Pace Digitek Limited
(Formerly Known as Pace Digitek Private Limited
and Pace Digitek Infra Private Limited)
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CIN-L31909KA2007PLC041949

Ref No: PDL/2026-27/Q03_18

Date: November 06, 2026

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400001 **Scrip Code – 544550**	**National Stock Exchange of India Ltd** 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 Unaudited Standalone and Consolidated Financial Results for the Quarter and Half year ended September 30, 2026 held on November 02, 2026 at 12:00 PM.

In continuation of our letter bearing **Ref No: PDL/2026-27/Q03_10** dated **October 28, 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 **November 02, 2026**, on the **Unaudited Standalone and Consolidated Financial Results** of the Company for the **Quarter and Half year ended September 30, 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
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Meghana M P
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Membership No: A42534

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Encl.: As above.

Pace Digitek Limited

Q2 and H1 FY2027 Earnings Conference Call

November 2, 2026 12:00PM IST

Management:	**Mr. Rajiv Maddisetty – Whole-Time Director – Pace Digitek Limited**
	Mr. Rajavendhan P – Chief Financial Officer – Pace Digitek Limited
	Mr. Ajay Tambhale – Head, Investor Relations – Pace Digitek Limited
Moderator:	**Mr. Ishan Verma – Antique Stock Broking Limited**

This transcript has been edited to improve the readability.

Moderator: Ladies and gentlemen, good day and welcome to Pace Digitek Q2 and H1 FY27 Earnings Conference Call hosted by Antique Stock Broking 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 now being recorded.

I now hand the conference over to Mr. Ishan Verma from Antique Stock Broking Limited for opening remarks. Thank you, and over to you, sir.

Ishan Verma: Thank you, Anam. Good afternoon, everyone. On behalf of Antique Stock Broking, I welcome you all to the Q2 and H1 FY27 Post-Results Conference Call of Pace Digitek Limited. We have with us today from the management Mr. Rajiv - Whole-Time Director, Mr. Rajavendhan - CFO, and Mr. Ajay - Head of Investor Relations.

We will begin with the brief opening remarks from the management followed by the Q&A session. Thank you and over to you, sir.

Rajiv Maddisetty: Good afternoon, everyone and thank you for joining Pace Digitek Limited Q2 and H1 FY27 conference call. I am Rajiv, Whole-Time Director, along with my team, we'd like to take you through the key developments and key figures for this financial year.

So on behalf of Pace Digitek, I would like to welcome all the shareholders, investors, and analysts on this call. I hope you have had the opportunity to review our financial results and our investor presentation which we have uploaded in the exchanges.

We have delivered a strong performance in the first half of FY27 with growth across both our energy and telecom businesses. During this period, we have expanded our BESS manufacturing capacity, progressed in several of our battery energy storage projects and we have reached a much better stage in all of these projects.

I'd like to take you through some of the key developments for the first half of this financial year. Our energy business continues to be the growth driver for this company this year and the years to come. As the demand for BESS has increased, multi-fold in the last 1 year and in the coming years, we are seeing a growth opportunity of about 236 gigawatt-hour (GWh) by FY32, of which we want to be major contributors.

So with this, we are seeing a good opportunity ahead of us, especially in the BESS segment. During our, H1 of FY27, we have commissioned about 875 megawatt-hour (MWh) of BESS capacity at our project sites. As of today, we have delivered about 1.8 GWh of BESS to our customers, and we have commissioned about 1 GWh at our own project sites.

Our execution is spread across different types of contracts including BESS supply, EPC, build-own-operate projects. This gives us the ability to participate across different stages of energy storage value chain from manufacturing and supply to long-term developer projects.

During the first half, we have also secured significant orders in energy segment including BESS EPC orders from NLC India and DVC, a BESS BOOT order from BSES Rajdhani Power and BESS supply orders from NGSL and more other customers. These are orders demonstrate our ability to participate in large utility-scale storage projects across different business models.

Some key updates regarding our manufacturing expansion in August, 2026, we have expanded our capacity from 2.5 to 5 GWh capacity, and we have also produced about 844 MWh of BESS capacity in this first half of the year. To put this into perspective, about 94% of the capacity which we produced in the last financial year we have produced in this first half of this financial year.

So, we are making good progress in our BESS capacity and our production is currently running at full capacity of 5 GWh. We have also successfully developed our in-house BESS container facility and commenced production of BESS containers. We plan to start trial production from November 2026 and full-scale production from January 2027. With this BESS fabrication facility, we will be able to meet about 50% of our container requirements through in-house manufacturing.

We have also successfully commenced production of our 261 kilowatt-hour C&I cabinets, and we have produced samples for couple of our customers, and we are expecting much bigger orders in the C&I market in the days to come.

In telecom business, we have successfully commissioned more than 8,000 sites for BSNL, which is one of our largest projects in the telecom business. These 8,000 sites have also entered the O&M phase, which will continue for the next 5 years. During H1 FY27, we have also secured additional telecom orders, especially from the BSNL and in the BharatNet OFC projects. We also have a couple of other projects in pipeline we expect to win later this financial year.

Our executable order book stands at Rs. 10,735 crores, comprising Rs. 8,528 crores in energy and Rs. 2,208 crores in telecom. During H1 FY27, we have secured inflows of about Rs. 2,437 crores, of which Rs. 2,173 crores came from our energy and Rs. 265 crores came from our telecom business.

With that, I'd like to hand it over to our CFO, to take you through the numbers.

Rajavendhan P: Thank you, Rajiv. Good afternoon, everyone. Now I would like to take you through the financial and operational performance for the quarter and half year ended 30th September 2026. Starting with the consolidated financial performance, the revenue from operations for Q2 stood at Rs.808 crores, registering a growth of 51.5% year-on-year and 45.5% quarter-on-quarter.

For H1 FY27, the revenue stood at Rs.1,364 crores, representing a growth of 51.4% over H1 FY26. The energy segment contributed to about 80% of the revenue, while telecom segment contributed 20% to the overall top line. The growth in top line is supported by higher execution of energy segment including the BESS supplies and the project deployment including the EPC activities.

The telecom revenue was supported majorly by BSNL supplies and ongoing O&M operations, including the maintenance of the 4G network of BSNL.

Our employee expenses in Q2 stood at Rs. 37 crores compared to Rs. 24 crores in Q2 FY26. For H1, employee expenses stood at Rs. 70 crores compared to Rs. 44 crores of the previous financial year. The increase in employee cost is primarily driven by the growth in the business operations, and with the additional manpower deployed across the energy projects and manufacturing operations. These investments are intended to support the growing scale of the operations of our business and the expanding order book.

The EBITDA for Q2 increased to Rs.159 crores compared to Rs. 94 crores in Q2 of the last financial year, registering a growth of 68.5% year-on-year. H1 EBITDA stood at Rs. 245 crores, registering growth of 40.5% compared to the last financial year.

The finance cost increased to Rs. 36 crores in Q2 compared to Rs. 28 crores in Q1. The finance cost also increased primarily due to the funding requirements for the built-to-own-operate developer project and the increased working capital to support the increased capacity of our BESS manufacturing. The PAT for Q2 increased by 43.3% to Rs. 97 crores. PAT for H1 stood at Rs.160 crores, which is again an increase of 30.4% year-on-year. This increase is in line with our sales, keeping the margins constant.

Moving to the balance sheet and return ratios, as of 30th September, the total equity stood at Rs. 2,428 crores compared to Rs. 2,252 crores which was primarily due to the addition of the PAT. The total borrowing stood at Rs.1,371 crores as on 30th September compared to Rs. 961 crores at the end of financial year 2026. There is an increase of Rs. 410 crores.

The increase of borrowing is primarily to meet funding requirement of the build-to-operate project expansion and also the increased requirement of working capital. As on 30th September 2026, our build-to-own-operate asset stood at Rs. 1,311 crores. This clearly indicates that our increased borrowing is supporting increased requirement of build-to-own-operate projects.

The cash and bank balances stood at Rs. 515 crores, resulting in a net debt of Rs. 856 crores as on 30th September. The net debt-to-equity ratio stood at 0.35x compared to 0.09x as on 31st of March 2026. As I explained, that the increase in this ratio is due to the increase in debt to support the build-to-operate project.

On the working capital front, the total receivables declined to Rs. 2,177 crores as of 30th September, compared to Rs. 2,442 crores as on 31st of March 2026. The reduction in these receivables reflects an improvement in overall collections, as we have been highlighting that we have started collecting the retention portions of the older projects.

The return on equity stood at 13.2%, while the return on capital employed stood at 12.6% for this H1. In terms of the capex plan, as Rajiv was explaining, we have expanded our capacity to 5 GWh and we are expanding it to 10 GWh by next quarter. We have also established our in-house container fabrication facility. Most of the capital requirements are already taken care of.

The overall approach remains to align the capital deployment with project execution, the commissioning schedules, and the expected cash flow from these assets. Given our H1 performance and the execution visibility, we have revised our FY27 revenue guidance upwards, to Rs. 3,300 to Rs. 3,500 crores range against our earlier guidance of Rs. 3,200 to Rs. 3,400 crores.

This revision is supported by the 51.4% revenue growth in H1 and our executable order book of Rs. 10,735 crores as of 30th September 2026. For FY28, we expect revenue to be in the range of Rs. 4,000 to Rs. 4,200 crores as per the earlier guidelines.

With this, I conclude my remarks, and I will now hand over the call to the moderator for the Q&A session. Thank you.

Moderator: We will now begin the question-and-answer session. The first question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes, thank you very much, sir, for this opportunity and many congratulations for good set of numbers. I wanted to understand on your margins. We have seen a very sharp improvement in your EBITDA margins. I wanted to know what led to this improvement and how should we look at going forward?

Rajavendhan P: So, what we do is maintain EBITDA margins of about 17% to 19%, as reflected in our performance over the last few quarters and across the financial and half-yearly periods. The H1 FY2027 EBITDA margin is a mix of energy and telecom.

In H1, what we saw was that a significant portion of the EBITDA margin contribution came from services in the Telecom segment, considering the fact that higher service revenues are recorded from telecom segment. Telecom business has a higher EBITDA margin and this contributed positively to overall EBITDA margins.

While we always say that energy EBITDA margins are lower than those of telecom. The energy EBITDA margins stood in a range of 12% -13%, while the telecom EBITDA margins stood at around 20%. The combined weighted average was higher in this quarter. However, as revenue contribution from energy increased, the overall EBITDA margin will slightly come down and will be in a range of 16 to 17%.

Deepak Poddar: Okay, but, but this quarter itself energy shares were quite high, right?

Rajavendhan P: Yes, right, but what has happened is that during this quarter, the services portion of the telecom was higher.

Deepak Poddar: Okay, got it. And, my second question is on volumes. The first quarter, I think your volume was about 90 containers. Just wanted to know, what was the volume in second quarter and how should one look at this volume in third and fourth?

Rajavendhan P: We have maintained the same 2.5 GWh for Q2. In Q2, we have done about 91 containers which is sold and another 10 containers which is kept in stock. So, we have done about 100 containers for this Q2.

Deepak Poddar: Are we were targeting around 200 this quarter?

Rajavendhan P: No, because the increased capacity has come only in August where the commercial production has started only in September, so the next quarter we would expect a higher number.

Deepak Poddar: This 200 which you have mentioned earlier, are you targeting that in 3rd quarter and 4th quarter?

Rajavendhan P: Yes, 3rd quarter we are targeting slightly lesser than, 200.

Deepak Poddar: Okay, I got it. And just one last thing on, on your backward integration. Now as in-house container will now perform 50% post this commissioning, maybe by year-end or January. Can you throw some light that how will it benefit your margins? In terms of basis point or percentage, how will it benefit you?

Rajavendhan P: The cost of the containers is expected to come down by about 25%. In terms of the BESS overall cost, it is expected to come down by 4% to 5%.

Deepak Poddar: Can one expect 4 to 5% EBITDA margin improvement on your energy revenue?

Rajavendhan P: This is on the gross level. If you consider the EBITDA level, we are expecting about 1.5 to 2%.

Deepak Poddar: That's very helpful, sir. That would be it from my side. I wish you all the best. Thank you.

Rajiv Maddisetty: Thank you.

Moderator: The next question comes from the line of Milandeep Jain from Green Portfolio. Please go ahead.

Milandeep Jain: Hi sir, thank you for the opportunity, and I must congratulate you and the entire management for good set of results. My first question is about on the container fabrication. On the last call, the management shared that the production of container would start in September 2026. Now the production is planned for November and full production is planned for January 2027. Why there was a slight delay on this front? Can you please share some more color on it?

Rajavendhan P: Maybe I'll slightly correct the understanding. The container fabrication facility is already commissioned as per the target that we had, but the commercial production will start only from November. Testing is currently underway, the plant is already commissioned.

Milandeep Jain: Okay, I got that. Thank you. My other question was around the C&I batteries. So, you have developed like 261 kilowatt-hours of C&I cabinets and completed customer trials. What the order book for C&I particular look like as of now and how much revenue do you expect in the next 1 and 2 years?

Rajiv Maddisetty: As of now we have supplied sample quantities to our customers in India and in some countries abroad. But the production orders and the bigger orders would come sometime end of Q3 or in Q4. Standing today, we have developed the product and the product is ready for production.

Milandeep Jain: Okay, sir. So how do you see it ramping up in a year or two? Could you share some more like quantitative guidance on that front?

Rajiv Maddisetty: We are targeting about 30% of our revenues to come from C&I in the next financial year.

Milandeep Jain: 30% of energy revenue, right?

Rajiv Maddisetty: Yes, 30% of energy revenues.

Milandeep Jain: Okay, sir. And the margins will be better in the C&I?

Rajiv Maddisetty: Yes. In C&I product margins are much better than the grid-scale BESS products.

Milandeep Jain: Got it, sir. My other question was about the Saudi Arabia. After the small shipment of container to Saudi Arabia, have you received any further orders on that front? What is the size of orders or revenue do you expect from Saudi in the near term?

Rajavendhan P: The order we received from Saudi Arabia was completed and it was sample containers order. With performance of our systems, we expect higher orders from this particular region, which is expected to come, which is not there as on date.

Milandeep Jain: One last question was about the finance cost, which rose in Q2 from Rs. 283 million in Q1 to Rs. 356 million, and the long-term borrowings went up from Rs. 6,067 million to 9,449 million between March and September. I just want to understand which projects was this new margin taken from, and where do you see finance costs settling in in the coming quarters?

Rajavendhan P: The borrowings are specifically for the build-to-operate projects, so the build-to-operate project asset stands at about Rs.1,300 crores, against the long-term borrowing around Rs. 950 crores. The Rs. 950 crores of long-term borrowings have been spent to create the asset of Rs. 1,300 crores.

It's basically the assets for the built-to-operate project. I would say 60% of the asset is commissioned, and the complete project is expected to get completed by December or January of 2027, post that the revenue from this asset will start flowing in.

The revenue from this asset is about Rs. 197 crores per annum, so which is expected to come for closing all these borrowings. The borrowing is supported with the fixed asset that we have created. And again, the increase in finance cost is again because of the same reason.

Milandeep Jain: Do you mean in the coming quarter we could see finance cost like going back again to the Q1 level?

Rajavendhan P: Yes for this particular loan it is expected to go down partly. But we have other projects in place. There are another three build-to-operate projects which have just commenced. For that, again, there'll be a borrowing, for about 70% of the overall assets.

By the end of March 2027, we expect the borrowing addition for about another Rs. 1,100 crores. Which will be having a substantial back-to-back asset for about another Rs. 1,600 crores.

Milandeep Jain: Okay, so that is very helpful. Just one small question from my side. I want to understand what the progress has been made with the Megmeet on making their products in India and pairing them with your BESS. Can you share some more color on this specifically?

Rajiv Maddisetty: Yes, we are working on BESS products and power products for data centers with Megmeet, and the product development is still in progress. So, commercial orders will take some time, but we are still in the development of the product.

Milandeep Jain: Okay, so could you share some timeline of this expectation of completion of the product phase?

Rajiv Maddisetty: I think we would take another year to have this product commercially ready.

Milandeep Jain: Okay, and so can you just guide on the potential we could expect from it, if that's possible?

Rajiv Maddisetty: There is a very huge demand for data centers, and data center power by itself will be a big opportunity across India and across the world. With this product, we are seeing a good entry of our power and BESS products into the data center segment.

Milandeep Jain: All right, so that's very helpful. I must congratulate the entire management again and wish you all the best for the coming quarters. Thank you.

Rajiv Maddisetty: Thank you.

Moderator: The next question comes from the line of Khushi Rathore from Anand Rathi Institutional Equities. Please go ahead.

Sweta Jain: This is Sweta here. Congratulations on a very good set of numbers.

Rajavendhan P: Thank you, Sweta.

Sweta Jain: I have two questions. One on the standalone business level, we see a sharp decrease in EBITDA margins. Any color to that, if you would like to highlight? I also want to understand why there is a sharp decrease, especially when the telecom services business is up this quarter?

Rajavendhan P: Yes, for the standalone Pace Digitek, there is a decline in the EBITDA margin because we have kickstarted 2 different projects. One is a project from MAHAGENCO. For the supply and erection of solar panel. The other one is the project with Bondada, which is again a balance of systems order of solar. These 2 projects we have started wherein the initial expenses are higher than the revenues, but the subsequent project milestones will have a better margin.

But the initial margins, which is in terms of the mobilization of the resources and the initial supplies, were at a lower EBITDA margin. So that's the major reason for a lower EBITDA margin for Pace Digitek.

Sweta Jain: Got it. When I look at the segmental EBIT, there's a sharp decrease again for the energy business. If you could give us the ex of other income number. I think it's the skew is happening due to other income there?

Rajavendhan P: Yes, see, again, as I stated, that the energy margins are lower than telecom. In Telecom, we enjoy better margins with the projects that whatever we have got 2 years back. The EBITDA margins range between 20% to 23%. While the O&M margins are at about 25%. These 2 have bettered the margins in terms of a blended number.

But when we come to the energy projects, as I stated, the initial, 2 projects that we have kickstarted has a lower EBITDA margin because of the initial mobilization.

And, specific to the BESS project, we have just started our next capacity. The initial cost in terms of the production was slightly higher, and moreover, the lithium-ion cell prices have increased in the last quarter. And this quarter again it has reduced, but last quarter we have seen an increase of about 20%. This has again impacted our energy project margins because we use our own product for the project. That's the major reason for the dip in the energy margin, but it is expected to slightly come up in Q3 because the lithium-ion prices have now started coming down and it has stabilized slightly.

Sweta Jain: Understood. Any impact do we see, with the change in China's policy towards technology transfers with respect to our own cell R&D as well as the cell import that we are doing currently from China?

Rajavendhan P: On the cell import, yes, from January 2027 there is a reduction or elimination of export rebate. But what we expect is that the reduction in lithium-ion prices will get offset with the reduction in this export rebate. About 6% of the export rebate is getting cut from January 2027. This is one major highlight. And on the technology transfer, yes, there is a restriction for solar, but there is nothing of, for this battery energy storage system technology to come in India.

Rajiv Maddisetty: Also, we are exploring, the technology transfers, beyond China and in other countries. So, we are not completely dependent on China for the technology transfer.

Sweta Jain: Okay, but do we foresee any cost increases with, or any timeline changes with respect to our own backward integration for BESS?

Rajavendhan P: No, we are keeping the same timelines on. We are still working on that, as we also already stated in the previous call. The R&D center is working towards technology transfer, supply chain buildup, and also the alternative technologies available, including the technologies available from the other countries. R&D center is studying, but still we are in the same state as compared to the last quarter. Maybe in the subsequent quarters we may have some sort of visibility.

Rajiv Maddisetty: Yes, and the expansion to 10 GWh is also in line and we would complete the setup of additional 5-GWh expansion during this quarter.

Sweta Jain: Well, thank you. I'll join back in the queue for more questions if any. Thank you so much.

Rajavendhan P: Thank you.

Moderator: The next question comes from the line of Paras Chheda from Purple One Vertex Ventures LLP. Please go ahead.

Paras Chheda: Yes, good morning, sir, and congratulations for a strong set of results. I just wanted to understand, for FY28, do we expect these PAT margins to sustain in the range of 11.5% to 12%?

Rajavendhan P: For the FY28, we expect that the PAT margins to remain at about 10%. It is not going to be 11%-12% is as we reported in H1 FY27. In H1 it is higher it is because of the turnkey projects of telecom we have completed in this financial year. But for the next financial year where energy is going to play a bigger role, the PAT margins will be kept at about 10%.

Paras Chheda: Okay, so benefit from container manufacturing will not add to this one or already factored in?

Rajavendhan P: Yes, it's already factored, but, but what is going to happen is that, the top line of the business will increase with the increased capacity. In terms of the absolute numbers, PAT will have a significant improvement, but the margins will have a slight reduction.

Paras Chheda: Okay. And even in the C&I, so the blended EBITDA margins, you said about 16% to 17% for energy. Now even, when C&I is quite a significant proportion, the blended margins are expected about 16%-17%?

Rajiv Maddisetty: No, that with addition of C&I the blended margin will increase, further at least by 1% or 2%. But, again, so standing today, we are still working on the utility BESS products. So, we cannot answer on the C&I side. But with the C&I business growing, the margins will improve at least by 1% or 2%,

Paras Chheda: And therefore, the PAT margins will not be impacted?

Rajiv Maddisetty: Definitely PAT numbers and margins will improve with higher C&I products with contribution to the revenue.

Paras Chheda: But as of now, you're guiding for about 10%?

Rajiv Maddisetty: Yes. About 10% to 11%, is guidance standing today. As the C&I business comes in and more of the fabrication and other backward integration happens, these numbers will increase.

Paras Chheda: On lithium cell prices front, are we still struggling? And, how is utility market faring out now?

Rajavendhan P: The lithium-ion prices have increased in the last quarter but this quarter it's again started coming down and are expected to stabilize at this particular range. The tenders that we have started

bidding over last 3 to 4 months are with the new prices. We expect that this price will get stabilized.

Paras Chheda: Understood, sir. Then in terms of your cash flow from operations the first half has been negative largely due to these finance lease receivables, which will be, I believe, your build-on-operate model.

Rajavendhan P: Yes.

Paras Chheda: What is the project IRR or the end return on equity on this build-on-operate model?

Rajavendhan P: The project IRR is about 10% and the equity IRR is about 15%.

Paras Chheda: When do you expect this consolidated operating cash flow from operations to turn positive?

Rajavendhan P: As you rightly stated, removing finance lease receivables, which is only for the accounting entry, we are already positive in terms of the cash flow from operations.

Paras Chheda: You said about, this build and operate, the revenue will start flowing in from next year. What quantum did you mention? I just missed that.

Rajavendhan P: From the project that we are doing today, it is Rs.197 crores. But there are another 2 projects which we are getting commissioned by March-27, which again will increase the revenue from these build-to-operate projects by another Rs. 200 crores. FY28, we expect somewhere around Rs. 325 crores to Rs. 375 crores as a revenue from these build-to-operate projects.

Paras Chheda: Correct. And going forward, sir, your focus, is that towards more manufacturing supplies and C&I sector, or utility still continues to be a utility plus build-to-operate?

Rajavendhan P: Our core business is this manufacturing and projects. We will continue to concentrate on manufacturing and selling the product directly to the third-party customers. The second priority is to do our own projects. Build-to-operate was a need of the hour when we entered into the BESS segment, so we have entered into it.

But considering the capital-intensive nature, we have given a pause for the build-to-operate project unless otherwise we get some external investment. Our core priority is to manufacture and sell the product and do the EPC. These are the two main priorities, other than this build-to-operate, which is again, the least priority for us.

Paras Chheda: Your EBITDA margins on manufacturing versus EPC would be?

Rajavendhan P: Manufacturing EBITDA margins are about 8% to 10% because of the initial higher cost, but it is expected to go up to 13% to 15% over the period of time when we stabilize our operations.

Paras Chheda: Okay and for EPC?

Rajavendhan P: On EPC, it would be in a range of 7% to 10%.

Paras Chheda: Understood. Then your EBITDA margin on the energy, when you said 16-17%, how was that?

Rajavendhan P: We have our own product supplying to our own project. We have margins at both legs. We have a product margin and EPC margin separately. When you blend these two, it will be about 15%.

Paras Chheda: Understood, sir. Fair enough. Just last question, peak debt, you mentioned you will have another Rs. 1,100 crores on top of what we already have. Will that be the peak debt by the end of FY27, or is the debt expected to go further?

Rajavendhan P: That's the peak debt that is expected by FY27. As I stated, it will be again supported by the build-to-operate assets, which will again increase by Rs.1,600 crores.

Rajiv Maddisetty: The further we grow build-on-operate projects, this debt would increase because for every build-on-operate project we take a debt of about 70%. Other than that, we don't see an increase. So, the further we increase more into more projects and build-on-operate, this debt would increase.

Paras Chheda: And these projects you said are about 10% project IRR and about 15% return on equity?

Rajavendhan P: Yes, right.

Paras Chheda: Right, fair enough, sir. Thank you so much. I'll come back in the queue.

Rajavendhan P: Thank you.

Moderator: The next question comes from the line of Keval Shah from Sanctum Wealth PMS. Please go ahead.

Keval Shah: Hello. Yes, thanks for the opportunity, sir. Coming back to the cash flow, so this first half we are negative Rs. 542 crores. So, by the end of this full year, do we expect that this cash flow will turn positive for full year FY27 on consolidated basis?

Rajavendhan P: As I was answering other participant, so when we come to the consolidated cash flow from operation, I would request you to consider the cash flow from the operation excluding the finance lease receivables, because finance lease receivables is nothing but the asset built up. Only for the accounting treatment it is called as finance lease receivables. If you exclude that our cash flow from operation is already positive. The same trend is expected to be there in the year-end also.

Keval Shah: Okay, in terms of the overall BESS macro, how is the bidding competition environment right now? Is it improving or still there is competition like there was before?

Rajavendhan P: It has improved a lot, compared to the scenario 6 months before where there were lot of players bidding. But today we see usual 6 to 8 participants for every bidding, compared to 25 to 30 participants earlier.

Keval Shah: Okay, so there would not be any kind of pressure on the margin or realization side because of the competition. Is that a fair statement to make?

Rajavendhan P: There is still some pressure on the margins, but not as much before. If you see our order book, we have not added much of the projects around 6 months back because of the heavy competition at that time. As I stated earlier, we are not bidding build-to-operate projects where there is an intense competition. We maintain our margins and only then we bid. If we don't get our required margins, we don't bid lower than that. That approach we follow.

Keval Shah: What is required threshold margin you would be keeping for bidding?

Rajiv Maddisetty: It varies from bid-to-bid, type of combination of products & EPC and the build & operate. We take that call before bidding or before all of these projects go for reverse auction. Before the reverse auction, we tend to decide, this is our threshold and we don't go beyond that.

We try to maintain our blended EBITDA of 16% to 17%. And a PAT of 10% to 11%, and that's how we make sure that these projects, we don't go lower than that.

Keval Shah: Okay. In terms of competition, the new players or smaller players which had added to joined the competition few quarters back there, the competition would be decreasing. But is there any increased competition coming from large players like, Adani or Suzlon? Are these incrementally you're seeing them, competing with you guys for the bidding?

Rajiv Maddisetty: Like I mentioned earlier, the demand for BESS has increased multifold. The demand for this financial year would be about 30 to 35 GWh capacity and it is expected to increase to ~236 GWh by FY32. There is enough demand for this and to support all the large players executing in this market. We have an advantage because we have the manufacturing readily available and we are running at full capacity. That is an added advantage for us and we see enough demand being there even with the bigger competition.

Keval Shah: Okay. Once the 10 GWh BESS manufacturing capacity is operational, do you expect it to reach almost full capacity utilisation within one quarter?

Rajiv Maddisetty: Yes. we expect to reach full capacity by the end of Q4. Production at the expanded 10 GWh capacity will start in Q4, but it will probably take one quarter to achieve full capacity utilisation.

Keval Shah: Okay, you have, revised the guidance for this financial year. For next year, here it has remained flat, so which intricately translates to lesser expected growth in FY28. Is it like, you would later on look at it?

Rajiv Maddisetty: Yes.

Keval Shah: Just front-ending the revenue expectation in this year?

Rajiv Maddisetty: No, since we saw the increase, in this financial year, we revised the guidance for this financial year. Next year's guidance, we have not revised it as on today, but we are definitely seeing a much better guidance than what we have provided.

Keval Shah: Okay, so I'll get back in queue. Thank you so much for answering.

Rajiv Maddisetty: Thank you.

Moderator: Thank you. The next question comes from the line of Niraj Chhajer from Pransh Business Ventures Private Limited, please go ahead.

Niraj Chhajer: Hi sir, I just wanted to continue with your previous answer. You mentioned that 10 GWh is going to become operational by the Q4 of this year. Assuming that and you don't want to build up more POs, so assuming 2.2 GWh of that capacity goes there, then also, Rs. 5,000 to Rs. 6,000 crores will be the minimum, turnover that you will be reaching just from the BESS sales. So not sure how the Rs. 4,000 crores, your current guidance of FY2028 stands?

Rajavendhan P: We expect a mix of orders because of heavy working capital requirement for 10 gigawatt hours. What we want to have a mix of product sales, EPC and the job work. We want to do a 20% job work of the capacity, which is going to have a sort of reduction in the working capital, maintaining the margin.

Further, once we have some investors in place, we will again start bidding for the build-to-own-operate project and keeping a 10% to 15% of the capacity for the build-to-operate projects. This is what we have considered to build the revenue projection.

Rajiv Maddisetty: If you see that the revenue realization is different, if it was 100% of direct product sale, it is, then your number of Rs. 5,000 - 6,000 crores. But then, most of our product goes into projects, EPC projects or build-to-operate projects. Which run for a period of 2 years.

The realization of revenue is for a duration of 2 years and that is why it is not about Rs. 5,000 - 6,000 crores like you mentioned. But yes, if you do 100% capacity of only product sale, we would reach that revenue.

Niraj Chhajer: Okay, understood. But, just on the job work, if you are going to do the job work, why you in the earlier reply said that 10% PAT margin job work will have significant margins. If someone is giving you the cell and then you are just doing the job work of putting into the, this container, back to pack and that thing, so they will have such significant higher margin, so you would be able to maintain

Rajiv Maddisetty: See, when somebody is giving the job work, it comes from the bigger players and, usually what happens, they all go with the exact costing of whatever we do today. We tend to get the same level of EBITDA and same level of PAT in the job work. We don't get much beyond because even they tend to take the finance cost to their side. We expect that the margin levels are protected with the job work, not an increased one. We can expect at max 1% additional EBITDA margin.

Moderator: The next question comes from the line of Kapil Aggarwal from Daksh and Associates. Please go ahead.

Kapil Aggarwal: Yes, so my question is regarding the debtors and trade payable stage. Actually, it seems elevated, so can you explain? And how we see that after a year or two, how it will pan out?

Rajavendhan P: You are talking about the debtors, right?

Kapil Aggarwal: Receivables and payables both.

Rajavendhan P: Yes. Standing today, as on 30th September, you can see that our receivables have come down. The receivables are higher in that as on 31st March 2026, majorly because of telecom revenues in the last preceding 2 years. Where telecom has a portion of retention for the defect liability period, which is for about 5% to 10% for different sets of projects.

Whereas energy sector projects don't have such a long retention period. The retention generally for a period of 90 -180 days. So, when we change our mix from majority contribution from telecom to a larger revenue from energy, with only smaller part from telecom, this particular working capital cycle we expect to ease down over a period.

Compared to FY26, FY27 would be better. Again, FY28 would have the same state of receivables because the energy is going to have net working capital cycle of about 90 -120 days.

Receivables are expected to ease down over a period of time with the energy revenue growing up and contributing to the overall top line. And the receivables from telecom for the older projects comes down because now we started achieving the milestones and the retentions have started coming down progressively.

Kapil Aggarwal Okay. Like for March 2026, the debtor days were approximately 286 days, where it will be settled in FY27 or FY28 finally?

Rajavendhan P: It can settle down at the range of 150 days.

Kapil Aggarwal And what about the payable days? For March 2026, our payable days are quite high. What is the reason for such kind of long payable are pending?

Rajavendhan P: It is important to consider that our payables include both materials and services. Normally, what we do is that when we say 10% of retentions from the customer, we will have the same 10% of retentions with the vendors. That is the reason for higher payables. Also, it includes certain provisions required under the applicable standard.

Again, as I explained, with the energy revenue coming in, this payable will get reduced. We expect that the receivable cycle to be around 150 days, while the payable cycle would be 60 to 90 days. So, we expect net working capital of about 90 to 120 days.

Kapil Aggarwal No, but right now you're saying 60 to 90 days payable, and right now it's 600 days payable. So, it's 6x of your expectation. So how 500-day payable we will reduce? Can you explain? I'm not able to understand that?

Rajavendhan P: As I stated that the retentions of the projects have started coming in. So, when we receive the retentions from the customers, we also release the retentions for the payables.

Kapil Aggarwal No, no, but if you see that our debtors have been reduced from Rs. 2,067 crores to Rs. 1,792 crores in from March to September, but our payables, there is not much difference in payable. It's around Rs. 2,100 crores in March also and in September also. So, there is not such reduction in payables?

Rajavendhan P: I would request you to see the consolidated payable.

Kapil Aggarwal That I am seeing consolidated.

Rajavendhan P: Yes, so consolidated payable was about Rs.1,800 crores, which got reduced to Rs. 1,500 crores in September. If you see the receivables and payables, it will have a similar reduction.

Kapil Aggarwal Okay, mean to say that if we consider 90 days, the payables could potentially come down from Rs.1,500 crores to around Rs. 300 crores?

Rajavendhan P: The payables will come down to about Rs. 800 crores to Rs. 900 crores.

Rajavendhan P: Thank you.

Moderator: Thank you. The next question comes from the line of Ishan Verma from Antique Stock Broking Limited. Please go ahead.

Ishan Verma: Hi, sir. Thank you for taking my question. Can you give some color on the current BESS system pricing for the grid-scale versus the C&I and versus the imported BESS?

Rajavendhan P: As Indian domestic manufacturer, we are competing directly with the Chinese imports. The landed price of the Chinese BESS is almost in line with our manufacturing cost plus margins. The sale price of our BESS is almost competitive with the Chinese landed prices after the transportation and customs duty. This is the answer you expect from your question?

Rajiv Maddisetty: No, like we said, C&I margins are better than those on utility-scale BESS products that we are selling now. But these margins we would start seeing once larger commercial sales commence.

Ishan Verma: Okay. And now with the container manufacturing in-house, how have we seen the reduction in the overall system cost or like the improvement in lead times? And what portion of our BESS bill of material is still imported?

Rajavendhan P: The container fabrication is expected to improve our EBITDA margins and reduce our cost by about 4%. It will also significantly improve the lead time. And as we also explained that 50% of our capacity would be met with the container fabrication, and balance anyway would get imported. This is the answer to your first question.

And, second thing, we are again trying to localize much of the components. And in the next 2 quarters, we will continue to have the lithium-ion cells and the BMS imported, and localise all the remaining components in India. So that's the target that we are working with.

Ishan Verma: Okay, got it. And lastly, sir, just if you can share some update on the 4 GWh PLI application status, like any timelines or capex for that?

Rajavendhan P: The PLI tendering is expected to complete by mid of November. As explained that our capex plan for the cell manufacturing is on and our R&D center is studying the required transfer of technology. Once things settle down, we expect to kickstart in the next financial year.

Ishan Verma: Okay, got it. Thank you. Those are my questions.

Rajavendhan P: Thank you.

Moderator: Thank you, ladies and gentlemen. We will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Rajiv Maddisetty: Yes, thank you everyone. Thank you for the call and a very good session. We are looking forward to the rest of the financial year and years to come, which look very promising. Especially with the growth in the energy segment, we are seeing stronger growth for the company and a significant improvement in revenue.

And we are very confident about the guidance we have provided. We are also targeting to expand further into the energy business and strengthen and scale up the business further. I would like to thank all of you for joining this call. Thank you.

Moderator: Thank you. On behalf of Pace Digitek Limited and Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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