"Techno Electric and Engineering Co Limited Conference Call"

January 28, 2011

Moderator: Ladies and gentlemen good day and welcome to the Techno Electric and Engineering Limited Q3 FY'11 earnings conference call. As a reminder all participants' line 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. If you should need assistance during this conference call, please signal an operator by pressing "*"and then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. PP Gupta. Thank you and over to you Sir.

PP Gupta: Welcome everybody and good evening ladies and gentlemen. This is the first time we are hosting an investor's concall. It will be a pleasure for me to introduce you to Techno Electric first. I am assisted here by Mr. Lohia, our CFO, Mr. Ankit Gupta, and Mr. Manoj Chandak. Basically Techno Electric is an EPC and a power generator in power sectors. We are present in all the 3 segments of power i.e., in generation, transmission, and distribution. Last year, we had invested in 95.45 MW of wind power generation capacity in the form of two wholly owned subsidiaries, Super Wind Project and Simran Wind Projects. The company has undergone a reverse merger, where Techno Electric was merged with Super Wind Project and renamed as Techno Electric and Engineering Company Limited and new entity was again listed on BSE and NSE in the 2nd week of November 2010. The capital remains the same and the structure of capital too remains same. We are presently also executing a transmission project in Haryana, first time in PPP model to build t a 400 KV, 100 km long, 2 substations of 24 bays of 400 KV each to evacuate 1320 MW of power ,i.e., 2 x 660 MW power from a power plant being built at Jhajjar by China Light and Power, Hongkong. In power generation, we own 95.45 MW of wind power capacity, which is generating around 220 million units every year for us.

Now I will come to the financial performance. The financial highlights consolidated for three months ended December 31, 2010. During this quarter, we achieved Sales of Rs 152.65 crore, representing a decline of about 8.58% over the corresponding quarter in the previous year. This was mainly on account of additional billing considered during Q3 FY10 on account of increase in tariff revision by Re.0.50 per unit pursuant to TNERC order effective since March 2009. The operating profit for the quarter at 37.25 crore is up by 1.6% compared to Q3FY10 with operating margin growing by 245 basis points to 24.4%. At Rs. 23.61 crore, the Net profit for the quarter was down by around 20.52% over previous comparable quarter. This was mainly on account of the decrease in other income, higher income tax outgo due to MAT rate revision to 20% against 15% earlier and booking of one-time income in Q3 FY10 due to the hedging of foreign currency exposure. The Earning per Share on a face value of Rs. 2 for the quarter is Rs. 4.13 compared to Rs. 5.2 in Q3FY10. The other income for the quarter is Rs. 10.2 crore compared to Rs. 12.31 crore in the previous year.

The financial highlights consolidated for 9 months ended December 31, 2010 - We achieved sales revenue of Rs. 518.76 crore, recording 7.54% growth over the previous year. Operating profit at 134.69 crore, up by 24.4% as compared to the previous comparable period with operating margins at 25.96% against 22.45% in last financial year. The net profit stood at 92.89 crore, an increase of 0.16% over the corresponding period in the last year. Earning per Share (Face value Rs. 2) for nine months is 16.27 as compared to 16.24 in previous year for these nine months.

Our segment wise growth in all the three segments, that is EPC, power generation as well as in our corporate business which gives us the other incomes through treasury operation is growing strong. In the last quarter we have booked additional business of 250 crore. Today, we received a new order of Rs 85 crore from MP Government for setting up a 400 KV sub-station around Indore at three locations. This was a brief update from my side. I would now like to hand over to the moderator who will open up the floor for questions. Thank you.

Moderator: Thank you very much sir. The first question is from the line of **Sudhakar Prabhu from Span Capital**. Please go ahead.

Sudhakar Prabhu: In the power segment, if I look at the revenue for the third quarter, the revenue seems to be down from Rs 15 crore to Rs 10 crore, also the profit; I just wanted to understand the reason for this.

PP Gupta: The previous year quarter also covered the billing on account of tariff revision by Re. 0.50 per unit effective March 2009 for power supplied from March 10 to December 10. This billing was almost about Rs. 5 crore. Additionally, the wind pattern on a monthly basis can always undergo a little change, but if you look on total billing for nine months, you will find that the billing for nine months is higher at Rs 61.36 crore against Rs 59 crore in the previous year.

Sudhakar Prabhu: If you could also help with what was the unit sold for the nine months, this year and last year and also the average rate please?

PP Gupta: The total units supplied this year are about 190 million units and we are connected in two states, Karnataka and Tamil Nadu. In Tamil Nadu, our tariff is Rs. 3.39 per unit and in Karnataka, it is Rs 3.40 per unit.

Sudhakar Prabhu: You have mentioned in the annual report that you plan to expand your capacity to 250 MW by 2012 and 1250 MW as a long-term plan. I just wanted to understand what is going on that.

PP Gupta: We have already ordered 200 MW on Suzlon, which is now under implementation in the current year. This is coming up in two phases of 100 MW each. First phase will achieve completion by May or June '11, i.e., after 5-6 months in Tamil Nadu and another 100 MW by March '12 in Gujarat. So it is programmed in two phases of 100 MW and both phases are progressing on schedule. I would also like to add that we are eligible for carbon credit for our first 95 MW out of which 45 MW is already approved for CDM benefit and 50 MW is expected by February 27, 2011. It is in the last leg of approval with UNFCC**.**

Sudhakar Prabhu: How much do you plan to spend for this 200 MW expansion? How much would be debt?

PP Gupta: The total outlay is Rs 1,150 crore on this, roughly about Rs 5.75 crore per MW. Equity component is Rs 400 crore and debt is Rs 750 crore. Equity is being provided entirely by the parent company, Techno Electric and the promoters, and Rs 750 crore is being raised from IFC, Washington and other foreign banks.

Sudhakar Prabhu: Sir one last thing, do you have already signed up any power off take agreement for these two units?

PP Gupta: No, not yet, we are keeping our options open. We would like to be part of these renewable energy certificate mechanisms, which are presently under establishment and we will get into some contracts by April of this year, partly first 100 megawatts.

Moderator: Thank you. The next question is from the line of **Misal Singh from Religare.** Please go ahead.

Misal Singh: Sir, on the number of units supplied this year for nine months; our units have been 190 million units. What was this last year?

PP Gupta: Last year also this was more or less the same; about 188 million.

Misal Singh: On a quarterly basis, how will you compare this?

PP Gupta: The generation has been stronger in the first two quarters compared to this last quarter.

Misal Singh: And this was similar last year also?

PP Gupta: More or less you can say on a cumulative basis.

Misal Singh: Margins in the EPC segment are high in this quarter, any reasons for that?

PP Gupta: By and large due to export dry up in Europe, the equipment prices in the electrical segment has seen a decline of 10-15%, so that has brought economy in our purchases on the equipment side. Secondly, I would say that we are also able to execute projects more vigorously than earlier and we are in a very expedient execution phase this year compared to last year, so all those benefits are visible in terms of the improvement in the operating profit margins.

Misal Singh: Okay. That is it from my side. Thanks.

Moderator: Thank you. The next question is from the line of **Anand Vyas from Nirmal Bang Securities**. Please go ahead.

Anand Vyas: May I know what is the current order book?

PP Gupta: The present order book is Rs 1,250 crore as of December end and today we received another order from MP to establish three 400 KV stations around Indore City. If we add that, the total order book will be approximately Rs 1,335 crore.

Anand Vyas: Sir what was it at the end of the last quarter?

PP Gupta: The last quarter also our order book was more or less same about Rs 1,240-1,250 crore.

Anand Vyas: Thanks a lot.

Moderator: Thank you. The next question is from the line of **Ramesh Mantri from Smith Management.** Please go ahead.

Ramesh Mantri: First, I would like to understand the acquisition of 95 MW of wind power. What is the price we paid and what are the economics of these windmills that we bought?

PP Gupta: I will say that we were the first movers in this business as IPP and it became a viable business in December 2009 with GBI policy of government coming in place. We bought these machines at a capital outlay of about Rs. 5 crore a MW. Our IRR on equity is working out to be around 16% on an average and this will be getting better now with the REC mechanism coming in place. And as the cost of the conventional fossil-based power becomes costlier which we call APPC (Average power purchase cost), we will be paid under REC mechanism APPC plus the price of the Renewable Energy Certificate tradeable on the power exchanges. The floor price of this is Rs.1.6 and for variance price is about Rs. 4. So I am sure this business will go on becoming more attractive and should attract more investment to meet government target of 6% mix from these resources in the current year rising by 1% every year up to 2022.

Ramesh Mantri: Does the vendor provide us guaranteed PLF on the machines?

PP Gupta: No. You see vendor only provides the machine availability guarantee to us; the power generation entirely depends on the wind, as it is available in that pocket and in that year.

Ramesh Mantri: So the wind risk is taken up by you, if the wind speeds are lower than your expected levels, then?

PP Gupta: If wind blown in that area is lower over a year so definitely power generation will tend to decline, but machine availability also plays a very crucial role. Like this year, if you are tracking this sector you must have observed the wind is almost 10-12% lower over last year. But we could still generate the same amount of units, only by ensuring higher machine availability due to our power sector background in cooperation with Suzlon. Our machines are available in peak season to almost about 98% plus, almost 3% better than other investors in this segment. So they add value to your business.

Ramesh Mantri: In terms of new expansion of 200 MW given to Suzlon, you obviously had options of Suzlon and other domestic turbine manufacturers and also international vendors, how did the decision go in favor of Suzlon? Is it because of cost, and considering that Suzlon not long ago had product issues, so how did you take a call on Suzlon, what are the issues and the decisions that went in favor of Suzlon?

PP Gupta: Definitely there are options in competition to Suzlon which is a home-grown company, but their machines today after their RE Power acquisition in Germany are much superior and much better, so we are buying from them their latest version models that is S82, S88, and S95, which have been launched only in a year or two in Indian market. But the major issue which went in their favor from our side was that all their wind farms are of a higher size i.e., 300-500 MW in a given pocket, so this going forward will increase our flexibility to hook it to the national grid, and a lot more options to range power sale under REC mechanism and O&M expenses will also be more optimum compared to smaller size wind farms offered by foreign makes, which are generally 50-100 MW.

Ramesh Mantri: And you mentioned 16% IRR on the 95 MW windmill capacity you bought. So you are investing the 200 MW at a slightly higher price. Does this IRR include the benefits under the REC framework?

PP Gupta: Yes, we have considered all those benefits and with the GBI alone in place now you can see that despite higher cost of Rs 5.75 crore almost Rs 62 lakhs/MW will be reimbursed by Government of India as GBI over 4-5 years, so the cost again comes down to Rs 5 crore effectively more or less. Additionally, we anticipate at least on a very conservative side, additional revenue realization of not less than Rs. 4 a unit, putting APPC which is Rs. 2.50 as of 2009 plus Rs. 1.60 of REC mechanism and as the APPC goes up due to the higher cost of the conventional power, our realization will also go up like-to-like. So these are all positives on the horizon as far as the non conventional power is concerned and in my view it will be no less attractive than conventional power.

Ramesh Mantri: I would like to understand what comes under segmental revenue in Corporate?

PP Gupta: By Corporate, we generally mean making treasury income by our surplus funds by market operations. We are in a treasury operation, we are in bond trading, we also advance certain ICDs in the market as promoters fully secured by two three times of the shares of the companies, so it is all mixed together, but it has tremendously come down after we have diverted our funds in power generation activities and it will further be reduced going forward as all these funds will be redeployed in our own capacities now.

Ramesh Mantri: When I look at the income of Rs 24 crore over asset base of Rs 97 crore, the yield is something like 35% on annualized basis.

PP Gupta: The Rs 97 crore is the present outstanding as of December 31, 2010, but we opened the year with more than Rs 200 crore.

Ramesh Mantri: But still the yields are quite high for any fixed income product.

PP Gupta: Yield of 12-15% on an average of the deployed funds.

Ramesh Mantri: Thank you.

Moderator: Thank you. The next question is from the line of **Kaustubh Vaidya from Wealth Managers.** Please go ahead.

Kaustubh Vaidya: In the current order book of Rs 1,250 crore, how much would be our own transmission order which we are going to own?

PP Gupta: Rs 205 crore, which we are setting up in Haryana

Kaustubh Vaidya: What will be the period when this will be coming up?

PP Gupta: This will be commissioned in December '11. It is a very fast-track project and work is going in full execution, and the commissioning will be achieved in a record time of 14 months.

Kaustubh Vaidya: Can you throw light on how the economics of the PPP works as far as the transmission projects are concerned? Like, what would be the pay back period, what kind of IRR, and also in terms of how does profitability goes, just a brief outline?

PP Gupta: For us basically this is another model of doing an EPC work, where we also own the assets, so you benefit by EPC business out of this as well as you create financial assets to yourself and you can en-cash at a profit down 3-4 years once the revenue stream and operations are stabilized. In this field, we are getting annuity income of Rs 54 crore and the total project cost is about Rs 435 crore. The IRR projected is about 16-18% depending on the availability and performance of the installation and of course, this gives the EPC business of almost Rs 205 crore.

Kaustubh Vaidya: If the project cost is 435 then the balance is government grant?

PP Gupta: Yes, there is a government grant in this. It is a VGF- Viability Gap Funding, so this project is in consortium with Kalpataru. Our scope is Rs 205 crore and their scope is about Rs 200 crore, balance Rs 30 crore is an IDC cost in the project. The VGF gap is about Rs 94 crore in the project, which is being provided by the central government.

Kaustubh Vaidya: You will have concession period for how many years?

PP Gupta: It is a 25-year concession period extendable by another 10 years. Virtually it will be 35-year concession period with us and this will be evacuating the power produced by China Light and Power of 2 units of 660 MW and this also has the ability to evacuate power of one more unit of 660 MW.

Kaustubh Vaidya: You had mentioned that this is the first of its kind in terms of actual PPP, which has come. Do you see more of these kinds of opportunities and will we put more money into that? How does the outlook as far as the PPP on the transmission side is concerned goes on the BOT side?

PP Gupta: It is very bright and after January 6, 2011, the competitive bidding in transmission projects or generation projects is mandatory now. After 5 years of concession period to SEBs, if any power scheme they want to install, generation or transmission, it necessarily needs to go through the competitive bidding route. So I am sure the states will find PPP model more attractive now than investing their own funds in the system. Already projects are under planning now for tendering with the Governments of UP, Maharashtra, MP and Rajasthan. We are very closely working with them.

Kaustubh Vaidya: Thank you very much Sir.

Moderator: The next question is from the line of **Ranjit Shivaram from B&K Securities**. Please go ahead.

Ranjit Shivaram: In your wind power business if I take Rs 3.4 per unit as an average and calculate your 98 million or whatever sales is, I am getting PLF of 13.7%, so if I am wrong just correct me. And what is the average PLF we had for the quarter and could you give us a direction like what is the attainable PLF going forward?

PP Gupta: It is not a good idea to calculate PLF on quarterly basis in this business. We are always guided by the annual PLF in these cases. In our case, we are achieving almost about 28% PLF in Tamil Nadu and 24% on our assets in Karnataka. Last year in total we had produced about 215 million units, which is more or less likely to be the same this year also, out of 95.45 MW. So, on an average you will find the PLF is around 26% in our case on an annual basis.

Ranjit Shivaram: On a standalone basis, the energy segment has shown 21% growth, but in a consolidated basis the energy segment has witnessed a degrowth, so can we infer from this that the Simran Wind Project has been the major dragger for this quarter?

PP Gupta: Yes, you can say that way because the way we calculate the revenues, the tariff difference was booked in this quarter for 10 months generation firstly and secondly Simran has its assets located in a pocket called Sanganeri.

Somehow Sanganeri pocket has poorly performed compared to Amuthapuram, which is almost about 50 km away from Sanganeri. But in the last two weeks Sanganeri has picked up as it gets eastern as well as western winds, so we are confident by year end it will be more or less same, so whatever shortfall you have seen in the last quarter it will be more than made up in the next quarters.

Ranjit Shivaram: That means there were no other technical or any maintenance issues.

PP Gupta: No technical issues, the machine availability or grid availability is not an issue; it is purely the wind pattern, which has caused these fluctuations.

Ranjit Shivaram: Okay and in your EPC segment you have seen degrowth, but the margins have increased. Is it kind of a focused approach to go for margin improvement while sacrificing growth?

PP Gupta: I will always say that Techno in EPC business has always been margin focused. We are looking on a very measured growth, say 15-20% a year and not diminishing. Our management of the EPC business is too thinly spreading our ability to execute EPC business. We believe in completing the contracts, closing the contracts, realizing the last mile revenues, these are very important. So generally in one year you get more revenue when contracts are in the up-phase and in the second year when they get into the closing/execution phase they always demand more vigorous execution and management pressures to close the contract and realize the retention money having handed over the projects to the customers. So this cycle continues, so in one year you achieve a better growth over the next year, similarly we are hopeful that next year the growth will make good for whatever it has been flat during this year.

Ranjit Shivaram: Okay. So what kind of growth visibility are you looking at like, if you have to put a figure to it for FY11-12?

PP Gupta: In FY11-12, you can easily believe our growth on the EPC business will be almost about 25-30%.

Ranjit Shivaram: And also any particular reason your capital employed in EPC segment has reduced on a nine-month basis from Rs 99 crore to Rs 26 crore?

PP Gupta: This is a very quarterly phenomenon you will always see because more business in EPC always happens in the last quarter and whatever business you do in the last quarter you generally are not able to collect in time. So that is how this capital variation happens, as I explained to you now that this year the stress is more on the closing of the contracts and in the previous year our stress was more in pushing the supplies and the execution in the beginning phase of the project. So in the beginning phase you will always have a little more outstanding with the customers than when the project comes into the closing phase because all those were already realized, and by and large as you see our track record we are able to do this business more or less at a zero or with a nominal working capital by proper planning and programming, and keeping our financial and execution discipline strongly in place.

Ranjit Shivaram: Okay. Finally, your interest outgo has tripled in the standalone operations, is it because of any cost of fund problem or you have taken more debt in your books?

PP Gupta: No, I will say this is again because of our accounting jugglery, by and large in Techno our practice is that whatever money you have paid out as cost either in EPC business or interest, it is booked in the very same quarter. So in interest also whatever borrowings we have done, like certain CPs were issued, which are otherwise going to mature in August 2011, but interest is always withheld upfront. The whole interest in this quarter has been booked as expense, which is almost to the extent of Rs 5 crore. So in a way

Rs 5 crore interest is overbooked, but as a conservative approach of Techno I will say it goes with our practice. So you will see interest cost falling in the next two quarters compensating with this Rs 5 crore expensed out in this quarter.

Ranjit Shivaram: And average cost of fund?

PP Gupta: It is almost about 9%, 9 plus-minus 25 bps.

Ranjit Shivaram: Okay sir. Thanks. I will come back for further questions.

Moderator: Thank you. The next question is from the line of **Snighder A from KJMC Capital.** Please go ahead.

Snighder A: Sir just a couple of questions. Are you looking at getting into any other nonconventional power generation projects? Secondly what is your cash on your books? Thirdly, are you looking at any kind of acquisitions to expand your business?

PP Gupta: Our cash in books is now about Rs 100 crore, which is deployed in the corporate business. We are definitely looking on other forms of nonconventional energy, like biomass and hydro. In biomass, we already have six projects of 10 MW each. Due to the phenomenal rise in cost of the biomass or agricultural residue, we are going a little slow in implementing those projects, which we will be doing on a selective basis. So we are trying to find ways and means how to develop or generate our own biomass at competitive costs or on sustainable cost, which we consider should not be more than Rs 1.5-2 per kg. Otherwise, that business becomes very challenging. Simultaneously we have also filed with the regulators, the objective of the tariffs in line with CERC recommendations both in Bengal and in MP. They are under consideration and we expect favorable order in the next 3-6 months. So you can say this 60 MW of biomass may happen over the next 3 years subject to biomass being properly tied up at a reasonable cost to us. We are also reviewing the opportunities to acquire hydro projects, but not bigger hydro projects. We are looking on hydro projects in the range of 15-40 MW, and largely done on the river because we do not want to put all our eggs in one pocket. We do not want to see projects happening more than Rs 350 crore in one pocket and we want to have projects in multiple locations to mitigate the risk, and also do projects expeditiously.

Snighder A: Sir and in regard to your hydro project, what is the development on that, have you been able to finalize?

PP Gupta: Nothing until today.

Snighder A: Okay and on the biomass project, the 6 projects that are currently going on, what is the realization like?

PP Gupta: As I told, we are only permitted to set up these 6 projects, 3 in Bengal, 1 in MP, 1 in Rajasthan, and 1 in Orissa. We have not yet taken up construction of these projects because we are still in the regulatory approval as well as getting the tariff updated, which is sustainable.

Snighder A: What would be the duration of this particular project?

PP Gupta: 3 years progressively, starting from 2 years to 3 years.

Snighder A: Great sir. Thank you.

Moderator: Thank you. The next question is from the line of **Sudhakar Prabhu from Span Capital.** Please go ahead.

Sudhakar Prabhu: Actually in your annual report you had guided for 20% revenue growth for the current year, but if you look at our nine months' revenue it is only up 8%. I just wanted to understand, would you like to restrict the guidance?

PP Gupta: Yes, the growth this year may not be 20% it may be a little lower, but whatever growth declines this year will be more than made up in FY11-12, because this is purely execution cycle of the projects which are in hand with us. By and large in T&D segment, I will say, the project progress is a little poor this time at industry level, but generation projects have been progressing better and faster. So I will not be able to give you exactly measured response to your question, but keeping our order backlog as we did like last year, so whatever growth we are not able to capitalize in 20% this year, it will be taken care of in the next year.

Sudhakar Prabhu: Sir, once all your 200 MW expansion is over, what kind of revenue can we see from the energy segment, around Rs 250-300 crore, is that possible?

PP Gupta: Generally we anticipate Rs 1 crore a megawatt as a revenue from this project, so 200 MW will bring another top line of Rs 200 crore in energy segment, so with the present revenue of about Rs 70 crore a year this will come about Rs 270-275 crore a year.

Sudhakar Prabhu: And the EPC will continue around Rs 700 crore per annum?

PP Gupta: With a growth of 15-20% so in FY12-13, you can anticipate EPC business to be around Rs 900 crore. Additionally, you can take this power sale of Rs 275 crore. So I am sure in FY12-13 we will be able to achieve around Rs 1,150 crore or so as a top line.

Sudhakar Prabhu: One last question, what is the current total debt in your books?

PP Gupta: Presently our total debt in books is about Rs 200 crore.

Sudhakar Prabhu: Rs 200 crore and this is without taking into account the Rs 750 crore for the 200 MW, right?

PP Gupta: You are right.

Sudhakar Prabhu: So once this is included it will be around Rs 1,000 crore, 750 plus 200 is Rs 950 crore.

PP Gupta: You see by the time Rs 750 crore comes in, Rs 100 crore will be paid out. So the total debt outstanding in the books will be Rs 850 crore.

Sudhakar Prabhu: Thank you, all the best.

Moderator: Thank you. The next question is from the line of **Parthiv Patel from Premji Invest.** Please go ahead.

Parthiv Patel: I just wanted to understand your outlook on power sector currently because we heard that lots of projects are getting delayed because of interest cost and environmental clearances and all those things. So what is your take on that?

PP Gupta: If you are tracking the power sector, I will say it is usually a challenging sector with a great opportunity. This sector is only a five-year-old sector, with the private sectors taking lot more interest in this. I will say the concerns of delay, environmental approvals to the conventional power-based projects or hydro projects will continue, but simultaneously the sector under reforms will continue to throw good investment opportunities simultaneously and that is where in Techno we believe will always look for risk-free opportunities. That is how we are in non-conventional energy and in transmission space in PPP projects. So this issue will carry on, but one thing is definite, the cost of power will increase in the mid term, before it starts seeing some corrections because of the very rise in the cost of the fuels. So both will have influence on the cost of power and that is where we believe non-conventional power will really be more rewarding than conventional power going forward.

Parthiv Patel: Any active projects in T&D except what we are currently doing in Haryana project, any other projects we are hopeful of getting next year?

PP Gupta: There is noting in the tender stage as yet, but we are working. As I mentioned that 4 states are very actively pursuing and within a month or two these stands will be in the market, like the Governments of Maharashtra, UP, Rajasthan as well as the MP Government. These 4 governments are going forward very actively in bringing their projects in PPP models.

Parthiv Patel: What will our strategy be, going with Kalpataru or …?

PP Gupta: We are largely a substation company, power system network company, so we value our partnerships, and we will like to build strongly on our partnership with Kalpataru.

Parthiv Patel: Okay, thank you sir.

Moderator: Thank you. The next question is from the line of **Kaustubh Vaidya from Wealth Managers.** Please go ahead.

Kaustubh Vaidya: Sir, just a clarification. You said for 200 MW, the equity portion will be provided by promoters and Techno, did I hear that correctly? Is this a subsidiary model?

PP Gupta: Yes. It is a wholly owned subsidiary as of now.

Kaustubh Vaidya: What would be Techno’s share in that?

PP Gupta: It is 100%. Techno presently owns 100% of Simran Wind Projects.

Kaustubh Vaidya: So you mean to say Techno only is the promoter?

PP Gupta: Yes, at present Techno is the promoter and Techno will like to provide the entire capital. If there is any shortfall, promoters will come forward, but simultaneously IFC is also going to invest $10 million as equity in Simran, as a conditional part of their loan in the company.

Kaustubh Vaidya: Sir. What would be the maximum dilution you will be comfortable at Techno?

PP Gupta: Not more than 10% to begin with for 200 MW.

Kaustubh Vaidya: If the promoters are required to chip in then it will be further to 10%.

PP Gupta: Yes, may be 10 or 5 or some interim funds provided by promoters. We will work out the model to the best interest of the investors and stakeholders in the company.

Kaustubh Vaidya: Thank you Sir.

Moderator: Thank you. The next question is from the line of **Misal Singh from Religare.** Please go ahead.

Misal Singh: On this contribution by IFC of $10 million, is it an equity contribution for Simran? And what will be the evaluation?

PP Gupta: Yes, you are right. And we have yet not frozen the evaluation with them, but they are quite positive and it is going to be a decent one, because promoters are backing it up equally with another $50-60 million, so we are quite happy with that.

Misal Singh: Okay, promoters would also be putting in $50-60 million?

PP Gupta: Not promoters, Techno Electric. Like Techno has already brought in Rs 175 crore for the 1st phase and IFC will bring in 50 crore, so that completes 1st phase of equity. In the 2nd phase of equity, we have to bring another Rs 150-175crore. If there is any shortfall at that stage, which is to be brought in by May or June, the promoters will come forward. If Techno is short of resources, promoters in the interim will come forward.

Moderator: Thank you. Ladies and gentlemen that was a last question. I would now like to hand the floor back to Mr. Gupta for final remarks. Thank you and over to you Sir.

PP Gupta: Thank you very much for all your interest in Techno and attending our Q3 conference call. If there are any questions that have been unanswered, you are requested to kindly e-mail us or visit our website and leave your questions there, and we will revert back to you as fast as possible. As and when some of you happen to visit Kolkata, it will be our pleasure to have you in our office and have one-to-one interactions with all of you. We are really enthused seeing your interest in Techno Electric and we will like to see this growing in days to come. Thank you very much once again for attending our conference call.