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/Q02_29

Date: August 12, 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 Ended June 30, 2026 held on August 06, 2026 at 12:00 PM.

In continuation of our letter bearing **Ref No: PDL/2026-27/Q02_19** dated **August 01, 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 **August 06, 2026**, on the **Unaudited Standalone and Consolidated Financial Results** of the Company for the **Quarter ended June 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

Q1 FY2027 Earnings Conference Call

August 6, 2026 12:00PM IST

Management:	**Mr. Venugopal Rao Maddisetty – Chairman & MD – Pace Digitek Limited**
	Mr. Rajavendhan P – Chief Financial Officer – Pace Digitek Limited
	Mr. Ajay Tambhale – Head, Investor Relations – Pace Digitek Limited
Moderator:	**Ms. Sweta Jain – Anand Rathi Shares and Stock Brokers Limited**

This transcript has been edited to improve the readability.

Moderator: Ladies and gentlemen, good day and welcome to Pace Digitek Limited Q1 FY27 Earnings Conference Call, hosted by Anand Rathi Shares and Stock Brokers 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 at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Sweta Jain from Anand Rathi Shares and Stock Brokers Limited. Thank you and over to you, ma'am.

Sweta Jain: Good afternoon, everyone. We welcome you to the Q1 FY27 earnings conference call for Pace Digitek. From the management team today, we have with us Mr. Venugopal Rao Maddisetty, the Chairman and Managing Director, Mr. Rajavendhan P, the CFO, and Mr. Ajay Tambhale, the Head Investor Relations. I would now like to hand over the call to Mr. Venugopal sir for his opening comments. Over to you, sir.

Venugopal Maddisetty: Good morning, everyone. Welcome to all the shareholders, investors, and analysts. Thank you, everyone, for joining this call. At a glance, we have started the FY27 on a strong note compared to the Q1 FY26. We had healthy execution across the energy and telecom businesses. However, the energy is taking bigger leap compared to telecom, driven by strong industry demand.

As you know, we are continuously building an integrated infrastructure platform across both the sectors that we are into and doing further backward integrations in both areas. So, our business potential is quite strong. We have an order book of about Rs.10,800 crore, which gives us a strong revenue visibility.

On the manufacturing side, we have commissioned the additional 2.5 GWh line, which means that we now have 5 GWh of BESS capacity operational. We also have plan to expand this to 10 GWh. The construction is completed, and all the equipments have been ordered. The equipments are expected to arrive towards the end of September 2026, with installation planned for October and November 2026.

Hopefully, by beginning of December, we would have 10 GWh operational facility, which would be the biggest operational plant in India by that time. There are other players planning larger facilities, but we do have advantage of having started early. By the first week of December 2026 we expect to have 10 GWh facility, which would be the largest operational facility in India at that time.

In addition to that, we have also started the container manufacturing within our factory, because this was one of bottlenecks we had in the BESS business. Till now, we are dependent on sourcing container from outside the country as there is no established ecosystem for the container manufacturing in India. On this front, we have set up our own manufacturing facility and the trial runs are going on. We are trying to complete the trials within this month and from next month onwards, we will start batch production.

On the project execution side, we have supplied over 300 containers, which is again a remarkable achievement from our manufacturing side. We have also started the project executions for other customers like SECI, KPTCL, MAHAGENCO and Bondada, with work already begun on the ground. We also have a 4 Build-Own-Operate (BOO) projects. So, we are trying to balance the EPC and the BOO projects so that our revenues as well as the cash flows are maintained.

In our Telecom & ICT business, execution also progressed across BharatNet and Railway Kavach. For the Kavach project, around 30% work has been completed.

On the research and development side, we are still buying the battery cells from China, which we do believe is not sustainable in long term, given our dependence on China for these battery cells. Cells are a very critical component in the energy storage segment.

We have started a research center in Pune. It was inaugurated about three weeks ago and is led by Professor Ogale, who is also our Independent Director. A team of about eight experienced PhD holders scientists have joined the center. We have already started the planning for the cell manufacturing, including evaluating the right technology, chemistry and other related aspects.

We also have signed a cooperation agreement with MEGMEET, a company that has developed power systems for data centers, particularly the AI data centres, which is a new and rapidly emerging global trend. Their products are approved by Nvidia and other major chip manufacturers. For India, we have tied up with them for providing those power solutions, coupled with our battery storage for all the new-age AI data centers in India. We already have started the work on the ground and there is a good amount of traction coming from the potential customers for these kinds of products.

Also, Government of India has announced the PLI scheme for the cell manufacturing about two or three weeks ago for a 10 GWh capacity. We are applying for 4 GWh PLI scheme, which would provide support similar to a viability gap fund. The scheme is applicable for five years operations of the manufacturing operations, with a two-years gestation period, making the total duration of the scheme seven years. We have also tied up with a Big 4 consulting firm to assist us in preparing the bids.

As I mentioned, we are also increasing our capacity from 5 to 10 GWh to maintain our leadership position in the BESS manufacturing. We also plans for the indigenous cell manufacturing, probably two years from now.

Currently, we are supplying is majorly for grid-scale applications, which uses 5 MWh container. But there is another segment which is also very interesting, that is C&I, which stands for Commercial & Industrial applications, which are typically below 5 MWh or in the kilowatt range. We have got these products approved for large customers in India, who are going to market our products in a big way.

The first orders have already come in for C&I. This product took almost six months to get qualified including the field trials. The customer is giving us about 25 units as the first trial orders, but they are looking at thousands of such products in a year. So, C&I is another good segment for us, which will also improve our cash flows and the profits are far better when compared to the grid-scale business.

On the outlook for the remaining three quarters, we do believe that there's a strong demand for BESS. We also believe that the new initiatives that we have taken up would yield some meaningful results. We also have the strong order pipeline and we are bidding for almost 27 GWh of tenders. Recently one or two customers, –such as NTPC Renewable Energy have floated big tenders, so we are hoping to get some good business out of that as well.

These are the opening remarks and I strongly believe that we are on the right track to achieve the revenue guidance we have given in a range of Rs. 3,200 to 3,400 crore. I believe that we are absolutely on track and there are no concerns with respect to the business outlook as well as the execution capabilities.

With that, I would like to stop here and ask our CFO to get into the further details. Thank you very much.

Rajavendhan P: Thank you, sir. Good afternoon, everyone and welcome to this Q1 FY2027 earnings call of Pace Digitek. I'll take you through the financial and operational performance for the quarter ended 30th June 2026.

We commenced our FY27 on a healthy note, supported by strong execution across both our energy and telecom sectors. Starting with the quarterly performance, our consolidated revenue from operations in Q1 FY27 stood at Rs.555 crore, representing 51.3% YoY growth. The energy business continued to be the primary growth driver, contributing 79.5% to the overall revenue, while Telecom & ICT segment contributed to 20.5%. The primary growth came from our battery energy storage systems and the renewable energy projects, while our telecom and ICT business continued to contribute through our ongoing project execution.

Now talking about the quarter-on-quarter change in revenue, it is a declined from Q4 to Q1 from Rs.1,097 crore to Rs. 555 crore. The sequential decline is primarily a function of the timing of the project execution and also on the milestone-based revenue recognition, which is the to inherent nature of our business.

Q4 of the last financial year had exceptionally strong execution across multiple projects as we kick started couple of energy projects, which resulted in a high base for comparison with Q1. In Q1, while the execution continued across our energy and telecom businesses, several projects were still at the initial stages of execution and revenue recognition.

Also, this financial year, we plan to reduce the revenue concentration in H2, that we saw in the previous financial year. This year we are trying to reduce the revenue concentration in H2 and spread more evenly between H1 and H2. In H1 FY2027, we are targeting about 40-45% of the overall revenue vs. 35% in H1 FY2026.

Importantly, the execution momentum remains healthy, supported by our strong order book. We have an executable order book of Rs.10,803 crore to be executed, which gives us confidence that we will be able to achieve our FY2027 revenue guidance.

Now, coming to the gross profit. The gross profit stood at Rs.155.5 crore, translating to a gross margin of 28%. EBITDA for the quarter stood at about Rs. 86.1 crore with a margin of 15.5% compared to 14.9% in the preceding quarter. This sequential improvement reflects the project mix during the quarter while we continue to invest in strengthening our manufacturing and execution capabilities.

On employee expenses, for the quarter, they stood at Rs. 33 crore compared to Rs. 27 crore in the last quarter. This reflects our continued investment in manpower, particularly for our energy projects and the manufacturing operations, which will help the company's growth and increase the scale of our operations.

On finance cost, the current quarter stood at Rs. 28 crore compared to Rs. 34 crore in the previous quarter. This reduction is majorly due to our continuous focus on the treasury management and optimization of the borrowing cost. Other income increased to Rs. 28 crore, majorly due to the foreign exchange gains and also on the interest income on the bank deposits.

Profit after tax stood at Rs. 63 crore compared to Rs.55 crore in Q1 FY26. This implies margin of 11.3% on the revenue from operations which is in line with our estimates.

From the order book perspective, we continue to remain strong in terms of revenue visibility. As of 30th June, we have executable order book of Rs. 8,453 crore in energy and Rs. 2,350 crore in telecom ICT. Combined, our total executable order book at Rs. 10,803 crore. Overall, with the disciplined execution, the prudent capital allocation and scaling up of our manufacturing capabilities, we believe we are well positioned to deliver healthy growth and the profitability.

As our BESS manufacturing and the project execution and telecom execution continue to progress, we believe that we will be well-positioned to deliver sustainable growth over the medium to long-term.

With this, I would like to hand over the call for the Q&A session. Thank you.

Moderator: Thank you very much, sir. We will now begin the question and answer session. We have a first question from the line of Prathamesh Sawant from Abakkus Investment Managers. Please go ahead.

Prathamesh Sawant: Thank you for the opportunity. Sir, just one question on my front. We have seen a Rs.1,677 crore order inflow during the quarter. Can we have a break up on how much was it from the Telecom & ICT side? Also, of the total Telecom & ICT executable order book of Rs. 2,350 crore, what will be the execution timeline, because this quarter, on execution front, our telecom revenues were down? Just wanted to understand that.

Rajavendhan P: Yes, we have about Rs.1,677 crore of order inflows during Q1. On the energy side, we won two EPC contracts from NLC and DVC, which is about Rs. 1,412 crore.

And the third one is from BSNL, which is optical fibre project, which is about Rs. 265 crore. While the EPC projects will be executed over a period of next one year time, the OFC project to be executed over the period of next two and half years. The revenue recognition will be based on the execution timelines. Hope this answers your question.

Prathamesh Sawant: Okay. And secondly, on the BESS front, how is the competitive intensity right now on the bidding front?

Venugopal Maddisetty: There is a bit of correction in the bidding side. In the last six months till March, many people had bid aggressively. Though they are not from the energy sector or do not have background in this area. They were basically trying to see battery energy storage system as a very new and lucrative business. But now, they have all realized that it is not that easy to execute such projects. There are two reasons for this.

One, a major project of 4GWh cancelled in Maharashtra. Around three to four players had won this project, which was awarded almost six to eight months back. And subsequently they realized that it was not possible to execute at those rates. So, they found some lacuna or point in the contract and approached APTEL, which is an arbitration-type forum for the energy sector. They won the case, and the project was subsequently cancelled. In the process, customer realized that it is almost a one-year loss of time. So, that is one incident that we have seen.

And second incident is in Punjab, where, in the last three months, there was only one bid that was opened and the prices were discovered. This was at a far better price compared to the previous bids. These two instances suggest that the prices would be corrected and bidding players will be more careful and bid at higher levels.

If I also give one more example, last week, there were three major tenders from NTPC Green, in which we were also participated. The number of bidders were only seven, whereas in the previous cases, there were as many as 51 bidders in Rajasthan and 32 bidders in Maharashtra, but in NTPC tenders, there were only seven bidders in one or two tenders, whereas there were only eight bidders in another tender. This also makes it little clear that market is getting corrected and only serious players will be in this game. I hope I have answered the question.

Moderator: Thank you. We have a next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes. Thank you very much, sir, for this opportunity. Sir, I wanted to understand the order book of Rs. 8,400 crore odd in energy segment. What's the execution timeline?

Rajavendhan P: We have two types of orders. One is the build-own-operate project and the other one is EPC project. Our build-own-operate executable order book is about Rs.4,074 crore And the EPC executable order book of about Rs. 4,367 crore. EPC contracts majorly have a timeline of 1.5 years of execution, and the subsequent O&M is as per the contract. On the Build-Own-Operate

(BOO) project, it has two different parts. One is the solar plus BESS, where the execution timeline is 2 years. Second is standalone BESS, where the timeline is 1.5 years. And post that, the maintenance period starts. In standalone BESS projects, it is 12 years and Solar plus BESS is 25-year project.

Deepak Poddar: Correct. Given the revenue mix in this quarter was about 80/20 and order book mix is also 80/20. Do you expect this mix to continue, in terms of energy versus telecom?

Rajavendhan P: No. We expect the order book in telecom to go up. We are in the process of bidding for couple of projects. We estimate that this ratio should be between somewhere in the range of 65:35 or 70: 30 when we close the financial year between energy and telecom.

Deepak Poddar: 65:70 to around 30:35.

Rajavendhan P: 65, that is 65 of energy and 35 of telecom or it will be in the range 70/30.

Deepak Poddar: I got it. Given the kind of visibility we have, only 65%-70% you expect from energy and energy the cycle is in largely in the range of 1 year to 2 years, right? So, isn't our this Rs. 3,200 to Rs. 3,400 crore a little on the conservative side? Ideally, we would execute more, right, given the execution timeline and order book visibility?

Rajavendhan P: What will eventually happen is that the physical work on ground will be more. However, because of the Build-Own-Operate (BOO) project and the way revenue is recognized for these project. The revenue recognition will be basically from the EPC plus the standalone BESS of BOO. The solar plus BESS project of BOO will not be treated as a revenue as it goes as a fixed asset. So, even though the physical execution on the ground will be higher, not all of it will be reflected as revenue in the same period. So, that's the reason that we have Rs. 3,400 crore of estimated revenue.

Deepak Poddar: So, BOO execution will come as an asset, whereas the EPC will come as a revenue, right?

Rajavendhan P: Yes. Correct.

Venugopal Maddisetty: Yes. Absolutely. And these revenues would go on annual basis. On the BOO, once we commission all these four projects, they will add to almost about Rs.750 crore as a revenue, which is also going to be a good situation because that is an asset-owned business.

Deepak Poddar: BOO, what's the cumulative execution we have done?

Rajavendhan P: It is about 975MWh is the commissioning now, as on date.

Deepak Poddar: Commissioning. And what's the revenue from this 975 MWh?

Rajavendhan P: It is it is almost about Rs.900 crore.

Deepak Poddar: When we say, we are recognizing that revenue? I mean, it is coming into our P&L, how is that recognition happening in that BOO asset?

Rajavendhan P: So, it is the initial projects from standalone BESS, where we have recognized the revenue basis that Dealer-Lessor model of accounting.

Deepak Poddar: Okay. So, I'm a little confused.

Venugopal Maddisetty: Basically, the standalone battery system goes as a rental power. That means we invest money and receive rental from it. That is the technical way looking at it and this helps us to recognize the sale.

If we go for the solar-plus-BESS, which we have in two other projects, it is basically treated as a power selling and not rental. That means the tariff is on a per unit basis. The asset is on the books, while revenue recognised is only the revenue that is coming as a monthly power selling.

Deepak Poddar: Correct. And that is about Rs.900 crore or what?

Rajavendhan P: No. So, what I stated is that Rs.900 crore is the worth of order executed as on date in the MSEDCL project.

Venugopal Maddisetty: That is standalone, which recognizes on the balance sheet.

Deepak Poddar: Okay. So, I was just trying to understand this 975 MWh, so what is the revenue potential for us, I mean, on tariff per unit?

Venugopal Maddisetty: It's Rs.2.19 lakh per megawatt per month.

Rajavendhan P: It would be about Rs.120 crore about for this 975 MWh.

Deepak Poddar: Okay. And so, Rs.120 crore was this quarter revenue.

Rajavendhan P: No. It is like this: Rs. 120 crore is the annuity revenue that comes in from this project for the 975 MWh commissioned. However, for the MSEDCL project, including the previous financial year, we have completed around 975 MWh of commissioning to date, which has resulted in approximately Rs. 900 crore of revenue being recognised in the P&L.

Deepak Poddar: And you mentioned that first half, we are looking at 40-45% revenue mix, and based on the annual guidance, so we are looking at execution of close to Rs.900-1,000 crore in the second quarter. So, what will drive the revenue in the second quarter for us?

Venugopal Maddisetty: The battery energy storage systems are in the capital equipment business and the value of each container itself is about Rs. 4 - 4.5 crore. We supply almost about 70 containers a month, which will grow to almost 150 containers probably next year. Our focus has been on the energy sector because that is the new sector and is lucrative in terms of order value. We do not want you to look at mix from the perspective of a fixed percentage.

We are trying to see what is good for our company and what is appropriate in the current scenario, we are going in that direction. Whereas, telecom is a project-based business where it is not just a product that we manufacture. The product we manufacture in telecom is smaller compared to the value of the project.

So, the project execution will take lot of time on the ground, like fibre optic cable network. we, as a company now have two verticals. Yes, we keep nurturing both, but right now, the manufacturing output is much bigger on the energy sector as compared to the telecom sector.

Deepak Poddar: Okay. Understood. And what's the margin profile in BESS?

Rajavendhan P: PAT margins we are trying to have about 10.5% to 11% for the mix of products and the projects.

Deepak Poddar: Okay. 10.5% to 11%. And telecom has better margins, right, as compared to BESS?

Rajavendhan P: Yes, telecom has better margin.

Venugopal Maddisetty: The volume is not there in telecom. You must be aware of it.

Deepak Poddar: Understood. That would be it from my side. That was very helpful. Would like to wish you all the best. Thank you.

Moderator: Thank you. The next question is from the line of Meet Shah from Finstock Investments. Please go ahead.

Meet Shah: Yes. Thank you for the opportunity. So, since you're targeting 10 GWh capacity by Q3, can you roughly share what the capex for gigawatt-hour looks like and do you have like a technical partnership for or tie-up for BESS or is this entirely developed in-house?

Venugopal Maddisetty: Okay. On the second part, I'll answer, the capex part Rajavendhan will explain. On the capabilities, as you are aware that we already have commissioned two lines of 2.5 GWh each, which means now our plant is operational at 5 GWh. Now, we have taken a decision to go from 5 to 10 GWh by adding a third line which is 5 GWh.

So, one single line of 5 GWh we are going to install in October. The reason for going for higher capacity line is basically to reduce the operational cost, because if I have two separate 2.5 GWh lines, manpower cost and the operational cost including electricity is more compared to a one single 5 GWh line.

When we reach 10 GWh, there'll be one single line of 5 GWh and there'll be two lines of each 2.5 GWh. It also allows us a flexibility of change in the product mix going forward.

We will not need any technical partnership for this because we already have our plant running 24 hours, and we have our internal teams, we have selected the right suppliers for these equipments and all. There's absolutely no issue on that. The capex part, Rajavendhan will explain that.

Rajavendhan P: Yes. So, on the capex, I would say that we have three different phases. The Phase 1 is the 5 GWh, the Phase 2 is another 5 GWh, and 3 is the container fabrication unit, which is there along with the plant. All together, we have a capex spend of about Rs.300 crore. This capex spend is a majorly the land plays a key role. The cost of land plays a key role, so the total cost is about Rs.300 crore for the complete setup.

Rajavendhan P: Funded internally from our private say initial fundraising that we have done in terms of the private placement. We have funded using that amount.

Meet Shah: Right. So, the second question from my side is, so about half of your order book is build-own-and-operate. So, for these BOO contracts, what kind of margins in BOO and EPC are there, and how exposed are these to cell price changes over the contract period?

Rajavendhan P: BOO and EPC has a different margin profile. In EPC, there's a product supply from our side plus the EPC that we do. There are two different margins, one at the manufacturing level, the second one is at the project level, where the overall margin is about 12% to 15%. Whereas on the BOO projects, we have three different margins, one is at the product level, second is the EPC level, and third is on annuity business, which is at the SPV.

There are three different margin profiles. While we have 12% to 15% as a margin profile between product manufacturing and projects, there will be a separate IRR of about 12% to 13% on the SPV levels, so we have three different margins profile for the build-own-operate projects.

Meet Shah: Right. One last question. Last time you had said that 60% of your total cost is cell cost based on the lithium prices. Is there any changes as of now, and do you have any price variance clauses in all the tenders?

Rajavendhan P: The percentage of the cost to the overall value remains the same.

Meet Shah: Okay.

Rajavendhan P: Lithium-ion cost is a variable factor which is impacting the overall price of the commodity. So, the recent tenders are coming up with the price variation clause, while the previous tenders, the old tenders have doesn't have the price variation clause.

Meet Shah: Right.

Rajavendhan P: And we are well-protected in terms of in terms of building a contingency in the bid prices.

Venugopal Maddisetty: One point to add here is that being the manufacturer, we can absorb some of these issues in terms of the raw material price increase because if imagine someone who is executing this kind of projects, by procuring the products from manufacturers like us, he would probably have impacted significantly more than us. But since we are the manufacturer and we are the project company, so the impact is lesser. There could be a small impact, but not that much which will be visible on the balance sheet.

Moderator: Thank you. We have a next question from the line of Sanket Sadh from Aarth AIF. Please go ahead.

Sanket Sadh: Congratulations on great set of results, and thank you for allowing me the opportunity. Sir, my first question is after reporting Rs.555 crore of revenue in Q1, we'll have to get around Rs.2,700 crore of revenue in the remaining year to meet our FY27 guidance. How much business are we expecting from our each segment in the rest of the year? And how much are we expecting from the African OEM partnership which we recently announced and what are the EBITDA margins in that segment?

Venugopal Maddisetty: Yes, you are correct, we reported Rs.555 crore sales in Q1 and then we have Rs.2,700 crore remaining. But the nature of the infra business which we are into, for that matter, any infra company, whether it is a road making company or electricity or the telecom sector, Q1 is always lower. I'll tell you why. For the simple reason that we are all working in a government sector. What happens is these projects are linked to funded projects and the availability of funding .

Most of the players, would try to execute most of these projects towards the Q4 and receive the payments. That is why the Q4 is always strongest quarter for any infra company, likewise ours also. You need to look at last year we have achieved only Rs.367 crore the turnover in Q1 it's not because that we do not have the orders or we do not have the business. It is basically because most of the efforts required to recognize the revenue happen towards Q4. Q1 will always be a little slow because of some approval from the government's departments and other such processes.

Q1 is always a slower one for any infra company including ours. However, we have improved a lot from previous year of Rs.367 crore odd crore to now Rs. 555 crore, which is almost 50% increase. We do see that Q2 has been planned and now we have a strong execution pipeline where we are going to be much bigger than that. Achieving this year's revenue target of Rs.3,200 -3,400 crore, I do not see any concern at all.

Sanket Sadh: Yes. Sir, I completely understand that Q1 is a bit slower than the remaining part of the year. My question was - what is the segment-wise contribution you see in the next three quarters to achieve this goal?

Rajavardhan P: Yes. Answer to point number one as I stated, we expect energy and telecom to contribute to about 70:30 ratio or 65:35 ratio. The second point to your question is regarding revenue target of Rs. 3,200 crore. Yes, majorly of revenue will come from the order book that we have as on date. There maybe be few additions to the order book, which will contribute to the revenue, but majorly will come from the existing order book.

Moderator: Thank you. We have a next question from the line of Shubhi Gupta from Trinetra Asset Managers. Please go ahead.

Shubhi Gupta Thank you so much for the opportunity. My question is on that you mentioned that BESS for industrial use will demand better profits versus BESS for grid. What is the incremental margin that you would get from those projects?

Venugopal Maddisetty: Yes, so the volume would be high, but may not be equal to the grid-scale energy storage because grid-scale energy storage is always, as I mentioned, 5 MWh and above. The C&I segment involves smaller capacities, but it is more voluminous business. The profit profile of this business will be better compared to the grid-scale because it is done at a larger scale, where as grid scale business is more through the tenders and on a competitive bidding.

Whereas on the C&I segment, it goes majorly by the product performance, reputation of the company and the customer approvals. That process alone will take about 5 to 6 months to get into a bigger customer segment. So, the profitability is better. Now, if you want to estimate that, it could be about 3% to 5% could be more. Rajavardhan, is that about 5%?

Rajavardhan P: Yes.

Venugopal Maddisetty: Yes, so that is better than.

Shubhi Gupta So how much EBITDA margin for this would be? Is it about 12% to 15%, if I'm not wrong?

Rajavardhan P: I'll explain this way. The BESS product for the grid scale, we have a product margin of about 13% to 15%. What sir was trying to say, in the C&I segment, this particular margin will go up by another 4% to 5%.

Shubhi Gupta And sir, this is PAT margin that you're mentioning or EBITDA margin?

Rajavardhan P: EBITDA margin.

Moderator: Thank you. We have a next question from the line of Raj Kumar, an individual investor. Please go ahead.

Raj Kumar: Yes, thank you for taking my question. My question is that regarding our current order book on EPC and BOO, what could be the impact of recent cell price rise and at these levels, are those projects still sustainable?

Rajavardhan P: When we have given the margin guidance for this financial year, which is about 10.5% to 11%, we have taken care of the increase in the lithium-ion prices, which we which we have anticipated during the starting of the financial year. As a steps to mitigate this risk, we have done couple of things.

One, as we explained in the previous investor call, for the Q1 quantum, we have we had stocked the inventory in March, which has enabled us to have a lower cost of the lithium-ion cell prices. For the balance of the quarters, the project margins will take care of the increase in the lithium-ion prices and that is well factored in the guidance that we have given.

Raj Kumar: Okay. So, current guidance has taken care of the recent prices.

Rajavardhan P: Yes, right.

Raj Kumar: The second question is related to AI data centers. India is projected to have like billions of dollars of data centers established in next couple of years. Do are we looking into any like optical fibre work or any specific technology services that we can provide related to BESS on those? Are we talking to any potential customers?

Venugopal Maddisetty: The works has already started and we are speaking to some customers. We are trying to bring some demo equipment, prepare it and showcase them in our exhibition centers.

Yes, probably it will be a long journey, but we are going with proper plan. There is a long-term plan and we are working on it. We have already have approached some companies and hopefully in the next one quarter, we will be able to give a concrete plan about the revenue, how it will work and all. We are not at a stage to give any further update, but the planning is going on, and work is in progress.

Moderator: Thank you. We have a next question from the line of Rohan Barnawal from Arihant Capital. Please go ahead.

Rohan Barnawal: Hello. Thank you for the opportunity, sir. My question was on the container fabrication side. We have delivered around 90-plus containers in Q1 versus if you compare it in the FY26, it was 178. How do we see the new quarterly run rate ramp-up, for the whole year?

Venugopal Maddisetty: In Q2, we are planning for 210 container supply. As we recently commissioned our second line of 2.5 GWh, we'll be able to ramp up production further. From January, we'll be fully operational with a capacity of 10 GWh.

Basically, with 10 GWh our total production capacity will be 2,000 containers per year at a full efficiency. However, we always have to take some efficiency factor in terms of machine downtime and such other factors. Even if I take 90% efficiency, it will be about 1,800 containers in a year. If we divided that by 12 months, it would be about 140 to 150 numbers per month. Whereas we are now doing 210 per quarter, it will become 125 at least per month in the next calendar year. This is the plan we are now working on.

Rohan Barnawal: Got it. And, on the all new three Q1 wins which we have in NLC, DVC and BSNL, all are EPC projects and is this a deliberate shift and what would what would be expect for the FY27 EPC versus BOO in-text mix?

Venugopal Maddisetty: BOO needs significant investments, so we are going in a balanced way. We have secured four good projects on the BOO and our effort is to complete those projects on time and start getting the revenues. We are also working with some investors to bring them on board for the investment and we are planning with them not just at a project level but at the overall portfolio level. We are looking for investments for more projects

Once that is secured, we'll be able to further move aggressively on the BOO basis because funding requirement is very high. Whereas EPC, it is our own forte and we will try to win every project that we bid. That is our moto for the EPC. So, that's the difference between EPC and developer project.

Moderator: Thank you. We have a next question from the line of Dhananjai Bagrodia from Alchemy Capital. Please go ahead.

Dhananjai Bagrodia: Hi, sir. Most of my questions are answered. Just wanted to understand, our operating cash flow has been negative for some time. I understand we are obviously stacking up for inventory because we have a high growth rate. But for each segment, what is the unit economics, just to understand what cash flow can we expect for each segment and which segment is consuming most of the cash flow?

Rajavardhan P: What you are seeing in the balance sheet is majorly related to the telecom cash flows, which are reflected in operating cash flow, because energy business has started in the Q4 of the last financial year. Moreover, the majority of the receivables in the balance sheet is from the telecom sector, where we have milestone-based payments and also deferred revenue.

On the energy side, we have better payment terms. The payment terms are segregated into an advance, a payment on supply and payment on commissioning, and there is retention portion, which will be released within a maximum of six months.

The inventory and receivables have come down and by September they are expected to come down further. We should stabilize in terms of the these numbers between December and March. By September, we expect them to reduce further.

Dhananjai Bagrodia: Okay. Okay, fine. So, but any like little more quantifiable in terms of, let's say for each segment, what is your working capital days?

Rajavardhan P: For telecom, the net working capital when I say net working capital, it is inventory, debtors, net of debtors, so the net working capital is about four to five months, whereas in energy, it is expected to be about say 90 to 100 days is the working net working capital cycle which is expected.

Dhananjai Bagrodia: This is for telecom?

Rajavardhan P: No. 90 to 100 days is for the energy. Telecom, it is about 5 months, 150 days.

Moderator: Next question is from line of Keval Shah from Sanctum Wealth PMS. Please go ahead.

Keval Shah: Hello. Yes, thank you for the opportunity, sir. It's just a continuation of previous question, so can we turn cash flow from operations positive in this financial year?

Rajavardhan P: As I stated, it will improve over a period of time. By March, we are expecting that cash flow from operations to be positive because, the energy projects will be giving a bigger quantum of contribution to the overall top line. The second point as I stated, the telecom in terms of the accounting concept, we need to have the receivables built in terms of the deferred revenue and also the milestone-based revenues. So, that is causing a bulky position for the receivables.

These two are expected to ease down by March. By end of this financial year, we can expect that the cash flow from operation to significantly improve compared to the last financial year.

Moderator: Thank you. We have a next question from line of Het Pradhan from Damani Family Office. Please go ahead.

Het Pradhan: Okay. I have question on as we expanding globally, as we are getting contracts from the Saudi Arabia and all, could you please throw some light on it?

Rajavardhan P: Let me answer this. So, what we have done today is that we have signed a MOU with a company in Saudi Arabia and we are also trying to explore the market in Saudi Arabia for the battery storage systems. We are actively exploring this opportunity and we expect this year we should have some portion of the revenue coming from the exports.

We have some small order which is executed in Q1, where we supplied a few containers to one of the companies in Saudi Arabia for a smaller quantum. But we expect that this has to go up in the subsequent quarter. We are actively exploring Saudi market for the battery storage systems.

Het Pradhan: Okay. As we get partnership with the Megmeet to enter into AI data center, what type of service we are providing to them? Can you throw some light on it?

Venugopal Maddisetty: Yes, I'll answer that. Megmeet is our partner for other telecom projects also from last four years. We have a very good relationship with them. They have developed power system for the AI data centers and these products are approved by the large customers like Nvidia and others.

We have tied up with them is for India market where we will try to manufacture their products, using their support coupling that with our BESS. For this AI data center, you also need BESS because the traditional data centers will use UPS and diesel generators.

The new data centers will migrate into this kind of green energy solutions. There are some products that will come from Megmeet and there are some products which we are manufacturing. We'll integrate them together as a solution and give it to the AI data center customers. That is the idea of partnering with them.

Het Pradhan: Okay, sir. Thank you. All the best for our next quarter.

Moderator: Thank you. Thank you, everyone, for joining the conference call of PACE Digitek Limited on behalf of Anand Rathi Shares and Stock Brokers Limited. That concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Venugopal Maddisetty: Yes. Thank you. Thank you, everyone. Thank you.

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