



ENGINEERS &  
CONSTRUCTORS

# TECHNO ELECTRIC & ENGINEERING COMPANY LIMITED

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<b>National Stock Exchange of India Ltd.</b> 5 <sup>th</sup> floor, Exchange Plaza Bandra – Kurla Complex Bandra (East) <u>Mumbai - 400 051</u> <b>NSE CODE : TECHNOE</b>	<b>BSE Limited</b> Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street, <u>Mumbai – 400 001</u> <b>BSE CODE - 542141</b>
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**Sub.: Investor's/ Analyst Presentation**

Dear Sir/ Madam,

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to forward herewith a copy of Investor's/Analyst Presentation on financial results of the Company for the quarter ended 31<sup>st</sup> December, 2021.

Kindly take note of the same on your records.

Thanking you,

Yours faithfully,

For Techno Electric & Engineering Company Limited

N. Brahma

**Company Secretary**

**Membership No. A11652**

Encl : as above



“Techno Electric & Engineering Company Limited  
Q3 FY'22 Earnings Conference Call”

**February 15, 2022**



**ANALYST: MR. KAMLESH KOTAK FROM ASIAN MARKETS SECURITIES**  
**MANAGEMENT: MR. P.P. GUPTA, MANAGING DIRECTOR - TECHNO**  
**ELECTRIC & ENGINEERING COMPANY LIMITED**  
**MR. ANKIT SARAIYA, DIRECTOR - TECHNO ELECTRIC &**  
**ENGINEERING COMPANY LIMITED**



**Moderator:** Ladies and gentlemen, good day, and welcome to the 3Q FY22 Earnings Conference Call of Techno Electric & Engineering Limited, hosted by Asian Market Securities Limited.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual results may differ from such expectations, projections et cetera, whether expressed or implied. Participants are requested to exercise caution while referring to such statements and remarks.

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. Kamlesh Kotak from Asian Market Securities. Thank you and over to you, sir.

**Kamlesh Kotak:** Thanks, Rutuja. Good afternoon, everyone. On behalf of Asian Markets, we welcome you all to the 3Q FY22 earnings conference call of Techno Electric & Engineering Company Limited. We have pleasure to invite Mr. P.P. Gupta, Managing Director; and Mr. Ankit Saraiya, Director representing the company.

I request Mr. P.P. Guptaji to take us through an overview of the quarterly results, and then we shall begin the Q&A session. Over to you, Guptaji. Thank you.

**P.P. Gupta:** Thank you, Kamlesh. Very good afternoon to all of you, and welcome to discuss our financial results for the quarter ended December 31, 2021. Anything said on this call, which reflects our outlook for the future or that could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces and the challenges posed by the industry.

Let me quickly highlight our performance firstly for the very quarter and then for 9 months period ending December 31. The total revenue for this quarter is at INR 3 billion plus, it is up by 22.5% year-on-year and around 11% quarter-on-quarter. The more significant part is the EPC side, where revenue is up to INR 3 billion and year-on-year is 46% and



32% quarter-on-quarter. Revenue from wind segment stands at meager INR 6.92 crore only this quarter.

This revenue is lower for two reasons. Firstly, the wind was poor in this third quarter, and we realized more wind in the second quarter this side, compared to last year. And also, we, last year had obtained a favorable APTEL order giving us entitlement of tariff charge of INR 0.975 per unit of the billed for the years '19-'20 and '20-'21. So that amount was about INR 36 crore, which is part of the comparative number of the previous year.

EBITDA for the company stands at INR 42.6 crore for this quarter compared to INR 77.5 crore in the same period last year. But if we take away these onetime previous period income of INR 35 crore, it will be around INR 41.6 crore. So -- but revenue realized is INR 42.6 crore compared to INR 41.6 crore last year. The operating profit for the EPC segment this quarter stands at INR 40.26 crore compared to INR 36.5 crore last year.

We experienced EBITDA margin mainly due to high commodity price cycle as all of you know and higher overseas container freights. So, it was a challenging decision whether we should execute more or defer the execution. But our goal was to grow it up and whatever depreciation marginally we have experienced in EBITDA, all the L2 networks of these projects are under revision with the project -- and we'll be entitled for PV reimbursement down a quarter or two for quarters calls. So, we have seen this INR 3 billion turnover almost after 7 to 8 quarters, and we are confident moving forward that this should be maintained.

The other income is again INR 120 crore compared to INR 11 crore. This includes income out of the sale of our shareholding in a company, in a JV company Kalpataru for our Northeast project, and the gain is about INR 110 crore in this quarter. The profit before tax is at INR 151 crore compared to INR 75 crore last year, and it is up by around 100% because of this other income. The PAT for the quarter is at INR 116.78 crore compared to last year INR 64 crore, up by 82%. The EPS for this quarter is at 10.36.

In the 9 months, we have seen a total revenue of INR 766 crore, up by 13.6% year-on-year, and the revenue from EPC is at around INR 700 crore, up by around 20% year-on-year. The revenue from wind segment is at INR 82 crore compared to INR 98 crore last year. It is mainly because of the onetime gain of INR 35 crore due to APTEL orders. EBITDA for the company stands at around INR 220 crore versus INR 197 crore last year, up by 11%. This is after adjusting onetime revenue of wind segment last year.



The operating profit for the EPC segment is at INR 113.56 crore compared to INR 111.5 crore last year. The operating margin is at 16.6% in the EPC segment. In the wind segment, it is at 85% approximately. The other income is at INR 147 crore compared to INR 75 crore year-on-year. Even last year also, the other income had included a profit of about INR 50 crore by divesting the ownership in our Haryana project.

Profit before tax for 9 months is at INR 295 crore compared to INR 235 crore, and is up by 25%. And profit after tax is at INR 226 crore compared to INR 195 crore last year. The EPS is at 25.28. The current investment value that is cash and cash equivalents is at around INR 1,200 crore, that is almost INR 100 per share. We have received various orders in these last 9 months every I think about INR 600 crore. We are placed L1 in 2 FGD orders about INR 1,600 crore and one transmission asset of 765 kV for INR 250 crore. We hope to complete this -- this will be converted into orders in this month or fairly latest by March.

The unexecuted order book as on date is about INR 1,600 crore with us. This will give us a visibility of order book of more than INR 3,500 crore as of today. If no other business is booked in the last quarter, then you may say it will be around INR 3,000 crore plus as committed in various other quarters' calls.

As committed in last quarter, we will be recovering our performance of last year and shall be executing at least 50% of the unexecuted order backlog carried over the years and similarly for the years going forward. We expect large business out of FGD segment, AMI segment and data centers. The above order book, unexecuted order book does not include any business from data centers as of now.

In the coming years, basically, I will say, we see a strong power sector reforms and we will focus on efficiency, reliability and cost and cost of power and stresses on overall improvement in the financial health of the network. The power sector will continue to focus on renewable power related transmission infrastructure as green corridors. We see that the government has set a target of 500 gigawatt of renewable power by 2030. And similarly, yes, we also like to share that we are seeing how the business shifting from power to energy. That's a very significant change. You can also observe from the very Budget announced now that government has given infrastructure status to two businesses, data centers and energy storage solutions, both of which we would like to be part of -- this segment. This was long awaited one of the records achieved now.

The FGD sector coming to now, I'm going segment wise. First is the FGD segment. The FGD segment will continue to be in focus for the next 5 years. As per the notification of Government of India, all coal-



fired thermal power plants need to limit their sulfur emission as notified by the Pollution Department by December '24 as of now. But there is a considerable progress with CPSU in ordering the projects for implementation of distillation solutions. But now the chain is being followed by SEBs and private sector thereafter. We are already L1 in around INR 16 billion business in this in 2 tenders, as communicated earlier and this level of business will continue on a yearly basis for the next 3, 4 years, as 80 gigawatt is yet to be ordered and fitted by the solutions by various SEBs and private sector.

Coming to transmission segment, we expect that there will be status quo in transmission side. It will be lifted during acquisition of renewable power, mainly through the green corridors. The TBCB bidding of 66 gigawatt out of 175 gigawatt is already tendered out. Tendering for the last lot of 60 gigawatt has started now. The two jobs which we booked last year, as discussed with you for seekers, but we could not acquire the land. So that job has spilled over to this year as well as we booked new job of Lucknow for which the execution permission will be available after the elections reviewed. So, both these jobs will be part of it.

And additionally, we have got an order for Sterlite for soft project and Assam and Meghalaya project. We'll also be now, we stand qualified overall by virtue of EPC background under new rules of the green coordinators and we'll also be selectively participating in this project of our own all in partnership.

The Union Budget further allocates INR 3,00,000 crore in power distribution to be released over 5 years based on financial performance and viability demonstration by DISCOMs. We believe this will be very good high-end solution requirements by DISCOMs and use by -- will be part of this segment. We are seeing good interest from the large investors, InvIT funds to participate in the TBCB bid by making the company a significant partner, which will enhance our access to capital and will also help us in bidding for more projects.

Distribution. On the distribution side, we see a lot of activity happening, particularly in the AMI segment. Our project is at the peak now in execution for J&K where we have already supplied around 50,000 meters and we intend completing all the supplies by June end and completing the project during the -- the main aim of the government in all this is to contain losses so that these costs are able to achieve better efficiency and financial health. We had mentioned earlier that we will further be taking interest in 6,00,000 meters of J&K where we have a presence, which is presently tendering.

Apart from this, there are readings in media that government is utilizing this opportunity also as reforming this sector while dealing with the





COVID stimulus initiatives, which in the disguised name of Atmanirbhar Bharat, which is a longstanding demand. The amendment to the Electricity Act and amendment to the tariff policy and limiting the gross subsidy and payment of the subsidy directly to the consumers is still to be rebutted and way of life in coming days. We are very hopeful that power sector is at its very critical juncture and something good only has to happen going forward.

In wind segment, as stated earlier, we have received our outstanding up to June 2020. We are also made eligible for delayed payment interest charges by Punjab High Court and we should be getting paid for this very shortly. As regard RDC certificate trading in market has already started for CRC post APTEL order of November '21. We have already realized about INR 25 crore in last, this quarter and -- this will be liquidated before March end.

The COVID has impacted our life in multiple ways, but one positive outcome, as I shared last time in the digital space. With the growth in digital data and backed IT policy of data, localized data BT, BT is expected that third-party data centers industry will grow significantly. And in next 3 years, we see this happening from 0.5 gigawatt to 2 gigawatt and then after to 5 gigawatt in another 2, 3 years. Till date, most of these centers were located in Mumbai, whereas now Chennai has become a preferred hub because of the undersea cable being available in Chennai too as Mumbai and our data center is in advanced stage now and it has progressed to the construction phase, which will be basically ultra-scalable, hyper density datacenter meant for high-end applications, and it would be around 30 megawatt in load capability.

Additionally, we will be able to consume our renewable power available in Chennai to classify the data sector as carbon-neutral and align with the major hyperscale customers like Google or Amazon et cetera, because of their ESG commitments. The CapEx of this data center is about INR 1,200 crore. And we have spent by now about INR 50 crore on this, investment alone in the electromechanical part will be around 60%, which is within in-house project capability, and we'll be able to leverage the same. And additionally, we are also closely looking on energy storing solutions in lieu of transmission systems additionally required by renewable power and improved alternative management to facilitate large-scale renewable power injection.

With this, I trust I will invite questions and like to clarify more if anyone of you want to know more about us.

### **Questions And Answers Session:**



**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '\*' and '1' on the touchstone telephone. If you wish to remove yourself from the question queue, you may press '\*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Sandeep Tulsian from JM Financial.

**Sandeep Tulsian:** Very good evening, sir. And congratulations on very healthy execution that you've demonstrated in the quarter.

**P.P. Gupta:** Thank you, Sandeep.

**Sandeep Tulsian:** So, I have a couple of questions. So, first question, sir, is on the revenue target, you had guided around INR 1,000 crore to INR 1,100 crore kind of EPC revenue target that you had given for the current financial year FY22, we have done close to INR 700 crore in the first 9 months period. So, do you think in the last quarter, based on the current execution run rate, you can achieve this INR 300 crore to INR 400 crore kind of revenue? And also, parallelly, if you would like to give any guidance. You briefly mentioned you will do 50% of your order book is around INR 1,500 crore. So, is that the number we should go by for FY23?

**P.P. Gupta:** You see there is always a time lag. But firstly, coming to Q4, it will be INR 300 crore plus only. So, project we'll be achieving now this year as the EPC revenue. So now the minimum goal post is INR 3 billion a quarter, we will be doing definitely. Similarly, we believe will be further ramped to INR 3.5 billion to INR 4 billion, going forward. So in about a year like last year, we had done about INR 800 crore and you see INR 1,000 crore this year, plus, so growth is about 25%. So, you can see at least a 25% growth next year also without considering any output of data center being booked in the company. If we look data center outlook, which will be no less than INR 300 crore, INR 400 crore, it will definitely be exceeding INR 1,500 crore in that segment, but INR 12 crore, INR 15 crore without data center will definitely be targeting.

**Sandeep Tulsian:** Understood. And what would be the margin profile that we should -- you mentioned you have conservatively guided in the past that one should not look at the quarterly margins that you have delivered of 18% to 20%, and it should be in 15% to 16% on a sustainable basis. And there are some cost recovery that you are hoping for that will come through. So, from a margin perspective, how should we look at these numbers panning out based on the order backlog that you build for on the FGD side as well on the data center side, what do you expect?





**P.P. Gupta:** Around 15%, we like to maintain as always committed. There may be opportunities sometimes to make it a more little less depending on commodity cycles like we are experiencing now. It is almost after 7, 8 years, we are facing this challenge. But most of our contracts have a PV provision in the contract. But we faced was due to COVID, the contract period have lapsed for some of the contracts ongoing with us. So, the contract period extension related L2 network need to be updated, which are in process with the infrastructure. We are hopeful of achieving it in another 3 months to 4 months. So that was I think you can safely take a goal post via guidance will continue to be 15% as a safe margin, update margin in this business.

**Sandeep Tulsian:** Understood. Sir, second question is on the data center business. You've mentioned you've done INR 50 crore kind of CapEx and total CapEx is around INR 1,200 crore that you are targeting. So how much of that you would incur in FY23 next year? And what is the progress on getting a JV partner? Because that will be very essential because otherwise the CapEx now looking very high. And out of this 60%, which you mentioned will be the EPC order, should we consider 60% of the entire INR 1,200 crore? Or that 60% should be of the plant and machinery portion only, which will be about INR 300 crore, INR 400 crore, if you can give clarity on that?

**P.P. Gupta:** 60% will relate to the INR 1,200 crore, that is electromechanical segment with backup for power solutions -- power receiving solutions. And even we experienced it around 25-megawatt hour of energy storage also in our schematics. So that will all be featuring as a part of it, number one. Number two, our target for next year first is to commission first phase of 8 megawatts. The partners, many -- about 2 to 3 partners are being actively discussed. And we are hopeful to close with one of them in a 3 months to 4 months. But after I'll ask Ankit to speak on data center after other issues to update of that site.

**Ankit Saraiya:** Another important feature, which is emerging as the opportunity now is energy storage solutions, like wants to set a project 5 years and also this. But this is also a very exciting opportunity like data center project for loss, which will be and should be matter over transmission assets, and it will be supplementary to transmission assets. So, this again throws up a very -- that will also be traveling the power to energy bar. So, any company which wants to be performing and progressing in outlook we must be part of the energy segment now in the country. That is how the world is moving faster than us. And we all need to catch up with this. So that is very, very excited case, never seen by last 3 decades, which we achieved last one decade, so much has to be learned, implemented and achieved again.



**Sandeep Tulsian:** Understood. And last, a couple of clarifications. One is you mentioned there is a INR 25 crore build REC revenue that you have booked, but in your total revenue for wind segment was INR 9 crore. So where do we see that -- sorry, it was INR 7 crore. So where do you see that INR 25 crore amount that you booked? And the second is on, you mentioned there is a transmission boot project, TBCB project that we bid for in partnership or either on your own. So, what could be the tentative size of that? These are the two final questions. Thank you.

**P.P. Gupta:** Firstly, on REC certificate, we booked the revenue on pro rata basis quarter-on-quarter as we fast. INR 25 crore, I mentioned, we realized cash by selling REC certificates which were put at the road by virtue of and the set aside CRC order and ground realty happened only November '21. So, trading has commenced from November onwards, it happens once a month and already about 5 million RECs sold. The only inventory left to be sold is 3 million now, whereas we at this rate demand is still at other rate to touch billion in this year. So, it's a good opportunity. We'll be able to -- we are holding now another 2 lakhs certificates with us. So, we'll be able to realize this INR 20 crore also by March -- February or maybe rest in March as well as REC certificates.

**Sandeep Tulsian:** And on the transmission boot side and what is the cash position that you mentioned at the beginning, was that the net cash you have or there is some gross debt also on the books?

**P.P. Gupta:** So, sir, it's a net cash in hand and we are debt free. So, there is nothing in minus, its INR 100 a share almost in the company now. And this cash will strengthen us to explore value opportunities like energy storage distribution data centers. So new avenues are available to us in multiple ways and additionally, I would like to add that this other income company will continue to realize INR 100 crore plus as going forward. We have that kind of potentiality and opportunity in build within the system, which we are not accounting for, but will be available to us to monetize those land bank or other assets or even return from the deployed liquidity in the market and obscured liquid funds and forms et cetera. So, all this put together is -- we are in a very healthy position to grow up the company to be a part of the technology. I would truly like to say that we are not an EPC company like any other, we are truly a technology solution company and trust technological challenges in power sector, and we'll execute to cash backs.

**Sandeep Tulsian:** Got it -- so sir, on that transmission project if you can give the size, what will be the potential size be?

**P.P. Gupta:** Sir, we'll be only taking part in small value complex location stations, which are strongly in substation segments. So, it'll be around under INR 700 crore to INR 1,000 crore, we may succeed only in winning no more



than INR 400 crore, INR 500 crore business maybe. So, it will only be to maintain our presence in the segment and also to generate some EPC business for us.

**Sandeep Tulsian:** Understood. Okay, sir, wishing you all the best. Thank you for taking so many questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Deepesh Agarwal from UTI Asset Management.

**Deepesh Agarwal:** Yes, good evening, sir. Sir, my first question is, can you help us understand by when do you expect the EPC segment margin to normalize?

**P.P. Gupta:** Sir, I think our margins are more than normal already, it is a February. But overall, this year also we will be above 15% only, going forward also, I can assure you. So, there is no margin depreciation per se except quarter-on-quarter accounting norms.

**Deepesh Agarwal:** Okay. Sir, but my question was you have some commodity headwinds with you -- so till when these headwinds would be with you?

**P.P. Gupta:** No, I could not get you, sir. Can you repeat your question?

**Deepesh Agarwal:** Right now, our margin on a quarterly basis in the EPC segment is lower than usual. So how long do you expect that to be lower than your usual, that was my question, not for the full year.

**P.P. Gupta:** These are very relative terms lower or higher, we trust -- we deserve to make 15% money having delivered a complex quality project in time. And this, we will continue to achieve in near future also.

**Deepesh Agarwal:** Sure. My second question is to Ankit. Ankit, if you look at the progress on your data center, it seems like apart from land-related CapEx nothing has been spent till date. So, can you help me understand why there is a delay in execution as we have been talking about data centers since year plus?

**P.P. Gupta:** Yes, Ankit. Would you like to address this question?

**Ankit Saraiya:** Yes. I'll address the question. I will not say there is a delay, but one needs to keep in mind that we started this whole journey in the industry only a year back. And the design engineering cost on the data center only started from the month of August onwards. Any design engineering of a new solution or a new industry can take time for any organization to absorb and move forward with, especially with Techno Electric because what we are trying to do over here is something little different than what has been practiced in the industry till date. And therefore, it brings



forward a substantial amount of learning and challenges on the table. But obviously, makes the data center unique and makes it stand out in the industry.

And therefore, it could have taken us 2 months to 3 months additional to what it would have generally taken for an established player, but I will not say there's a delay, more or less, we are in line to start the execution on the ground on full swing probably in a month or 2's time. And already substantial progress has been made towards the design work. And today, I can proudly say that the kind of design engineering, which has gone into data center is significantly outstanding because our biggest fear is getting addressed, which is most of the hyperscale customers today are directly approaching us and trying to understand what exactly is it that we are trying to do with this project. And that is a stamp of the kind of work that has gone into the center, though it has taken longer, but I think it is rewarding.

**Deepesh Agarwal:** Understood. And lastly, can you share the cash balance and investment on books and also the outstanding receivables on wind?

**P.P. Gupta:** Sir, we -- let me say to you that it is around INR 1,200 crore in cash and cash equivalents that is INR 100 a share. And debtors outstanding for us is about INR 550 crore in total.

**Deepesh Agarwal:** INR 550 crores is for wind, right?

**P.P. Gupta:** Yes. Including wind.

**Deepesh Agarwal:** And what is specifically for wind?

**P.P. Gupta:** About INR 150 crore.

**Deepesh Agarwal:** Okay. Thank you. And all the best.

**Moderator:** Thank you. The next question is from the line of Kaushal Dedhia from Axis Bank. Please go ahead.

**Kaushal Dedhia:** Sir, thank you for the opportunity. I actually missed the initial comment on the reduction in wind revenues this quarter. So, I heard there was some INR 35 crore, INR 36 crore of one-off items. Could you please reexplain that, sir?

**P.P. Gupta:** Sir, we are in Wind segment under the region called plus REC certification. This is one of the schemes of the Government of India as against single tariff policy, which is called FIT or preferential tariff. So, in this scheme, basically APPC is fixed year-on-year by any state government or state utility. Here, the dispute was basically on the tariff stated by the state regulator, which was challenged in APTEL by IWPA



along with us, and that was set aside. They had truncated the tariff to INR 2.14 from earlier paid tariff of INR 3.12. So that INR 3.12 was restated last year by the order applicable from the year '19, April as such. So that is how those 2-year tariff revenues were booked last year for the power supplied.

**Kaushal Dedhia:** Understood. So, this one-off item was there in FY21 and it is -- even excluding this one-off item, there were some lower winds in this quarter?

**P.P. Gupta:** Yes, compared to last year because the Q2 was stronger this year than last year, but Q3 was a little weaker than last year. But overall generation levels are better than last year. If you ask me on a probability basis, if you take data as of December end, then we have produced winds about 200 million units by that. And as of today, we have already achieved about 218 million compared to 205 million last year. So, it is around 5% more than last year.

**Kaushal Dedhia:** Noted. you. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Digant Bamb from SVIP Capital. Please go ahead.

**Digant Bamb:** Hi, sir. Thank you for the opportunity. And congratulations on great set of numbers. I just missed out on something. You said something about the other income giving that INR 100 crore. So, would that be every quarter or would that be annually?

**P.P. Gupta:** Sir, I could not get you.

**Digant Bamb:** Sir, you were mentioning something about the other income being INR 100 crores. Just wanted to know, is that quarterly or annually?

**P.P. Gupta:** Annually.

**Digant Bamb:** Annually, right. And sir, just one other question was that we've made a loss of about INR 7.6 crore in the power segment, with revenues also being substantially lower. Is that how it's going to be going ahead? Or will we be maintaining the INR 48 crore revenue quarterly?

**P.P. Gupta:** Sir, I think we are in wind power only number one. And wind power is a seasonal segment. First 2 quarters generally produce about 80%, 85% of the top line. And last 2 quarters are only 10%, 15%. It is historically like that year-on-year from last 10 years. So, it will continue to be same. By and large, you can take that wind gives us a top line of around INR 95 crore to INR 100 crores. And including the value of the REC certificates and it will continue like that.



- Digant Bamb:** Thank you so much, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.
- Rabindra Nath:** Hello. Thank you for the opportunity, sir. Sir, what is the -- if you take the one-off items, what would be the total revenue for these wind shipments in this quarter? And how will you explain the loss of INR 7.61 crores in this quarter?
- P.P. Gupta:** Sir, that is because you have to provide depreciation quarter-on-quarter and O&M charges. The cost outgo is generally around INR 14 crore, INR 15 crore in the wind segment. The revenue was INR 7 crore this year. So that is how the wind segment, there is a deficit per se. But now wind segment is a part, it's a division of Techno Electric where results are produced along with quarter-on-quarter. So last 2 quarters, wind segment has shown a surplus of almost INR 55 crore. So, and the third and fourth quarter always shows a little minus, unless you have some kind of one-off like last year we had tariff revision. Otherwise, the third, fourth quarter in this segment has always at loss as well as the book keeping.
- Rabindra Nath:** If we improve the one-offs in this quarter, what would be the revenue for this quarter on wind segment?
- P.P. Gupta:** Wind segment, it is around INR 7 crore, sir.
- Rabindra Nath:** Okay. INR 7 crore, considering. And about the REC certificates, you mentioned that your 2 lakh REC spending. So, this has been yet to be trading or is it booked the revenue for this? How?
- P.P. Gupta:** So as already explained, sir, the REC revenue, certificate revenue we take quarter-on-quarter as the entitlement happens. I only said we had cashed in this quarter for INR 25 crore as the trading has started, resumed on power activities for REC certificate from November onwards. So, we were holding around 4 lakh plus certificates out of which we have sold out 2.5 lakhs for INR 25 crore.
- Rabindra Nath:** Okay, rest, you will be selling in this financial year?
- P.P. Gupta:** It will be liquidated in coming 2 months, this month and next month.
- Rabindra Nath:** Okay. So, what should be the contribution from there?
- P.P. Gupta:** This will be INR 20 crore.
- Rabindra Nath:** INR 20 crore. Okay. Thank you, sir.





**Moderator:** Thank you. The next question is from the line of Kranthi Bathini from WealthMills Securities. Please go ahead.

**Kranthi Bathini:** I just want to know about what is your plans, because plans with respect to data centers are concerned, there is a lot of emphasis is given in this budget and also in data centers, there is a lot of focus. Can you just give what's your plans and how you are going to execute? And any timelines? And what is the incremental revenue that's going to contribute from the data center business?

**P.P. Gupta:** Ankit, would you like to answer this question?

**Ankit Saraiya:** Yes, I'll take it. So, basically, the Techno is putting up data centers and the idea is to set up multiple data centers across India. We are basically setting up these data centers on two pillars of Techno, one is the capability of providing specialized electromechanical EPC services. And second is the understanding of setting up renewable energy across India and being able to provide power to these data centers, renewable energy power to these data centers to ensure that they are carbon neutral and ultimately, helps our customer meet their ESG compliance.

And on the basis of these two strong pillars, Techno has aim to develop about two 200 to 250 megawatt of data centers across India over the next 6, 7 years' time. And to begin with, we have targeted, we have chosen Chennai as our first location for data center. And the reason for being in Chennai is because it is a growing market not as saturated as Mumbai today, though Mumbai and Chennai are the two most sought-after markets for data center, Mumbai being number one as far as the capacity, installed capacity is concerned and Chennai is catching up fast, and therefore the fastest growing market in India for data centers, and that's how we decided on Chennai.

And secondly, we have our existing renewable energy assets commissioned in Tamil Nadu which can be wield the power from those assets, can we wield up to our data center and ensuring this is a carbon neutral data center. And the second asset we plan to bring up in Kolkata and then we might plan to do something in Mumbai, that's the plan for the next 2 to 3 assets. And each of these assets would be in the range of anywhere between 25 to 30 megawatts of IT load and as a facility load one can say roughly about 36 to 42 megawatts.

**Kranthi Bathini:** Okay, thank you. Thanks for explaining in detail.

**Moderator:** Thank you. The next question is from the line of Diwakar Rana from Prudent Equity. Please go ahead.

**Diwakar Rana:** Hello, good evening, sir. Basically, I want to know that what are the EBITDA margin in this FGD orders?



- P.P. Gupta:** You can take it around 15% plus.
- Diwakar Rana:** 15% plus, okay. And the upcoming orders that you have bid on the same margins?
- P.P. Gupta:** That would also be similar, same. Both are same.
- Diwakar Rana:** Okay. Yes. The next question is basically in the recent budget, the government has increased the basic percent duty on smart meters from 15% to 25% meters. So, basically will this impact our current smart meter order book?
- P.P. Gupta:** No, no, you see rather on electronic items, you must have read it is likely to go down overall, but we are using all the meters made in India by companies like either Schneider many more will happen in India under IPL scheme. So, we don't see any threat of these kinds of issues. And if chip-making starts in India, the prices are further going to see traction. And even government wants cheaper smart meters, not costlier as the solution.
- Diwakar Rana:** Yes. Okay. Thank you, sir. And the last question is basically have we received all the money after selling this Kohima JV. Is there any money pending?
- P.P. Gupta:** No, zero. We received 100%.
- Diwakar Rana:** Okay. Thank you, that's all from my side.
- Moderator:** Thank you. The next question is from the line of Nitin Gandhi from KIFS Trade Capital. Please go ahead.
- Nitin Gandhi:** Thanks for taking my question. My question is continuation of data center Can you elaborate something more on like how much investment will be going under each of these 3 centers, which you are planning. When will they start flowing revenue? Are they getting implemented in phases? And what are the normal margins expectations for each of them. Maybe it's a 3- to 5-year call or little beyond. But if you can take some more business plan, what you have if you can share, it will be helpful.
- P.P. Gupta:** Yes, Ankit.
- Ankit Saraiya:** I'll take this up. So, basically, we are planning centers, as I mentioned earlier, in Chennai, Kolkata and then we are exploring our third location. But most likely shortlisting it to Mumbai. And as I mentioned, each of these centers would be approximately 25 to 30 megawatts of IT load and CapEx can be assumed that about INR 45 crore per megawatt of the IT load. So, on an average, one can say anywhere between INR 1,000 crore, INR1,200 crore on an average of CapEx per center. And this kind of



CapEx is planned over 4 years for each of the centers because each of the center might come in 4 phases. And each phase being commissioned subsequent to the commissioning of the past phase and each phase may come every year.

So, let's say, for instance, Chennai Data Center is commissioned by June 2023. That would be the first phase commissioning and the second phase by June '24, third by June '25, fourth by June '26. And each of these phases, obviously, the first phase is heavier in CapEx because you are basically deploying the civil structure work of the complete data center upfront. And the electromechanical work is what is phased out. So, one can look at about INR 250 crore of electromechanical work for each of the phases and the additional cost of about INR 100 crore, INR 120 crore upfront in the Phase 1 towards the civil structure work.

Similarly, it would be the case for the data center in Kolkata and then going forward in Bombay. And those centers may start hopefully in a year from now, we can think of beginning the Calcutta project obviously depending upon the progress in Chennai and subject to customer interest. But hopefully, by end of the year or beginning next year, we can think of starting to work in Calcutta and maybe a year from there for Mumbai.

**Nitin Gandhi:** Something on revenue expectations and margins maybe phase-wise?

**Ankit Saraiya:** At its peak occupancy, one can expect a revenue of approximately INR 400 crore with a margin of anywhere between 70%, 75%. It is subject to the customer mix that we are able to achieve finally, but expecting a margin of 70% to 75% at INR 400 crore to INR 500 crore of revenue.

**Nitin Gandhi:** And we expect peak occupancy to be achieved in 3 years?

**Ankit Saraiya:** Yes, you can say each phase will be deployed only once we have a signed customer behind and the previous phase is completely occupied.

**Nitin Gandhi:** Right. Thank you and all the best for the same.

**Ankit Saraiya:** Thank you.

**Moderator:** Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

**Keshav Garg:** Thank you for providing me this opportunity. Sir, in EPC segment, we did a peak revenue of INR 1,200 crore way back in 2017. And for this year, we are likely to close this revenue at less than INR 1,100 crore. So, after we consider inflation, then this is even more dramatic, going forward, sir, how do you foresee that the company can scale up this EPC business?



**P.P. Gupta:**

I think the worst is behind us, number one. And number two, with the growing order book position, of INR 30 billion plus first time in last 3 years, obviously, top line is likely to grow. Next year, we are targeting no less than INR 1,200 crore out of this order backlog. And some revenue will happen out of data center also. So, we definitely see that growth is back as budget is also very promising on private investment and CapEx.

So, we are hopeful whatever we could not do or achieve rather in the last 3, 4 years will be achieved in the next 3, 4 years, including the loss of last 3, 4 years. So, you can expect that in another 3 years that we will achieve top line of INR 1,750 crore, INR 2,000 crore. That is how it has always gone -- not as progressively year-on-year because of our government programs or assets.

But nevertheless, in last 3 years also, even if our top line has not grown, matching with the other things, we have not allowed our bottom line to erode either. We have successfully retained the bottom line, cash flows and also the financial health of the company. And the company is debt free now. And we have a lot of cash in books to see further growth by not only adjusting existing EPC area, but in the future areas.

But I have one thing to add here sir, that this company needs to be looked not purely as EPC in DSP. It needs to be looked as a technological solution provider in the power sector and be rated accordingly, I will say, like we are migrating now from power to energy. We will be part of data centers; we will be part of -- and renewable power and whatnot. So, we'll keep moving the technology, knowledge, power curve along with the opportunities. So, as we have always maintained sir, that we don't want to be the largest in any segment, but we will always aim to be the best in a segment we are in.

**Keshav Garg:**

Sure, sir. Sir, and also, sir, since we -- our balance sheet is so strong. I think maybe the strongest in the whole industry. So, in that case, sir, if you could do a regular share buyback, sir, then what will happen, our EPS will grow faster than our revenue and profit. So that will be a great boon for shareholders and also that is the most tax efficient manner, I understand, sir, that you mentioned this in last quarter con call also maybe you are thinking about it. So, any clarity on share buyback?

**P.P. Gupta:**

You see, firstly share buyback is not our forte, sir. We leave it to you people to encourage us. But definitely, we'll be liberal in dividends as well as we make attempt at buyback also post markets getting a bit of stability and not volatility like now. So, I think we have just come out of the bad past or stagnating past and future is going to be improving every day. We will be targeting EPS of no less than INR 50 in next 3 years to 4 years from here onwards with this year ending at no less than INR 25.



- Keshav Garg:** Okay. Sir, thank you very much and best of luck to you.
- P.P. Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Anand Rathi. Please go ahead. Rahul Jain, please go ahead with your question. Your line is unmuted.
- Rahul Jain:** Hi, sir. Thank you for the opportunity. Hello, am I audible?
- P.P. Gupta:** Yes, we can hear you sir.
- Rahul Jain:** Yes. Sir, I wanted to clarify on the order inflow and order book numbers. So, sir, what was the order inflow in Q3 as well as in 9 months?
- P.P. Gupta:** In 9 months is INR 600 crore by now. And only for Q3, you can take Q3 is at least about INR 250 crore out of the INR 600 crore. Two jobs, I remember, one from Power Grid and one from Sterlite, we have taken and total is INR 600 crore in last 9 months. But now we are L1 in about 18 million, 2 FGD orders and one 765 kV transmission asset, and these orders should happen by end of this month or early next month. So, we should be closing our book with the order backlog of no less than INR 30 million, first time after 3 years, and it will keep building in future.
- Rahul Jain:** Okay. Sir, what is the current order backlog, you mentioned?
- P.P. Gupta:** Order backlog is INR 1,600 crore as of today.
- Rahul Jain:** Okay. And what is the guidance for the next year order inflow?
- P.P. Gupta:** We should look on an order inflow of at least about INR 2.5 billion.
- Rahul Jain:** 2.5 billion, okay. So, this would be like coming from?
- P.P. Gupta:** 25..
- Rahul Jain:** Sorry, sir?
- P.P. Gupta:** 25
- Rahul Jain:** Yes. So, sir, this would be coming from like which sectors?
- P.P. Gupta:** Yes, mainly FGD and transmission as well as distribution, data centers, all put together.
- Rahul Jain:** Okay. So, all the centers of focus. Okay, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Raj Kumar. V an individual investor. Please go ahead.



- Raj Kumar. V:** Yes, good evening. Can you hear me?
- P.P. Gupta:** Yes, we can hear you, sir.
- Raj Kumar. V:** Yes, thanks for the opportunity. And congrats on the good set of results. Sir, just two questions. First one on the wind segment for the March '21 quarter, you have shown a negative bottoming of INR22 crores. Just wanted to know whether we can expect a similar number for the current March '22 quarter or the bottom-line negative will be similar to the current December quarter?
- P.P. Gupta:** You see, I already have explained in previous questions that wind is a seasonal business. First 2 quarters are always strong over the last 2 quarters because wind season is linked to monsoon season largely. So sometimes, it lasts up to October end and sometimes it is over in September itself. That is how we have seen the cycles. So, in the first 2 quarters, we realized about 85% of the top line in wind, and last 2 quarters gives us only 15%. So, this -- it's a industry-wide trend, I'm sharing the experience by our -- and same will continue going forward also.
- Raj Kumar. V:** Okay. No, sir, the reason why I'm asking is the last year in March quarter, you have shown a significant loss. So that's why I wanted to check whether we can work on the current December number run rate or we should take?
- P.P. Gupta:** The wind segment should always be looked on an annual basis.
- Raj Kumar. V:** Okay. Got it, sir. And sir, the second question is, given you have a good cash position. I just wanted to know, are we not looking at doing any buybacks given the subdued prices?
- P.P. Gupta:** Given the cash position, what do you want to know?
- Raj Kumar. V:** Yes, I want to know, is the company looking at doing a buyback of shares?
- P.P. Gupta:** Yes, we were looking. We thought that in this budget, the tax on buyback, which will be taken care by government. So, we have engaged advisers to us. If we don't go for buyback, we'll definitely come out with liberal dividend. But some buyback will happen in the near future.
- Raj Kumar. V:** Okay. Thank you, sir. All the very best.
- Moderator:** Thank you. The next question is from the line of Deepesh Agarwal from UTI Asset Management. Please go ahead.





**Deepesh Agarwal:** Yes, thanks for opportunity again. Just a bookkeeping question. You mentioned order book is at INR 1,800 crore -- INR 1,800 crore, and the inflows were INR 250 crore in the quarter. But if I look at the order book at the end of September '21, that was INR 2,000 crore. So, can you help us reconcile, is there some cancellation of orders?

**P.P. Gupta:** There is no cancellation, sir. We have only filtered some existing residual is always left out in a project, INR 10 crore, INR 20 crore, which is not to be executed. And like this, we have definitely taken out the books about INR 60 crore, INR 70 crore on the books. We had stated about INR 1,750 crore and INR 250 crore as a L1. That's how we were expressing. Now that INR 250 crore has become the order book and L1 has been merged for another INR 18 billion. So, it is how it goes -- no quarter-on-quarter.

**Deepesh Agarwal:** Understood. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Kamlesh Kotak for closing comments.

**Kamlesh Kotak:** Yes. Before that Guptaji, just two points I want to understand, how much is the L1, can you just quantify the value of 2 FGD and one 765 kV orders, sir?

**P.P. Gupta:** FGD is you can take INR 14.5 billion for FGD, INR 2.5 billion for transmission

**Kamlesh Kotak:** Okay. And sir, about the current INR1,800 crore order book, can you just help us with the breakup, how much is FGD, distribution substation, and transmission?

**P.P. Gupta:** Yes, so present order book, we are doing one FGD project now at Bokaro for DVC. So, you can take the FGD unexecuted part today is around INR 1.7 billion, which is in execution. And rest of the projects are transmission and distribution in INR 1,600 crore.

**Kamlesh Kotak:** INR1,600 crores total, right?

**P.P. Gupta:** Yes, out of which INR 170 crore if you take out, INR 1,430 crore is transmission, distribution.

**Kamlesh Kotak:** Okay. And these are all India orders, right? No export order is part of it?

**P.P. Gupta:** No, there is one export sir Africa, Togo.

**Kamlesh Kotak:** How much is that?

**P.P. Gupta:** \$10 million.



**Kamlesh Kotak:** Okay. Fine. Great, sir. That's very useful. Okay. So, we conclude the call sir, any closing remarks you'd like to give?

**P.P. Gupta:** Yes. I definitely like to appeal to my investment community that we should not be looked on as a EPC and commodity segment. We are knowledge-based and technology-based company, providing high-end complex solutions in the industry and have been dynamic between generation, distribution, transmission as opportunities. We never aim to be the largest. We aim to be the best. That is our 40 years of presence in this market of power. And we cater both to power as well as power controlling industries.

Secondly, now the power itself is getting modified to energy sector. That's what the exciting journey for us from power to energy. So, we'll be looking on a lot more technologies like energy storage, data centers, carbon neutral, climate change will be a part of us. We will be ESG compliant also, which we have been in my last 10 years, but now we document it also for the purpose of our investors.

So, we are very different background company than many others, ESG compliant, green powers. And we were the first mover in -- let me share a journey of Techno sir, we are the first mover in transmission, PPP project. We were be first mover in IPP renewable energy, we are the -- again, I would say, as a power sector company, we are first mover in data center also unlike telecoms who have been in present till date. And now we are eyeing energy storage also as a challenging sector, and we'll keep looking on more opportunities in the energy space going forward. And we'll be ESG compliant also, additionally. So, our investors need to look on us differently. That's what I'd like to appeal.

**Kamlesh Kotak:** Sure, sir. So, thank you Guptaji for that insightful thoughts and outlook that you shared with us. With that, we conclude the call. Thanks, everyone for joining for the call. Have a good day ahead. Thank you.

**P.P. Gupta:** Yes, I have closing remarks to make. I'd like to thank all of you, sir, by joining the conference call. and think if you still have any query related to our performance, please drop in a mail. and it will be promptly attended. And I also welcome you to if you happen to be in this part of India. to visit our office and see how we handle our business and view us. With this, I will once again like to say thank you, thank you, thank you very much for joining the call, and Kamlesh may close the conference.

**Kamlesh Kotak:** Thank you very much, sir. With that, we conclude the call. Thank you, and you may disconnect now.



*Techno Electric & Engineering Company Limited  
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**Moderator:**

Thank you. On behalf of Asian Market Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.