venugopal Rao: Yes, the NEC is group originally from Japan and they have a very good setup in Africa and they have strong in-roads in terms of power infrastructure. After almost six months of deliberations, they have signed an exclusive agreement with us for some regions in Africa.

They already have some projects for which they are trying to find a financial closure. Once that happens, the order should come. In Africa, addressable market is primarily in grid-scale BESS. The grid is also very unstable in most African countries and the power availability is very low. Therefore, there is a big opportunity in terms of green energy coupled with BESS.

For FY27 and FY28, we expect approximately 300 to 500 MWh of orders, starting from FY27. We have already identified two to three potential projects, and the teams are actively working on them. Achieving 300 to 500 MWh of orders in FY27 appears achievable. In FY28, we may grow by a further 20% to 25% over FY27 levels.

Moderator: We will take our next question from the line of Kartik Mittal, an Individual Investor. Please go ahead.

Kartik Mittal: Congratulations on the great set of numbers. My first question on BOO projects at the SPV level, where you mentioned project level IRRs are 12% to 13%. I wanted to know what is the transaction structuring where holding company provides EPC services and books EPC profits and then the subsidiary company books the BOO revenues. Is there any other profit pool or value capture mechanism at the holding company level as well?

Rajavendhan P: Yes, you are right. Pace Digitek as the parent company will undertake the EPC execution of the project for the subsidiary which is the SPV. At the SPV level, the project IRR is about 12% to 13%. There will also be a margin for the EPC.

What we are trying to say is that, on an arm's length basis, if the same project were being executed by another SPV developer, the EPC contract would typically be awarded to an independent third-party contractor. Accordingly, whatever price a third party would charge to SPV, same pricing principle is adopted here as well.

The strength of the company lies in backward integration of project execution. We do not have a subcontractors involved in the project execution.

Kartik Mittal: Good, but doesn't it account for extra taxation on the profits you're booking within the consolidated entity?

Rajavendhan P: Sir, this is required on an arm's length basis. As I mentioned earlier, if the EPC work for a similar project were awarded to an independent contractor, the SPV would incur a comparable EPC cost. Therefore, the same arm's length pricing principle is followed in our case as well. Only because we have the capabilities, we are doing this at the parent company level. Yes, the additional margin does attract additional tax. These are standard market practices.

Kartik Mittal: Yes, good. Just one more question. You said that currently we have a first-mover advantage in the BESS market, but other players are also ramping up their capacities. One year from now, what will be our right to win projects? Is it L1 bidding or large-scale execution capability or something else?

M. Venugopal Rao: The BESS business is a complete ecosystem and not just manufacturing. If somebody puts up a plant, it does not mean that they will automatically get the business.

There are two sets of customers we have; one is the government business. Yes, in the government business you have to bid and win as L1. That is one route to market. However, in the private business, customers look at manufacturing capabilities, field operations, support availability in India, and technical knowledge and know-how. All of these factors are important.

For example, our first customer other than our own internal consumption is L&T. Earlier L&T was buying from China. They have awarded us an order of 250 MWh in January after completing their evaluation and validation process.

It is a complete ecosystem, not just BESS manufacturing. It also involves PCS and EMS as well. First of all, we are supplying a solution, not just a product. We have around 200 engineers who are supporting field operations. This is also very important because the battery systems don't work in the field on their own. There is a lot management required, where we have an upper hand.

We have built a Network Operating Center and we are monitoring our plants remotely. The entire operation is managed online, with no manual intervention. These are the things that customers also look at.

For example, our first project was commissioned in September last year, so that also serves as a credential that our products have been working in the field for more than a year. That also gives confidence to customers when they make business decisions. We believe that we would have that upper hand. Yes, competition will grow because demand is also growing. But yes, we will have our own share of the market.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference back to the management for closing comments.

Rajavendhan P: Yes, so we have delivered strong FY26 and are entering FY27 with a good order book. So, we are confident that with the order book and execution visibility we have, the growth and topline targets we have projected will be achieved.

With this, I thank all investors who have attended this call and participated through their questions. We hope we have answered them satisfactorily. If there are any further questions, you can reach out to our Investor Relations team. Thank you very much.

M. Venugopal Rao: Thank you very much everyone.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.

*****end*****