



"Techno Electric & Engineering Company Limited"

February 9, 2015



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY 2015 Earnings Conference Call of Techno Electric & Engineering Company Limited, hosted by Asian Market Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amber Singhania from Asian Markets. Thank you and over to you Mr. Singhania!

Amber Singhania: Thank you Zaid. Good afternoon everyone. On behalf of Asian Markets I welcome you to the 3Q FY15 Earnings Conference Call of Techno Electric & Engineering Company Limited. We have with us today Mr. P.P. Gupta, Chairman and MD of Techno Electric, Mr. Ankit Saraiya, Director along with his team representing the company. I now request Mr. Gupta to take us sector outlook and quarterly post which we will begin the Q&A session. Over to you sir!

Company Speaker: Thank you everyone and good day, good afternoon and welcome everyone. Thank you for joining us today to discuss Techno Electric’s financial results for Q3 ending December 31, 2014. As a precautionary statement anything said on this call which reflects our outlook for the future or which could be construed as a forward looking statement must be reviewed in conjunction with the risks associated with the industry in which your company operates. We had shared earlier with all of you, we have started the financial year on a better footing particularly in our EPC segment of business and the quarter reaffirms what we experienced during the last quarter also. Our revenue during this quarter has grown by 31% in the very EPC segment to Rs. 159 Crores as against 121 Crores during the previous year. The operating profit margin has also improved by 284 basis points and stood at 13.57% against 10.74% during the corresponding quarter of the last year. We were as announced during the previous quarter results both the orders where we were L1 have been converted in to the order namely from Rajasthan Vidyut Prasaran Nigam Limited a 400 KV substation at Ramgarh. The order value is Rs. 145 Crores and it is ADB funded and this value is without taxes and duties. The second order we have received through Power Grid is for building a substation at Mathura. This is 400x220 KV substations and the order value is 99.5 Crores and this also is without taxes and duties. With these two orders our unexecuted order book as on December 31, 2014 stands at around 1750 Crores. We are experiencing a flood of new enquiries as shared with you last time and we have already participated in tenders at around 1600 Crores and also tenders worth about 7000 Crores are in the pipeline in participation which will significantly enhance the company’s business portfolio in this segment. In the



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wheel segment we continue to face the challenges and are hopeful of its resolution at the earliest. As most of you are aware and as reading in the media the various steps are being taken by the central government to ensure best practices in this segment particularly the renewables by placing a very new renewable energy act as well as bringing the amendment to the Electricity Act 2003 which will give significant impact on the very conduct of the state government in this business. Our wind division during this quarter was below expectation. The total income was down 21% to 22 Crores against 27.86 Crores during the corresponding quarter last year. The total units generated in this period were 47.95 million as against 67.95 million units in the corresponding period. The other income for the corresponding quarter of previous year included the dividend from the subsidiary or 16 Crores rupees. We could have recasted our other income on like-to-like basis which was corrected in the last quarter of the year or at the financial end adjustment but as prudence we thought even if we don't do our investors will understand this but on an annual basis the other income is likely to be marginally better than the very previous year. With this, I will only say that with the new greater in the center and with competitive politics happening in the states the prospects of EPC business and particularly in the transmission segment has improved significantly greatly, so going forward we expect both improvement in the very order booking as well as the very margins in this segment of the business. With this I will now put the house; I invite questions from the participants and put the house for discussion and suggestions.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Tanuj Mukhija, please go ahead.

Tanuj Mukhija: Thank you sir for taking my question. My first question I think you were very positive in your initial commentary about the outlook for the transmission sector and there are about 7000 Crores projects in pipeline and also you briefly touched upon the competitive outlook in the states, can you provide some more insight on the expected pickup in state level capex?

Company Speaker: I would say the capex is happening more at states than in the central government particularly the very states who are facing elections, this year is Bihar and next year is going to be UP and there are huge programs, similarly we see in Telengana, Odisha, all states are vying each other and wants to keep Modi at bay because they believe they have to deliver the programs and projects on the ground, power supply both in terms of quantity and quality ought to be better than it has been, no more promises will work on the ground, so I will only share optimism from the very perspective of the interactive part we have with them and we feel very enthused and encouraged I would say.



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Tanuj Mukhija: Sir we have seen that the performance of wind assets has been quite volatile, so what is your strategy for wind as such, are you perhaps thinking about exiting the space or how do you plan to improve the consistency in that segment?

Company Speaker: As informed in our last concall with the investors we believe that these assets do not fall within our core segment of business and we are looking for exit. We are in active discussions with prospective buyers and prospects are improving with the reinvest conference happening on behest of MNRE where some of you may be also present and we are finding the very interest of the large investors in our assets being significant in capacity and in potential to generate power, so we are confident that we should be able to exit in part if not in full by the very close of the year or first quarter of the next year.

Tanuj Mukhija: Sir, can you just throw some light on the working capital cycle in this quarter, has it deteriorated or improved and your outlook towards the same?

Company Speaker: No, it is more or less same. It is static. The payments are no challenge in this sector and whatever projects we are executing they are fully funded projects and we generally get payment within four to six weeks of submitting a complete bill meeting all requirements of the very agreements.

Tanuj Mukhija: Sir because a lot of your peers working in this space have mentioned about stretched working capital so if you can just give me what is your current working capital days as on third quarter FY 2015?

Company Speaker: As you will see you see as we mentioned last time to check the indiscipline and make working capital more efficient most of the utilities have put certain interest component on the very advanced pay against the order to make the very EPC agency serious to do this or execute the value project time bound and it is a cost to them, so we have stopped availing this advance because we believe we can arrange funds at lower cost or we can further significantly reduce the very funds required to do this very business I will say. As you can see from the segmental results that our own capital involved in the business has marginally gone up but that is only because we are not availing the advance from the customer anymore, so correspondingly we save on the cost which is getting reflected in the bottomline, you can say out of this improved bottomline, margin on the very contract we are almost saving now 1 to 1.5% on account of the very interesting (inaudible) advances. It is integral part of the operations.



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Moderator: The next question is from the line of Pankaj Tibrewal from Kotak Mutual Fund, please go ahead.

Pankaj Tibrewal: Couple of questions, last time you mentioned on the call that you have a certain philosophy when you bid (indiscernible) project and the ticket sizes are growing bigger, so can you throw some light that in the pipeline how much would be BOOT BOOM and what is your experience now with the existing project which is going on in terms of operational efficiency and the second question is you mentioned about wind asset maybe in part maybe in full, will we recover the invested capital which we have done in the business or it will be substantially lower or higher, can you give us some sense on that as well and the third part is on the corporate other income which you said you had the worst is in the fourth quarter of last year can you give us some sense on what kind of other income it would be the whole of year, some more clarity needed on the segmental side?

Company Speaker: Let me start with BOOT BOOM. The ticket size is definitely growing because of the longer line lands involved in the projects and the mix of the line cum substation or terminals becoming more or less two third one third in terms of capex but as usual we are bidding this projects along with Kalpatru with whose partnership we have already got one operating asset in Haryana under triple B model and that asset is performing very, very efficiently, we have no complaints on that asset performance, number one. Number one another asset is under implementation that is by standalone by us. It is only a 200 Crores project of a 400 KVGIS substation under POC mechanism, concession back through competitive bidding from Power Finance Corporation and it is happening close to Patiala, there is a place called Patran where this installation is coming. It is a 200 Crores project which is happening within capex. Major equipment are all ordered from ABB. The land has been acquired and under now legal transfers and conversion of those changes etc., the project will be operational by May 16 and everything is going fine with Kalpatru we are already in two BOOT BOOM new projects of concessions, the bidding is around 2000 Crores each in which Techno will hold about 26% of equity and balance will be with Kalpatru if we succeed in the bidding process. Our call is with the larger ticket size even if we win one project a year or year and a half it is good enough to take care of it and there are ample projects in the pipeline as for as BOOT BOOM is concerned.

The other question you had raised on the wind asset I will say that we will be able to utilize the depreciated value of the capex in books as of now, it will be no more hit required beyond that, we should be able to part with the book value.



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Pankaj Tibrewal: But why is that because I am just curious because on one side you are seeing so much of euphoria on the wind power makers, one of them will be coming to the market very soon, the kind of valuations we are hearing and surprisingly our assets probably are not seeing that kind of euphoria, can you just take us through what the thought process is?

Company Speaker: Pankaj your question is small but answer is long, we can have this interactive part on specific we have gone through a learning curve over last five years, we have understood the nuts and bolts of this business more than any investor will ever know of it. I will share with you. You know the issue is the prospects of these businesses are very diverse when you look it from the point of view of an investor or an asset owner vis-à-vis the very EPC or the asset builders or even given the utility. The way this business has been conducted in India so far I would say needs improvement on all the fronts not one of them, I will put it that much only, so we realized down the very cycle that my forte is what I know the best and that is where the grid making comes and integrally with the grid making comes your carriers, a grid is like a carrier, on the EHV level which we call transmission, similarly there will be carriers at the distribution level which we call the carriers of the distribution business in the HT segment 6 KV or 33 KV and below and if the electricity amendment goes forward we would like to dwell more of the carrier business both in the distribution segment as well as in the transmission, so that is our core competency, we have realized and we would like to build more around it and capex will also happen in the same segment and the very opportunity to invest in this segment will be much bigger than what we have done in the past in wind I would say.

Pankaj Tibrewal: The third question if you can slightly, you touched upon the point of corporate allocation on the other income side?

Company Speaker: It is no issue as we explained during the very last year, if some of you recollect tweaking of other income happened only because of our loan given to Akruti at the ICD. We were regularly booking the very income on that ICD which ultimately Akruti repaid us 25 Crores and handing over a building in Jogeshwari called Viva, we took over that building so it is a work-in-progress with us in view of our ICD, so other income was corrected before the year closed of the last year, we have not corrected the quarterly numbers of the previous years, we have gone along with the very numbers which we have submitted to SEBI because the view in our office was that if we tweak the previous year's number even SEBI may ask some questions on it why, we thought we are approaching the issue with clean hands so now this very income will accrue to us as a capital gain going forward I will share with you and this issue will be over in 2015-2016, market is good almost 75% of the building is already sold, another stock in the pipeline is no more than 25% which we are confident to



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liquidate by March 2016, so all that will appear as capital gain in the very balance sheet of 2015-2016 as add on to the other income, otherwise on like-to-like basis we are strong and good, that is what I would say.

Pankaj Tibrewal: So what you are saying if you remove that one term income which (unclear) third quarter of last year.

Company Speaker: Yes you will find our results are good. You will find no change. If you see the annual other income last year was about 12 Crores, this year we are expecting other income to be plus minus 15 Crores in totality by the close of the year. There will be capital gain which may accrue on this asset and that is work-in-progress.

Moderator: The next question is from the line of Amber Singhanian from Asian Market Securities, please go ahead.

Amber Singhanian: Sir just couple of questions, firstly as you mentioned that there is a pipeline of 7000 Crores worth of projects, could you throw some more light about where exactly this pipeline is coming from and which segments are these, and which are the prominent orders in this?

Company Speaker: It comprises of states and power grid programs and most of these states like UP, Bihar, Telengana and so on these involve all types of exposures like in some transmission systems, let me share a good opportunity with you now. You know earlier in the North East many things used to be done in a very loose manner, at state specific level, now the government has pulled all these resources and mandated Power Grid to carry out these programs in the very state of Assam, Arunachal and Sikkim. The tenders in this segment from Power Grid is no less than 1500 Crores in North East itself which they intend finalizing by March and these are basically meant to evacuate power of hydro projects which are happening in Sikkim and Arunachal as well as it will strengthen their sub transmission networks because at many places we found in the states in the recent past that interstate networks are stronger than the very subtransmission at the state level but not competent to connect to the very load centers with the transfer centers or the regional load centers I would say to the points of load consumption points, so all these are getting integrated in a lot more professional manner which means the money will get used very properly and programs will happen in reality and not in piecemeal manner and similarly our networks have grown in length and breadth which has also added a lot of reactive power in the very network so the management of reactive network in the reactive power in the network Power Grid is hugely investing in creating setcom solutions, they call it setcom, this investment will be another about 2000 Crores in next one year which will only mean improving the quality of power,



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so no longer the focus is only in growing the very size of the pipeline but it also means growing up integrally the very sub transmission network as well as the network which caters to the very quality of the powers, so it is all around improvement which will ultimately mean more power transfers from the generating point to the consuming point at the load points whatever way you put it.

Amber Singhania: Sir from Techno perspective what kind of order inflow or order book we are seeing by the end of this year and what is our target internally for FY 2016, a rough cut number?

Company Speaker: At least you know potential is so big and healthy entities are so few as you know target is only from the capacity point of view more than scope point of view in the market. We should be looking to book a business of about 1500 Crores in 2016 and carry a order backlog by March 2016 in our books no less than 2500 Crores.

Amber Singhania: That would be good Sir, so in this quarter we can see a huge order inflow coming in on our way as such?

Company Speaker: If not in this quarter definitely in the first quarter of next year because tendering processes are on now, that would conclude very good, otherwise it will be definitely finalized in the quarter April to May.

Amber Singhania: Sir as we are seeing that we have lot of orders from Bihar or two large orders from Bihar and Bihar Government is slightly now facing some trouble, so is there anything also impacting the execution side or our day to day working on those projects are we are insulated from those politically now after getting those orders.

Company Speaker: We are totally insulated number one because whatever politically happening or may happen the programs of the power sector or totally delinked to each other. Our payment cycles of these projects are linked to either ADB or to Power Finance Corporation, the team now at the helm of affairs is very, very active, I am sure they will sort out there issues among themselves as expected because they are looking on completion of these projects no later than November when elections are scheduled. We are experiencing peak operations in these projects at the moment.

Amber Singhania: Sir coming to the wind side as such how is the scenario of REC this quarter, how many RECs we have been able to say and what is our inventory right now?



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Company Speaker: We are carrying an inventory of about 2.75 lakhs probably plus or minus and last month I will say January was better because we were in the last quarter on the year January and March so we could also liquidate roughly about 12000 REC last month.

Amber Singhania: How much was that Sir in December quarter?

Company Speaker: December quarter put together maybe 12000 which we achieved last month itself in this quarter, so February March will again be hot because generally it is annual compliance of the obligation with the utilities by and large so last quarter always covers 80% of the business in this segment, so we are hopeful our next two months also should see a liquidation of not less than 25-30,000 RECs but still the issue of REC as very instrument, very integrative of the document is yet to be resolved as a policy measure.

Amber Singhania: Very true Sir. Sir, last time we discussed that government is also planning to resolve this evacuation issue and they have already started working on certain solutions on that, how is that thing progressing and when do we expect that wind power might start generating proper PLF which is currently getting hampered because of the evacuation issue?

Company Speaker: Amber, the learning curve is two fold I will say, firstly on your question on Green Corridors projects as executed by Power Grid are all in implementation now both within Tamil Nadu as well as in Rajasthan as a first start but the states own network also have been integrally strengthened. You see, it has a reflection lesser of a network to my might and it is more a political in nature, so these issues will only be settled once we the Renewable Energy Act is in place in the country and then the very say of the state will be much, much less thereafter, so we are all eagerly awaiting for this Renewable Energy Act so that the very power of these states are curtailed substantially and they will behave as per the letter and spirit of the act, so it is a complex issue, it is more of a manmade issue that technically is surviving on existing but I am sure the solution is not far away as far the very industry because present government at center is committed to 100,000 megawatt as additional capacity, they are going to hold like Gujarat Summit in Delhi first time on 15th and 16th of this month which they call as first global summit and this summit will be done every year now as an annual exercise, so I am sure central government will like to be credible and not fool around with the issues as we have done in the past.

Amber Singhania: Sir as we also discussed about new Power Act for renewable energy might be in the plans for the government generally what kind of timeline we generally see of these kind of act coming in to picture and then getting implemented, is it like a very long drawn thing or we can see these things getting speeded up?



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Company Speaker: (Indiscernible) sensitive issues. You see the issue is power sector is so much challenged, all of you know more than me and we have only one minister now on renewable power and coal. I wish we had four ministers; nevertheless he is doing his best. He is very sincere to his cause. Coal has kept him lot more busy, now the next focus should be renewable. The timeline earlier was that in this very global summit they were to roll out the draft on the renewables, let us see whether it happens or not, it was to be part of the summer session of the parliament for approval, that was the timeline known earlier in the industry, I will be more precisely able to say post attending the summit on February 16.

Amber Singhania: Sir coming back to Techno's wind side, as you mentioned that we are looking to monetize some of the assets maybe in part also, what is the thought process behind this in the sense if it is a part then we will be looking for the older asset that we acquired from Suzlon those assets first or the new assets which are part of new mechanism what is your thought process on that and roughly what kind of timeline you mentioned but generally what kind of dynamics roughly thinking on those lines?

Company Speaker: You are very right, it will happen in these two parts only, partition takes place and the first will be the very old assets that we acquired from Suzlon and new regime assets may take a little more time capturing the proper value of it, that is how we are looking on it also, we should be able to exit on the very acquisition value more or less.

Amber Singhania: What is the thought process behind the sale proceeds because we already are sitting at a good amount of cash plus we will be also getting cash from this and our two BOOT BOOM projects which we are planning to bid along with Kalpatru may not require that kind of funds as such, so the excess funds are you planning to use somewhere else or maybe we can see some higher amount of dividend going forward?

Company Speaker: Dividend is always a good option with respect to promoters as much as the investor, it goes without saying, but I am sure we will be open to acquisitions and BOOT BOOM please don't only look on BOOT BOOM from the very perspective of transmission but don't forget which you have not heard so far, carriers business in this segment on distribution is going to be bigger than the very transmission let me tell you.

Amber Singhania: So that is another opportunity opening up for you?

Company Speaker: Huge opportunity if it really happens and it is bound to happen now because if we cannot live as a nation lost 20% plus in T&D and you cannot mitigate challenges of this sector only by growing networks in length and width, you have to come down to performances as I



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have been talking now, the very losses in the networks, the very quality of the networks, the very accuracies of the networks, we have to integrally talk like power sector, law sector and accuracy sector of the measurement will be the integral features when carrier comes in to the private hands, so you will see all along the improvement and country will have to bring down the loss to 5-6% as per the Prime Minister's dictate to the electricity boards that how long you can bleed and fund the bleeding. Ultimately we have to be as efficient as our neighbors if not global partners are, we must become to begin with South East Asian nations or even Bangladesh, we need to benchmark that to begin with.

Amber Singhania: Sir a bookkeeping question, what is our current debt and cash both on standalone and consolidated levels?

Company Speaker: Cash in the consolidated level is 125 Crores with the company and debt is about 550 Crores on a consolidated level including working capital. Long term is about 450 and another 75 Crores of working capital.

Amber Singhania: Sir I missed that part of other income which you were explaining to Mr. Pankaj, like work-in-progress what is the total amount and by when we can see that coming in as revenue or profits to us?

Company Speaker: The total amount is 47 Crores that is work-in-progress, that was ICD given to Akruiti and out of which the repaid part and 47 remained outstanding, hence which we acquired building in Jogeshwari called Viva right on the main highway, beautiful building and about 70,000 square feet is unsold area on the top floors, top 3, 4 floors are left unsold and up to 9th floor the building is already occupied and people are operating out of the complex. There are active enquires in that. We are hopeful of liquidating it before close of 16th.

Amber Singhania: Is more money expected to realize from this or only 47 Crores will come back to us?

Company Speaker: No, we definitely realized more than this.

Amber Singhania: That will be coming through in FY 2015-16 mostly?

Company Speaker: Yes as other income. It is going to be no less than the other income we earn otherwise.

Amber Singhania: True Sir, that will be a good gain on the other income side.

Moderator: The next question is from the line of Vinay Rohit from ICICI PruLife Insurance, please go ahead.



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- Vinay Rohit:** Sir what is the capex for this year?
- Company Speaker:** The capex for this year is 200 Crores the very project under implementation at Patran.
- Vinay Rohit:** So this is essentially for the BOOT projects right?
- Company Speaker:** Yes, absolutely. Our in house capex are generally very little because we are a light construction company by and whatever invested is mostly on the IT side on our office infrastructure so that capex is no more than 10 Crores a year by and large, major will be in our BOOT projects Sir.
- Vinay Rohit:** This is one BOOT project right?
- Company Speaker:** Yes absolutely which is in implementation at Patran?
- Vinay Rohit:** Sir for full year can we expect EPC to grow closer to 25% right?
- Company Speaker:** Absolutely we would love to see more than that Sir, we have lost three years, and we have to make it up now.
- Vinay Rohit:** If I look at your margin on nine months basis, margin has improved to 13%, as we have maintained that when things improve margins will go back to 15-16%, we still hold that view right?
- Company Speaker:** Yes, absolutely that will be our endeavor Sir.
- Vinay Rohit:** Sir, just wanted to check the mess we are seeing in the wind business is it primarily due to evacuation or is it also some timeframes are not consistent and therefore the PLF tends to be low?
- Company Speaker:** Rohit, this is purely a man made issue, the combination of all factors, not one of them I will say, you see when you have more of thermal capacity in the country so the competition become very different, it is wind versus conventional power, everybody wanted to push his own power in the very pocket, so these are all questions of state government's priorities, choices and marginally integrally of the very grid also, so there is no single factor we can say but if in letter and spirit if state governments had entered these issue with the same commitment as envisaged probably the pain in the whole thing would have much, much less and we as a nation would have been a very credible nation.



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- Vinay Rohit:** Sir EESO has been there, last year we also had the same issue.
- Company Speaker:** Absolutely, you are right.
- Vinay Rohit:** Sir this issue we have is primarily related to 110 megawatt issue in Tamil Nadu right, there is no issue in some of the earlier capacities we had in Karnataka also?
- Company Speaker:** We have no issues in Karnataka. It is zero issue but in Tamil Nadu our capacity is 190 megawatts, not 112.
- Vinay Rohit:** So all the capacities have this issue.
- Company Speaker:** Yes and we were the single largest IPP. The way the government is talking today and daily and to promote their renewables then the UPA has done in tenure 2 in 2009-2009 if you remember Geneva protocols were to be renewed and Manmohan Singh ji had gone to meetings and come back, announced first time in the country that we bought a mission control mechanism for our future generations, we will commit 5% and 1% per year, so all these mechanisms were evolved but left halfway unanchored. The center did nothing. They left it to states. No state in this country has a national vision.
- Vinay Rohit:** Given the location issue will you be able to sell this capacity which are not in Tamil Nadu, essentially the over capacity in Karnataka right?
- Company Speaker:** Yes absolutely that is no issue.
- Vinay Rohit:** What is the capacity which we are planning to sell?
- Company Speaker:** We want to sell the entire capacity.
- Vinay Rohit:** What it is in Karnataka?
- Company Speaker:** 18 megawatt.
- Vinay Rohit:** So this is 18, the 190 is in Tamil Nadu that is all right.
- Company Speaker:** Absolutely, this is our total capacity 208 megawatt.
- Vinay Rohit:** Sir what is the total capex for Patran, is it 200 Crores?



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- Company Speaker:** Yes, absolutely.
- Vinay Rohit:** You said 1750 Crores is the order book and is there any other project where we are L1 and we are waiting for confirmation?
- Company Speaker:** Not at the moment, I cannot say with certainty that this is so.
- Vinay Rohit:** So as of now we just want to sell the wind energy and we don't have any plan to increase the capacity right?
- Company Speaker:** No, we have no plans to invest any more in wind energy and that will be the very investment we have made in this segment.
- Vinay Rohit:** Okay, not even in other states because the new states have come up with a five-year plan, five-year targets and policy wise?
- Company Speaker:** No Sir, we don't want to be power generators. We would like to be carrier operators in this country, that is our core strength of the company and we would like to build assets around that both in EHV segment called transmission as well as in the distribution industry segment.
- Vinay Rohit:** Sir could you help me with some of the details for Patran, is it similar to the one we have done earlier, monthly (**inaudible**) sort of payment which we get?
- Company Speaker:** Yes, you see Patran is a 1000 MVA 400x220 KV GIS solution unlike Haryana where we have AIS of 2300 megawatt you can say like-to-like and this will be under TOC mechanism of Power Grid and our NOT charge levelized on an average will be about 30 Crores per year in totality and capex involved is 200 Crores.
- Vinay Rohit:** What is the period for this?
- Company Speaker:** We are to commission this facility by May 2016 and this concession is for 35 years.
- Vinay Rohit:** What will be the cost on yearly basis?
- Company Speaker:** The O&M cost in GIS is much less compared to AIS on like-to-like basis. Our total O&M cost should be no more than 1 Crore a year.



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- Moderator:** The next question is from the line of Ravi Swaminathan from Spark Capital, please go ahead.
- Ravi Swaminathan:** Sir thanks for taking my question. Sir what is the outstanding from TNEB on account of our wind power sales?
- Company Speaker:** The present outstanding is about 35 Crores for us from TNEB. We are paid up to August and generally these peak periods outstanding are liquidated by them by March, so they pay one month per month, you can say technically, so we should get one payment in this month and one in March, the year-end closing outstanding should be no more than 7 to 10 Crores maximum because 80% of the outstanding will be recovered in these two months.
- Ravi Swaminathan:** Sir what is the cash outflow you foresee probably for FY 2016 now that you will be funding the Patran project in full and given that we manage our working capital very efficiently just wanted to check what is the outflow you foresee, cash outflow?
- Company Speaker:** Our cash outflow in Patran will also be no more than 50 Crores as equity contribution, balance is tied up as a loan from Yes Bank, SBI and IFCL, the Industrial Finance at Delhi, and so they are funding the project of 150 Crores. IDBI is also showing interest maybe they will substitute Yes Bank and we could get these loans at very competitive rates say 10.75% only. All is going well I will say.
- Ravi Swaminathan:** Sir my question was apart from Patran what is the cash outflow you foresee for FY 2016 as a whole from your cash generation?
- Company Speaker:** No more than another 10 Crores on our own IT and infrastructure augmentation. We don't need more than that Sir.
- Ravi Swaminathan:** So other cash outflow is contingent upon you winning BOOT orders in line with Kalpatru right?
- Company Speaker:** No you see you need cash flow because you have an outstanding debt in the company which is around 450 Crores on a long term basis which is linked to the wind assets, unless they are liquidated we will have to continue to serve the loan. The loan repayment will be about 75 Crores in 2015-2016 and interest component will be another 30 Crores, we need about another 100 Crores to serve the very loans of the wind assets additionally, if they are not liquidated in next two, three months.



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- Ravi Swaminathan:** On the first asset of Suzlon how much was the total capital employed Sir under 45 odd megawatt from Suzlon?
- Company Speaker:** 45 megawatt and another 50 we acquired in Simran, these two transactions had happened more or less simultaneously and our involvement as capex was about 450 Crores in that.
- Ravi Swaminathan:** Both put together right for 95 megawatt if I am right?
- Company Speaker:** Yes 95 megawatt absolutely right.
- Moderator:** As there are no further questions I would now like to hand the conference over to Mr. Amber Singhanian for closing comments. Over to you Sir.
- Amber Singhanian:** Sir would you like to give any closing remarks?
- Company Speaker:** I will only say in conclusion the sector is very exciting. I think the worst is behind us and the sector should grow with opportunities and should be full of opportunities. Whatever we lost out in last 3, 4 years we should be able to make up more than that not only of the previous 3,4 years but also of the very prospective year's growth integrally, so we are very upbeat now. I will only like to say that and Techno should capture the stagnant space of the last two, three years very fast. We are in a good position vis-à-vis many other players in this space and we will be delivering our responsibilities.
- Amber Singhanian:** Fine Sir, on behalf of Asian Markets I Amber Singhanian thank everyone for joining this call and especially thanks to Mr. Gupta and Mr. Ankit Saraiya and his entire team for taking out time for us and giving us insights about the company and the business and its financial performance. With that we conclude the call. Thank you and have a good day everyone. Over to you Sir.
- P.P. Gupta:** Thank you all for joining our con call. In case you have any queries, further related to our performance or our numbers please drop a mail to us. With that I would like to close the conference and I once again thank you everybody for joining the call and investing in us and giving your trust in us and confidence in us. Thank you very much gentlemen.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Asian Market Securities that concludes the conference call. Thank you for joining us. You may now disconnect your lines.