

**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-U31909KA2007PLC041949

**Date: November 26, 2025**

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai – 400001

**National Stock Exchange of India Ltd**

Exchange Plaza, C-1, Block G  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400051

**Scrip Code – 544550**

**Symbol – PACEDIGITK**

Dear Sir/Madam,

**Sub: Transcript of Earnings call on Unaudited Financial Results (Consolidated and Standalone) for the quarter and half year ended September 30, 2025 held on November 20, 2025 at 10.30 a.m.**

In continuation of our communication dated November 17, 2025 and November 20, 2025 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 Earnings Call held on November 20, 2025, on Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and half year ended September 30, 2025.

The transcript is available on the website of the Company viz: <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 M P**

**Company Secretary and Compliance Officer**

**Membership No: A42534**





“PACE Digitek Limited  
H1 FY ‘26 Earnings Conference Call”  
November 20, 2025



GO INDIA ADVISORS



**MANAGEMENT:** **MR. RAJIV MADDISETTY – WHOLE-TIME DIRECTOR–  
PACE DIGITEK LIMITED  
MR. RAJAVENDHAN P – CHIEF FINANCIAL OFFICER –  
PACE DIGITEK LIMITED**

**MODERATOR:** **MS. MONALI JAIN– GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good morning and welcome to the PACE Digitek H1 FY '26 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Monali Jain from Go India Advisors for opening remarks. Thank you and over to you, Monali.

**Monali Jain:** Thank you, Ryan. Good morning, everyone, and welcome to PACE Digitek Limited first-ever earnings call to discuss the Q2 and H1 FY '26 results.

We have the senior management of the Company on call, Mr. Rajiv Maddisetty, Whole-Time Director, and Mr. Rajavendhan P, Chief Financial Officer.

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 risks that the company faces. May I now request Mr. Rajiv to take us through the company's business outlook and financial highlights, subsequent to which we can open the floor for Q&A. Thank you and over to you, sir.

**Rajiv Maddisetty:** Hi, good morning, everyone. First of all, thank you for joining in this call today. What I would like to do is I will quickly take you through who we are and what we do, and then we can go on to the highlights of our H1, and especially in Q2, what all has happened, what are the new things that have happened, and in detail through the financials.

So, who we are? So, PACE Digitek, started in 2007, and we are predominantly present in the telecom and the energy industry. We have a turnover of INR2,439 crores in FY25, and we have a strong workforce of 1,500-plus people across India on roll and more than 1,500 off roll. We have three manufacturing facilities, two dedicated for the telecom industry and one for the energy industry, manufacturing Battery Energy Storage Systems.

Over the years, if I have to go through the milestones of PACE, since we started in 2007, we started as a power management product manufacturing company for the telecom segment, and over the years, we have got into telecom services and operational maintenance. These are the things which over the years we have developed and added in our portfolio, and as of today, we are an end-to-end telecom passive energy equipment manufacturer, service provider, and operational maintenance company.

So, we are an end-to-end turnkey project execution company in the telecom industry, and over the past few years, we have also got into the energy industry where we do end-to-end EPC, for solar, and battery solutions for the energy industry.

Now, our business verticals include products, services, and projects. Products that we manufacture for the telecom industry, products for the energy industry like the battery energy storage systems, and a few ICT products. In projects, we have taken up and we are executing telecom projects that includes tower and fiber.

We are executing energy projects that include solar, solar plus battery energy storage systems, and battery energy storage systems standalone. And we have also executed a few ICT projects in the surveillance, public addressing systems, and in other forms. And in services, we do end-to-end product life cycle management services, and also telecom tower and fiber O&M services, also battery energy storage system O&M services. So now, so this is a quick introduction of our company since this is our first call to you, so we wanted to quickly take you through what is our company.

So now, the core strategy of our business is since the IPO, what is our plan for this company is that we have, as you all know, we have started the battery energy storage systems in a large way in the last one and a half years, where we have invested a lot of time into developing the product and also winning a lot of projects in this space, and we are seeing a big growth in the coming years in the battery energy storage systems.

Now, I wanted to quickly explain what we do in battery energy storage systems. We do three types of projects. One is the manufacturing and supply of the product itself for multiple customers. Two, we do EPC projects, where we do the supply, erection, and execution of the project and handover of the project to the customer. Also, we do the asset-owned business, where we build, own, operate the battery energy storage system project over a period of time.

Now, quick highlights or the key highlights for our Q1 and Q2 of this financial year. We have won three major projects, that include one project from SECI for battery energy storage system for INR1,159 crores for 600/1,200 megawatt-hour battery energy storage system supply and installation, EPC project.

We have also won a O&M contract with the telecom company TTL, Tata Teleservices, for INR185 crores for a period of three years. We have also recently won an EPC project for solar with MAHAGENCO for a value of INR920 crores. So, with these projects coming in, our current order book of energy projects has come up to INR5,869 crores, and also our telecom projects is at INR3,266 crores. Going forward, we see our energy projects order book to increase by INR8,000 to INR10,000 crores before end of this financial year.

So, I will hand over to our CFO, Rajavendhan sir. He would give you some more highlights on our financial numbers.

**Rajavendhan P:**

Good morning, everyone. Rajavendhan this side, CFO of PACE Digitek. So, I would like to take over this call with the financial highlights of the H1 performance.

So, for H1, we have a turnover of about INR900 crores for the complete H1. And the second major point to note is that the PAT margin remains strong at about 13.61%. So, the numbers are consolidated numbers. The EBITDA margin remained at 21% for this H1. The debt, that is the company's debt, overall debt stands at about INR150 crores, and we have a debt equity ratio of about 0.11x.

Again, the company has a net worth of about INR1,331 crores with a cash and FD balances of about INR213 crores. So, these are the key highlights numbers for the H1. Maybe I will also take you through H1 of Current year Vs H1 of the last year. So, on the turnover, we are at about INR900 crores the current year, vis a vis, INR1,188 crores of the previous year. On the PAT, we are about INR122 crores of this year vis a vis INR152 crores of the previous year. On the PAT margins, we are at about 13.61% vis a vis 12.79% of the previous year.

So, the turnover has come down compared to the last year, majorly because of the reason that the last year, we had heavy material supplies in place, particularly the material supplies from our factory, whereas in this financial year, it is mostly concentrated towards the service portion. So, that is the reason that there is a dip in the H1 turnover. But for the complete year, we are keeping the estimates intact.

And mostly the seasonality nature of the business is there in all EPC companies, which accounts say for us, it is about one-third of the total year sales will be there in H1 and H2 accounts for two-third of the total sales. And this is the major seasonality nature of the business of the EPC contract. But the PAT margins are kept intact for the year.

For the last financial year, we had quoted 11.44% of the overall PAT margin, vis a vis the H1 PAT margin of 13.61%. And PAT margins are specifically improved in this particular H1 because of the last milestones of one of the projects that we have, which enabled us to book 13.61% of the total PAT margin.

And next is the net worth of the company. So, on net worth, we have about INR1,331 crores as on 30th September, vis a vis INR1,209 crores on 31st of March 2025. And moreover to note, the IPO funds are received till 30th September and we got listed on 6th of October. So, the IPO funds would be accounted in Q3. So, the 30th September balance sheet P&L doesn't include the IPO funds.

And finally, to note that the fixed asset has improved from say INR178 crores in March 2025 to INR273 crores as on 30th September 2025. Due to majorly two different things. One, the battery energy storage system plant, which is in Bangalore and got commissioned, so we have capitalized that particular plant.

Second, the first site of battery energy storage system project, which is from MSEDCL, which is again an object of the issue. There again, we have commissioned the first site and we have the

further sites in progress. So, there we have about INR95 crores added to the overall fixed asset of the company. So, with this, we have this financial highlights completed.

Then I'll take you through the order book. So, as Rajeev was explaining, we have a total order book of INR9,135 crores, with the bifurcation of energy and telecom. So, this order book is expected to have a higher revenue generation from Q4 of this financial year plus the next financial year. So, FY '26, we keep a guidance of about INR2,600 crores to INR2,700 crores as a top-line guidance with a PAT margin of about 11% to 12%. For FY '27, which is next financial year, we keep a top-line target of about INR3,100 crores to INR3,200 crores with a PAT margin of again 11% to 12%.

So, which means the strong order book we have, is getting converted to revenue mostly in the next financial year. Plus, we have a developer model of the project, the energy project. Four projects which we have as on date is about INR3,300 crores. This is expected to give an annual revenue of about INR420 crores without GST and EBITDA margin of around 85%. So, with this, the next financial year, this particular number is going to come from FY28. But from FY27, we'll have a portion of it coming to the P&L.

So, these are the financial guidance of the company. And I'll hand over to Rajiv to specify one of the expansion projects that we have.

**Rajiv Maddisetty:**

Yes. I also wanted to mention two key additions that have happened in Q2. We have started construction of the extension of our battery energy storage system facility, whereas on today, we have 5 gigawatt hour facility. We have started construction activity for another 5 gigawatt hour facility in the same premises. Also, we have, as part of backward integration, we have also added a container fabrication unit, which will help us, you know, backward integrate and save us on cost for production of battery energy storage systems.

Second key highlight I also wanted to mention was our first project for MSEDCL in battery energy storage systems. Like Rajavendhan sir mentioned, on 26th September, we commissioned the first site and we have taken target of executing 40 sites in this financial year, which is a big target, and we are very confident on achieving these. The overall target, overall, there are 75 sites that need to be executed, of which we have targeted 40 sites with 20 megawatt hour each site to be executed by end of this financial year.

So, these are the two key things that have, these are the few key things that have happened in this quarter and this first half of this financial year.

**Rajavendhan P:**

Yes. So, one more point to add is that, we have two different major entities in terms of the top line contribution. The first is PACE Digitek, second is Lineage Power. So, we have published the numbers of PACE Digitek as a standalone and also as consolidated basis. So, the numbers I have stated is all consolidated numbers.

So, few more numbers to tell you on this. One, the net working capital of the company is slightly stretched because of the EPC nature of the business. One of specific projects which we have

undertaken for erection of towers is coming to a completion stage where the milestones are getting achieved.

So, due to which one, we had good margins in terms of the last milestones getting booked in the last quarter. So, this particular project is getting completed in Q3 of this financial year. Further, say, again, Q3 will have a similar PAT margin. But again, Q3, Q4, we will see that the PAT margins will get stabilized at for the year, number of 11.5%. So, the current number of 13.61% will get stabilized at 11.5% for the complete financial year. So, this is something which I wanted to tell you.

And finally, the net working capital, as I stated, is a stretched one. And it is expected to come down because now the project is getting completed and the last milestones are getting closed, and the retention whatever is available with the customers is getting released. So, this is expected to come down by 31st of March,26.

So, with this, we complete explanations on the numbers and the business prospects. And finally, we thank all the stakeholders in relying on us and investing in our company. And over to you for the question and answer session.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Diya Shah from Motilal Oswal Financial Services Limited. Please go ahead. Diya, if you can please unmute from your end and proceed with your question.

**Diya Shah:** Yes. Hello, everyone. So, my first question was that, as we mentioned that we're doubling our BESS containerized capacity from 5 to 10 gigawatts, I wanted to ask who will be the major customers absorbing this capacity? Will it be the central government, the state discoms, or private companies?

**Rajiv Maddisetty:** So, we have two categories. The projects that we're executing, which are EPC and developer projects, are usually state discoms or the public sector companies like the SECI or the NTPC, whereas we also have private customers where we only manufacture and supply our equipment. Like I mentioned earlier, we also do the direct supply and we also do the projects. When it comes to projects, it is more of discoms and central government PSUs, whereas supplies would be to the private place.

**Diya Shah:** Okay, got it. And another question will be, is there any strategic rationale to pick Kenya and Africa for market expansion? Is it because the untapped storage demand or is it because of any policy tailwinds in those particular markets?

**Rajiv Maddisetty:** So, Kenya and Africa in the last few years have invested a lot in the telecom industry and have expanded a lot in the telecom industry. So, we see a big need and we've been working in the past few years, in expanding the telecom side, providing our power equipments, doing the supply and installation of our power equipment and the hybrid solutions. We continue to see an opportunity going ahead.

**Diya Shah:** Got it. Thank you so much. That is all from my side.

**Moderator:** Thank you. We take the next question from the line of Manali Gala from Centra Advisors. Please go ahead.

**Manali Gala:** Hello everyone. So, my first question is around the working capital requirements, like looking at the kind of orders that we are getting in. I would just try to understand how are you all going to, how is your working capital going to be managed for such big orders? So, that is the first question.

**Rajavendhan P:** Yes. So, to answer this, As we explained, there are two models in this, one is the asset owned business, which is a developer model. So, there it would be funded 30% by the equity contribution, 70% through the debt component. So, the equity contribution would be all, from the object of the issue. So out of the INR820 crores of the IPO issue, INR630 crores goes for one specific project.

So, beyond this, there are two more projects which are already signed off. There, we would be putting balance of IPO funds, which is about INR120 crores net of the issue expenses. Again, that would be used for the projects for the equity infusion.

For the EPC orders and the supply orders, we would be using our own internal approvals with the LC limits in place. So, this would be funded majorly through one, the internal approvals to the LC limits. Third, these EPC contracts and the supply contracts are a portion of advance, mobilization advance of 10% to 30%. So, it would be funded majorly through these three sources.

**Manali Gala:** Okay. Okay. And when, when we say that, that you in the developer model, you will make a INR120 crore EBITDA. So, I just want to know how is this number derived and what is the basis for this number?

**Rajavendhan P:** Yes. So, when we say that this is for the next financial year, so out of the INR3,300 crores of project, say, it's not that everything will get completed in this financial year. It will get, something will get filled over the next year also. So, next year, we expect about, say, INR150 crores of the overall revenue from this developer model, which is going to give us about 85% of the EBITDA.

I mean, these are the developer assets. So, the expense is only on the O&M.

**Manali Gala:** Okay. Okay. Okay. Fair, fair, fair. And just one more last thing that, so when now our facility 3, which went from 2.5 to 5, and now we're saying that this will move on further from 5 to 10. So, what is the cost of capital? So, what is the capital that is going in?

**Rajavendhan P:** So, the first 5 gigawatt hours, , excluding the land, it is INR120. If I include land, it is about INR200 crores of total capex. Plus, for expansion of another 5 gigawatt hour, we need to spend another, say, INR100 crores more, because the fixed installations like the factory building is all common. So, we would need one more factory setup, for which, we need to spend another INR100 crores.



- Rajiv Maddisetty:** So, we already have the land in place. So we are developing in the same premises. So, another INR100 crores.
- Manali Gala:** So, also, while you were saying, when we say that we're moving this capacity upwards, how much percent of your battery facility, which is facility number 2, will get, like, how much utilization now we can expect basis on the facility 3 that is coming up?
- Rajiv Maddisetty:** So, at this point, we have orders for more than 4.0 to 4.3 gigawatt. And by end of this financial year, we are expecting orders to cross beyond 6 to 7 gigawatt. And by the time the third facility is ready, we are expecting to cross the 10 gigawatt hour number. So, that will suffice for the full capacity of our construction.
- Manali Gala:** Okay. Thank you. Thank you so much.
- Moderator:** Thank you. We take the next question from the line of Deepesh Sancheti from Shefali Art. Please go ahead.
- Deepesh Sancheti:** What are current revenue contributions from each of your three verticals, that is telecom infrastructure, energy solutions, including the BESS and ICT? And how do you expect this mix to shift going forwards?
- Rajavendhan P:** So, the energy segment is something which we have started recently, battery energy system specifically. We have started going on ground from this Q2 of this financial year. We have set up the factory and which is again operational from June of this financial year. So, till last year, we did not have this battery energy system.
- So, other than that, in the energy segment, we had other projects in hand. So, last year, it contributed about INR160 crores, say, for the overall turnover of about INR2,438 crores. And this year, we expect this energy segment to touch about INR500 to INR550 crores for this financial year, against a target of INR2,600 crores.
- So, now, this INR500 to INR550 crores will include all battery energy system in terms of either the project or in terms of the product.
- Deepesh Sancheti:** And solar.
- Rajavendhan P:** And solar project.
- Deepesh Sancheti:** And the rest of the revenues came from telecom.
- Rajiv Maddisetty:** Yes, telecom and ICT. ICT contributes to a small portion of, say, about INR200 to INR250 crores, the remaining comes from pure telecom.
- Deepesh Sancheti:** Okay. So, when you say that FY '26, you are targeting around INR2,500 to INR2,600 crores. Energy will be INR500 to INR550 crores and rest will be telecom.
- Rajiv Maddisetty:** Correct. Yes.

**Deepesh Sancheti:** How much of it will be ICT?

**Rajiv Maddisetty:** ICT, about INR250 crores.

**Deepesh Sancheti:** And what is the margin profile of all these divisions?

**Rajavendhan P:** So, see, again, under telecom energy, we have, again, bifurcation of product and projects. So, normally, what happens is that the telecom products has an EBITDA margin of about 15% to 18%. The EPC has a margin of about 13% to 14%. And on the energy side, as we have started recently, the product margin is about 15%. EPC margin is about 10% to 12%. So, that's the normal margin, like EBITDA margin that we have.

**Deepesh Sancheti:** And how much of the sales actually came from service and maintenance?

**Rajavendhan P:** So, for service and maintenance, - what happens is that these service and maintenance goes as a part of project. Normally, it is not shown separately. But if you wanted a specific number to it, last financial year, we have done about INR120 crores of service and maintenance revenue.

**Deepesh Sancheti:** INR120 crores. Because you generally, now you got an order from solar energy corporation also, where you have a 10 years of service and maintenance agreement. So, how do you account for it? You account every year's revenues, right?

**Rajavendhan P:** Yes, right. Every year's revenue is accounted as an annuity revenue.

**Deepesh Sancheti:** So, how much of it is the order book right now? How much we can expect that, these kinds of revenues will be repeated over the next three to four years? I mean, if you can just tell me the order book.

**Rajavendhan P:** Yes. So, standing today, the order book that we have for this annuity business is about INR3,300 crores, which will give an overall top line of about INR412 crores every year. And this is expected to grow up to, say, INR1,000 crores in the upcoming years.

**Deepesh Sancheti:** So, you're saying that the energy business around the operation and maintenance is around INR3,300 crores is the total order book?

**Rajavendhan P:** Yes, correct.

**Rajiv Maddisetty:** To correct you there, so it is not just operational maintenance. The order book is of execution of the project plus operational maintenance. But the revenue is annuity revenue. Once we finish the complete execution of the project, the annuity model starts and we'll have almost 12 years of annuity revenue of about INR500 crores every year from the energy.

Also, from telecom, we have the O&M business of around INR200 to INR250 crores year on year.

**Deepesh Sancheti:** INR200 to INR250 crores. So, the margin on these annuity contracts will be much higher, right?

**Rajavendhan P:** Yes, right. So, as I was stating in my explanation, so these annuity business, the revenue, the EBITDA margin is about 85%, 80 to 85%.

**Deepesh Sancheti:** Okay. So, it's still the PAT you're saying that you're going to get INR500 crores plus INR250 crores from the battery. So, I mean, sorry, from the energy as well as telecom. So, there'll be around INR750 crores with EBITDA of 85%. Still, you're quoting a PAT as only 11 to 12%?

**Rajavendhan P:** Yes, because for the reason that these annuity models, where there is a fixed asset in place, it will go for a depreciation every year. Plus, there'll be interest components for the debt. So, the net PAT margin will be kept at 11% to 12%.

**Deepesh Sancheti:** So, what will be the operating margin overall?

**Rajavendhan P:** Overall?

**Deepesh Sancheti:** Overall in the sense of the complete business together?

**Rajiv Maddisetty:** Yes.

**Deepesh Sancheti:** Because you already told me 85% is your margin for these annuity contracts?

**Rajavendhan P:** That's right.. So, the overall EBITDA margin will be about 25% to 30%, wherein after the depreciation and the interest portion, it will be about 11% of PAT. And if you remove this annuity portion, the EBITDA, normal EBITDA margin for the other than the annuity model, we will be having about 18% to 20% of EBITDA.

**Deepesh Sancheti:** Right. But I mean, when I'm seeing your financials, I don't see a lot of depreciation coming in around, I mean, it's around what, INR5- INR6 crores every year?

**Rajavendhan P:** Yes, you're right. So, as we stated that we have started going on ground in this Q2. So, you will see a bigger depreciation in the next financial year. So, this annuity revenue has not started flowing in this financial year. It will start flowing from the next financial year. Today, we are standing this year, we are just executing the project.

**Deepesh Sancheti:** Okay. So, from the next financial year, the FY '27, you will get the annuity revenues, right?

**Rajavendhan P:** Yes. Yes.

**Deepesh Sancheti:** But you will be depreciating it from the next quarter itself?

**Rajavendhan P:** Yes, we would be having a smaller portion from the next quarter. But for the next financial year, we would have about INR150 crores from this annuity business. So, with EBITDA margin of about 85%.

**Deepesh Sancheti:** And how much would be the depreciation, if you can just quantify that number?

- Rajavendhan P:** So, it will be mostly on the written down value method. So, for a INR3,300 crores worth of project, the depreciation every year will be about INR200 to INR250 crores. Not for the next year, it will be from FY '28.
- Deepesh Sancheti:** FY28. Okay. Okay. Interesting. Very interesting. Okay. Could you outline the manufacturing capacity of each of the three facilities, along with the current utilization levels?
- Rajiv Maddisetty:** So, for the energy side, we have one facility now. On the previous question we had answered, it is one facility in which we have two units of 2.5 gigawatt. And the second facility we had started construction, which will probably be commissioned by, say, end of next financial year, which will closer to end of next, maybe Q3 of next financial year, where we will have another 5 gigawatt in place. So, that will together...
- Deepesh Sancheti:** This is in Kumbalgodu, right?
- Rajiv Maddisetty:** Kumbalgodu is our head office. Another 2 kilometers from here is a place called Bidadi, where our BESS manufacturing facility is there. In Kumbalgodu, we have our other two telecom manufacturing facilities, where we do telecom products, like the power products and the telecom battery products.
- Deepesh Sancheti:** Right. And what is the current utilization level?
- Moderator:** I would request you to join back to queue.
- Deepesh Sancheti:** So, just if he can give me the current utilization level, that's it.
- Rajiv Maddisetty:** So, current, like I said, for the for the telecom two facilities, we are using one for the PCS modules, which is the catered to the battery energy storage systems. And the BESS facility is, we have the order, since we have more than 5 gigawatts, so these will be manufactured. We have it at full capacity.
- Deepesh Sancheti:** Great. I'll come in the queue. Thank you.
- Moderator:** Thank you. We take the next question from the line of Paras Chheda from Purpleone Vertex Ventures LLP. Please go ahead.
- Paras Chheda:** Thank you, sir, for this opportunity. I just wanted to understand, our capacity on battery energy is being expanded from 5 gigawatt to 10 gigawatt hours. So, what is the capex amount and the commissioning date for this next 5 gigawatt hour? That is the first question, sir.
- Rajiv Maddisetty:** Yes, so we had, I think there was a question on this earlier, we had already mentioned, we already own the land and the facility, which is where the existing facility is there. So, in the same land, we are expanding. So, the erection and implementation of the new 5 gigawatt would cost us about INR100 crores.
- Paras Chheda:** Okay. And the commissioning date?

- Rajiv Maddisetty:** Yes, it will be in Q3 or Q4 of next financial year.
- Paras Chheda:** Understood, sir. And once this 10 gigawatt hour comes in, sir, what kind of peak revenue can be expected from that capacity overall?
- Rajiv Maddisetty:** It should be somewhere between INR6,000 to INR7,000 crores. Right.
- Paras Chheda:** And general, I mean, EBITDA margins on this BESS business would be how much, I mean, in the range of?
- Rajiv Maddisetty:** Anywhere between 13% to 15%, sir. If it is only product supply, we would have a little higher. If it is a project execution, it will be between, it will be around 13%. If it is a product, it will be 15%.
- Paras Chheda:** And your mix of product versus project would be, I mean, is there a sort of a target or it is still open as of now?
- Rajiv Maddisetty:** It will be more of projects. At this point, we have more project orders and lesser product orders, but we see product orders also to increase because as the product performs in the field, we will have, we have better product orders coming in.
- Paras Chheda:** Right, sir. So, I mean, just last two questions. So, EBITDA margins on the product would be what, about 18%, 20% or something of 15%, 16% versus 10%, 12% on the project?
- Rajavendhan P:** It will be about 15 to 18% the product margin.
- Rajiv Maddisetty:** At this point, it is about 15 to 18%. We are trying to, you know, further cut down on cost and do backward integration to increase this because the battery energy storage system business is a little demanding and the margins are a little lesser at this point.
- Moderator:** Thank you. We take the next question from the line of Rohan Baranwal from Arihant Capital. Please go ahead. Hello, sir.
- Rohan Baranwal:** Good afternoon. I wanted to ask three questions on the side of the order book. So, my question is on the SECI order of INR1,159 crore. So, what is the timeline, like, in the report we saw the timeline is around 11 months of which 50% would be completed. So, what kind of revenue, like, what kind of capital deployment is done through the side of VGF, sir, like, VGF disbursement?
- And do we receive any grant upfront during the construction or is it on an annuity payment basis, sir? And what kind of IRR do we receive from these orders, sir?
- Rajavendhan P:** So, maybe I'll slightly correct your understanding. The SECI order of INR1,159 crores is an EPC contract with maintenance. So, the INR1,159 crores, majority of the portions about INR1,120 crores come during the commissioning phase of the first one year. And the balance comes for the O&M period. So, this is the EPC contract majorly and the revenues would be booked between the, say, maybe March of this financial year and the next financial year.

- Rajiv Maddisetty:** So, maximum by FY27.
- Rajavendhan P:** And if the working capital which we need to manage, as I stated, it has a portion of advance and with the LC limits, with the internal approvals, we will be able to fund this project. There is no VGF for this project. This is an EPC project. So, there is no VGF component.
- Rohan Baranwal:** Got it, sir. And, sir, like, for the other projects, like, where you use the build, operate, build-own-operate models. So, like, MSEDCL. What kind of capital deployment do you see on that side, sir? And what is the annuity payment, like, post-commissioning of it? And IRR on that side, sir?
- Rajavendhan P:** Sir, it is like, say, these projects comes with a cost of about INR1.25 crores to INR1.3 crores per gigawatt hour and it comes with the annuity revenue, say, which is a monthly payment per megawatt. It ranges, the context that we have, it ranges from 2,19,000 to 2,55,000 per month per megawatt. And this project comes with a VGF.
- The developer model of this comes with a VGF of about 27 lakhs per megawatt hour, again. So, these are the components, I would say, if you want. I think I have answered your question. So, the VGF is like, say, it would be paid in different installments, like, say, 10% is paid on advance, 45% is paid on commissioning of the plant and the balance 45% is paid over a period of three, next to three years' time.
- Moderator:** Thank you. We take the next question from the line of Prerna Khandelwal from Analayam Capital. Please go ahead. Prerna, if you can please unmute your line and proceed with your question.
- Prerna Khandelwal:** Yes. So, I just had one question. Can you please provide me with revenue, PAT and margin projections for the upcoming three years?
- Rajiv Maddisetty:** So, we have given the outlook for the next financial year. Maybe in the next call, we will be able to give a guidance on the subsequent year. So, on the order book that we have, this 5,869 and 3,266 of telecom, this is expected to have a conversion to the revenue, majorly in the next financial year and the subsequent financial year.
- So, the next financial year, we are targeting about INR3,100 crores of top line with a PAT margin of about 11% to 12%. And the majority of this will come from the energy sector order book.
- Prerna Khandelwal:** Okay, okay. Thank you. That is all from my side.
- Moderator:** Thank you. We take the next question from the line of Irikaa Bhisey from Chompi Enterprises. Please go ahead.
- Irikaa Bhisey:** Okay. Thank you for taking my question. I just have one question. Regarding the battery energy storage systems market, how is the competition evolving in the domestic market, particularly with increasing participation from global players? Like, has the pricing environment become more aggressive? And how is PACE maintaining the pricing power and competitive advantage?

**Rajiv Maddisetty:** So, there is huge demand and huge competition that has started coming in over the last two, three months now. And there is a lot of infra and other types of companies coming in to bid for such projects. But as PACE, we have an advantage where we have the control of the product.

Since we are product manufacturers, and we have done the backward integration, and we only have dependency of the cell and not the whole product by itself, we have an advantage. And we also have a cost advantage on these projects, because we, again, since we are manufacturing the product and not just procuring and supplying and installing the product. So, that is how we see it as an advantage.

**Irikaa Bhisey:** Okay. Thank you. That is all from my side.

**Moderator:** Thank you. We take the next question from the line of Manoj Reddy Sama from Zen Wealth. Please go ahead.

**Manoj Reddy Sama:** So, as per the DRHP, we have said that around INR630 crores would be allocated towards capex. So, can you update on how much of this has been used so far? And also, a breakdown of this capex?

**Rajavendhan P:** Yes. So, as I explained first, the IPO funds would be getting accounted in Q3 of this financial year as we are listed on 6th of October. And from there, INR630 crores, yes, we have not started spending completely. But this particular project for which this funding has been raised, that project, the first site is already commissioned, which is, that is what we told you.

The first site out of the 75 sites got commissioned. And the balance, another, say, it is expected that this project will get closed in August, September of next financial year. And majority of the sites will get completed in this financial year. So, the first site is already commissioned, that is what we would say. And we have already spent about INR150 crores, say, either from the debt sources or from the internal accruals for the project.

The IPO funds, as it is, as it is received only in October, we are yet to spend from the IPO funds for this project. Before the project closes by Sep'26, we should be able to spend the complete, INR630 crores.

**Manoj Reddy Sama:** And now, the majority of our funds going to capex. So, how will it impact our free cash flows over two to three years? And will the IPO funds be sufficient for our execution of projects?

**Rajavendhan P:** So, it is not that only this developer model of projects that we have. We have other EPC projects and the telecom projects with us, which is again adding up to the, say, the net profits of the company, which will turn to a cash flow. And also, we have the stronger net worth even before the IPO funds coming in.

So, as on 30th September, we have a net worth of about INR1,300 crores before the IPO funds. So, with these funds, we would have sufficient funds in place to take care of the projects. And the developer projects would be taken care via the equity portion, which is the IPO funds, plus,

70% of the project cost, say, would be funded through debt. And so, this is how the funding would be managed for the project.

**Moderator:** Thank you. We take the next question from the line of Dinesh, who is an individual investor. Please go ahead.

**Dinesh:** Hello sir. Yes. For the strong order book, sir, I have a few questions. Like, can I speak in Hindi also?

**Rajiv Maddisetty:** Yes, Yes, please.

**Dinesh:** As you mentioned a while back, the INR3,000 crores build own operate business, a revenue of INR500 will be generated, out of which 85% is EBITDA, plus an operational cost of 15%, correct?

**Rajavendhan P:** Yes

**Dinesh:** And a depreciation of INR200-INR250 crores. So INR500 crores, 85%, that is INR425 crores minus INR200 crores is again INR225 crores and the 70:30 is the portion of debt and equity. So 70% of INR3,400 is around INR2,100 crores, INR2,200 crores. 9% of that will be again INR200 crores. So our margin has become zero, ultimately after depreciation and interest.

**Rajavendhan P:** So, the depreciation as I stated, it was about INR200 crores. And we expect the interest is another, say, INR200 crores. So, this INR500 crores should give a PAT margin of about INR50 crores. So, that's the number, sir.

**Dinesh:** INR50 crores. Okay. Second sir, the margin in our product, it is around 15%. So, in that how do we factor the sell price? In that it must be requiring to be import cells completely, in India. The battery cells in BESS that must be completely imported? So how do we mitigate that price?

**Rajavendhan P:** So, yes, 15% to 18% is the product margin that we have. And the product that we are talking, trying to tell is the battery energy storage system in a containerized form. It's a containerized type of storage system. So, the raw material for this storage system is the lithium-ion cells, which is getting imported.

So, the lithium-ion cells, when it is getting imported, what we do is that when we get some orders signed off, what we do is that back-to-back, we go and sign off with the supplier and freeze the prices. And we ensure that the price doesn't fluctuate. We are not affected by the price fluctuation in the, say, when the price moves from, say, \$35 to \$33 or the \$32 or the \$38, \$40. We are not impacted with the price fluctuation within the permissible range. So, we ensure that we book back-to-back pricing with the supplier.

Plus, the next point is that, sir, say, this particular material, when it is getting imported by some other party who is doing this project as a complete finished product, which is a container, they need to pay a duty of about 20%. Whereas, we import this lithium-ion cells at a custom duty of



about 5%. So, there is a clear arbitrage between the imports of two different components, raw material versus the finished goods, where we have the, say, advantage of pricing.

**Moderator:** Thank you. We take the next question from the line of Pankaj Bobade from Affluent Assets. Please go ahead.

**Pankaj Bobade:** Thanks for taking my question. I just wanted to know that, as you mentioned, we are importing the lithium-ion cells. Is there any plans to reduce this import content? And what is the import content at this moment? And are there any plans to reduce the same?

**Rajavendhan P:** Oh, see, the containerized system is based on the lithium-ion cells. So, lithium-ion cells need to be imported. And as I stated, what we are trying to do is that we are trying to stabilize the prices by, say, signing off back-to-back with the suppliers.

And the point is that, standing today, we have a tie-up with four different companies in China for the supply. And all the four are among the top 10 of the cell manufacturers in China. So, we already have a tie-up, and we don't foresee any specific risk in terms of the supply.

And moreover, the value addition is done in India. We are doing the value addition only with the lithium-ion cells. So, in terms of the supply, there is no major risk in terms of, say, getting the product delivered to the ultimate project.

**Pankaj Bobade:** So, what is the import content?

**Rajiv Maddisetty:** So, the import content is the cell alone, which would – the battery cell alone will come to about 50% to 60% of the total cost. The remaining ancillaries are all manufactured in India, and we do the manufacturing and assembly here.

**Pankaj Bobade:** Okay. Sir, thank you.

**Moderator:** Thank you. We take the next question from the line of Rahul Vashistha from Aksa Capital. Please go ahead.

**Rahul Vashistha:** Yes. Hi. Good morning. My first question was on this revenue part on the tariff. Earlier in the interview as well, you had mentioned the tariff is around INR2.19 lakh for this MSEDCL project. Now, the variation comes over here from INR2.19 lakh to INR2.55 lakh. So, how do we judge what's the band, and how does it vary while booking this revenue?

**Rajiv Maddisetty:** So, it's a specific project. The MSEDCL project is about 2,19,000 per month per megawatt. For, say, KPTCL project, it is about 2,49,900 per megawatt per month. So, when the project revenues are getting booked, yes, it will have a blended rate. Like, say, MSEDCL project, we will be completing first. Maybe KPTCL project will complete by the end of the next financial year.

So, this would be coming on a blended rate and booked as per the revenue which is signed off with the customer. It varies from project to project, and it varies between the charge and

discharge cycle also. The number of cycles that the customer has, the cost or the month-on-month revenue varies between them.

**Moderator:** Thank you. We take the next question from the line of Raj Mantri from Krijuna Research & Analytics. Please go ahead.

**Raj Mantri:** So, I wanted to understand this revenue recognition under the build-on-operate model under BESS. So, as per your DRHP, you mentioned your revenue would be 2,19,000 per megawatt per month. And for, like, MSEDCL project for 750 megawatts, it translates to around INR197 crores annually. And your project cost was around INR1,851 crores. So, based on this, the payback period appears too long. So, is my understanding correct?

**Rajavendhan P:** Sir, your numbers are correct, but the understanding I'll just slightly modify. You are right at the number of INR197 crores, which is the annual revenue. The total cost of the project is INR1,850 crores, which is including the GST portion. So, you need to remove the GST portion because GST comes as the input tax credit. So, net of GST is about INR1,567 crores, net of tax.

And with that, we have a VGF component, which is a government grant coming for about INR403 crores. So, which will reduce the cost of the project from INR1,567 crores to about INR1,164 crores. So, INR1,164 crores is the net cost of this project, on which we are earning INR197 crores as the annuity revenue.

**Moderator:** Thank you. We take the next question from the line of Rohan Baranwal from Arihant Capital. Please go ahead.

**Rohan Baranwal:** Thank you very much, sir, for the opportunity. So, my question was regarding on the telecom orders. So, the BSNL 4G order book, which we have, what is the current order book, sir? And as you previously expected to execute around INR2,000 crores of order book in FY '26. So, how much of the remaining order book would be like remaining for the FY '27, sir?

**Rajavendhan P:** Sir, this INR2,573 crores of order book of this BSNL 4G saturation, out of which about INR1,300-1,400 crores will be booked this year. And the balance of INR1,200 crores will get filled, will be filled over a period of next 3-4.5 years, I would say, for the O&M portion.

**Moderator:** Thank you. We take the next question from the line of Kaushal Sharma from Equinox Capital Venture Private Limited. Please go ahead.

**Kaushal Sharma:** So, I have a question on your capex, like we are currently having 5 gigawatt of capacity. So, can you please tell me what kind of the capex we do require for 1 gigawatt for plant and machinery in a single shift, both in automatic facility or non-automatic facility?

**Rajavendhan P:** Sir, so the plant has been designed for three shift operations, sir. So, this 5 gigawatt hour facility is where we own the land. So, excluding the land, we have spent about INR120 crores of total capex for the 5 gigawatt of plant.

**Moderator:** Thank you. We take the next question from the line of Manju Choudhary from Ekios Financial Service. Please go ahead.

**Manju Choudhary:** Hello, everyone. I just wanted to understand the units of -- What is the cost to set up the...

**Moderator:** Manju, your audio is not clear.

**Manju Choudhary:** One second. Can you hear me now?

**Moderator:** Yes, please go ahead.

**Manju Choudhary:** Hi, everyone. So, I just wanted to understand the units of BESS. So, what is the cost to set up the BESS per megawatt and what is the realization per megawatt? What will be the payback period for the BESS?

**Rajavendhan P:** So, ma'am, it is the same as I associated in the previous call answer. So, we have put this 5 gigawatt hour plant at a capex of about INR120 crores excluding the land, point number one. This BESS facility as a product, it is getting supplied directly to the customer or it is used for the project. So, for the project in terms of developer model, it is about 2,20,000 to 250,000 per megawatt per month is the revenue that we would generate.

And for the EPC and the product supply, it is based on the cost plus margins which we negotiate with the customers.

**Moderator:** Thank you. We take the next question from the line of Aniket who is an individual investor. Please go ahead.

**Aniket:** Hello, sir. Thanks for the opportunity. So, I had a question in terms of BESS in the market scenario. So, basically, there are two markets, grid utility and C&I. So, in the recent times, we have seen that the recent BESS tender for Rajasthan and Gujarat were bided for less than 2 lakhs per megawatt per month in the range of 1,70,000 around. So, how do you see this competition going? How do you compete in this market with such low margins and how do you protect your margins with this?

And my second question, just the addition of this question is in terms of CNI market. So, we know that for BESS, it is more expensive than the diesel set. So, how do you guys create value for the customer in C&I space?

**Rajiv Maddisetty:** So, to your first question, see, they're going lower and lower in the numbers when they're bidding and winning the project and the recent projects. But we see that that numbers are closer to impossible and because of which this will go through a correction over the next few months.

And since again, like I said, since we are manufacturing the product here, we know the lowest what we can go to and we see that the numbers being stabilized in the coming months and we are confident in that. Second thing, for the C&I used, we have the products ready for the C&I also for multiple customers and we have started executing a few orders too.

But to your question, the initial procurement cost of the BESS versus the diesel generator is higher, whereas the operating, over the years, operating cost is operating plus the capital cost if you see, it comes to be much better than the diesel generators.

**Moderator:** Thank you. We take the next question from the line of Deepesh Sancheti from Shefali Art. Please go ahead.

**Deepesh Sancheti:** Hi. In the Q2 presentation, you mentioned an estimate reduction in working capital, specifically related to the receivables for FY '26. Now, could you share your current DSO, Day Sales Outstanding and the target level by the year end? And also outline the key steps being taken to achieve this reduction in working capital requirement?

**Rajavendhan P:** Yes, I think the next question is on the working capital. So, working capital, yes, I think what I would request you to see is the net working capital, which is inventory, debtors, less of creditors.

So, the net current asset, we have about INR970 crores for this as on 30th September. So, which is expected to go down because of the project nature that we have, the EPC projects, which is at the verge of completion. We all have this, the retention money for the projects, which is adding up to the receivables, which is expected to now come down as the project is getting completed and retention money is getting released.

So, this number has to come down by 31st of March, 2026 that is what we expect. And going forward with the energy business coming in, which is going to add up to the top line of the business, this number is expected to stabilize.

**Moderator:** Thank you. Ladies and gentlemen, we take the last question from the line of Dinesh, who is an individual investor. Please go ahead.

**Dinesh:** Sir, is the import duty 11% or 20% of the BESS containerized solution?

**Rajavendhan P:** Sir, it is 20% for the complete product. The 10% whatever you are talking about is for the packs.

**Dinesh:** For the packs only. Okay. And sir, what are the chances in this, like INR1.65 lakh, INR1.7 lakh per megawatt per month is happening. So, like there was a case of JSW in between, they had to file a case on CRC in three, four months that the government is denying whatever they have accepted in the bid.

**Rajiv Maddisetty:** So, we cannot speak for others. Our product, the first site is already installed and running successfully the last one and a half, two months now. And we have done the rigorous testing. And in the next 4 months, we will have almost 40 sites and we will see the performance. We are pretty confident with the product.

**Moderator:** Thank you. Ladies and gentlemen, we take that as the last question. And I now hand the conference over to the management for their closing comments.

**Rajavendhan P:**

Yes. So, we thank everyone for joining this call and putting your questions forward. Hope we have answered your questions. And more importantly, as we stated, the business is growing in terms of energy segment too, in addition to the telecom sector, which is expected to increase the top line and have the healthy bottom line also. And we had a great year in terms of booking orders in the energy segment, which is added to our order book number. We expect this number to go up for the upcoming months till the 31st of March '26.

So, maybe the next quarter, subsequent quarters, we'll be able to throw the numbers further. So, with this, we end up the call. We thank all the stakeholders in relying on us and investing in our company. Thank you.

**Moderator:**

Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us. And you may now disconnect your line.