"Techno Electric & Engineering Limited Q2 FY2023 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2023 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, etc, 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 Markets Securities Limited. Thank you and over to you Sir!

Kamlesh Kotak: Thank Pooja. Good afternoon everyone. On behalf of Asian Markets we welcome you all to the Q2 FY2023 earnings conference call of Techno Electric & Engineering Company Limited. We have with us today Mr. P.P. GuptaJi, Managing Director and Mr. Ankit Sarvaiya, Director, representing the company. I request Shri. 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. A very good afternoon to all of you and I once again welcome everyone to discuss our financial results for the second quarter and first half year ending September 30, 2022. 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 risks that the company faces.

Let me quickly highlight our performance which you might have seen in the papers and papers filed with the stock exchanges. The total revenue for Q2 stands at Rs.228 Crores, the revenue of EPC is at Rs.180 Crores, revenue from wind segment is around Rs.47.5 Crores, EBITDA stands at around **(audio cut) 2:42**. The operating profit in the EPC segment is around Rs.28 Crores. We have experienced some pressures in EBITDA due to high commodity cycle and also partially corrected overseas freight, but still higher than **(inaudible) 3:06**. Additionally some topline also is compromised to protect the bottomline. The other income stands at Rs.19 Crores compared to Rs.10.28 Crores last year, the PBT is at Rs.78.43 Crores, PAT is at Rs.59 Crores approximately and EPS is at Rs.5.35. When we look on in totality for the first half of the year the revenue is just over Rs.400 Crores which includes EPC around Rs.325 Crores, revenue from wind segment is at Rs.78.3 Crores, EBITDA is at Rs.120 Crores approximately, the operating profit of EPC segment is around

Rs.50 Crores, from the wind segment is at around Rs.70 Crores, the other income is at Rs.32 Crores compared to Rs.47 Crores last year, the profit before tax for the first half year is at Rs.127 Crores, the profit after tax is around Rs.94.5 Crores, EPS is at Rs.8.58 Crores. The current investment value of cash and cash equivalent stands at Rs.1200 Crores that is almost more than Rs.100 per share. During the quarter we got additional business worth about Rs.400 Crores and recently we have booked one more order of Goa TBCB project of Sterlite Rs.126.23 Crores. We are also L1 in one of the DBFOT projects of J&K for supplying and installing 2.5 lakh meters for Rs.338 Crores. So all put together business in hand as of today is around Rs.3600 Crores and business in pipeline is another Rs.500 Crores, but there are lot more opportunities in the market place. We are confident to book additional business of no less than Rs.1250 Crores and this is all time high in the company.

Coming on the outlook as committed in last quarter we have been able to tide over difficult times and show growth despite marginal growth last year. We foresee significant growth for this year, but primarily in the coming two quarters, but majorly in the last quarter. We expect the growth momentum to be stronger than this year in FY2024 and 2025. We expect more businesses from the segments like FGD, AMI and data centers. The order book, which I talked earlier do not include our own in-house order of data center which will be another around Rs.1250 Crores. In the coming years we expect strong power sector reforms as I have been discussing and part of our printed documents on the annual accounts. As power and energy are converging additionally there is a significant focus and stress on availability and reliability of power supply, the cost of power and stress on the improvement of overall financial health of the sector. While the focus will continue to be based on renewable power and its related infrastructure there is a significant focus on bringing reforms in the distribution segment called RDSS which are Distribution Reforms cum System Strengthening. The transmission infrastructure for renewable power is required for 500 gigawatts by 2030 will continue to be way of life. Additionally we may expect our energy storage solutions becoming part of the forward going energy sector and I see more and more future about logistics, transportation sector, electric vehicles, all going electric, so lot of energy based consumption should grow in the coming years. I am sure it will be doubled by 2030 if not 2.5 times per capita.

Especially coming to FGD segment the segment will continue to be focused, the Government of India has already extended the deadline from December 2024 to 2026. There is a considerable progress with CPSUs and some of the states forward looking states in ordering the projects for implementation, but the same will be further strengthening and happening in SEBs and private sector also in near future. The government and Ministry of Environment and Pollution says that the plots near populous regions and capital towns will have to comply all the orders by 2024 or may be earlier while utilities in less polluting areas they go up to 2026 or beyond depending on further notifications by CEA. Supreme Court also refused to entertain the Delhi Government's petition seeking directions to tech allegedly polluting coal-based thermal power plants in Uttar Pradesh, Punjab and Haryana to immediately stop operations till FGD technology is installed to reduce harmful emissions. We have got the orders worth Rs.1450 Crores for FGD during this year and this level of business is expected to continue at least for the next four to five years as 80 to 100 gigawatt is yet to be ordered by CPSUs, SEBs and private sector.

In transmission segment we largely expect that there will be a status quo in transmission side in the interstate region while intrastate region there will be more emphasis on strengthening our transmission networks and adding more transforming capacities closer to the load sectors. TBCB bidding for the last slot of 60 gigawatt of renewable energy out of 175 gigawatt has started and we expect it to be completed before March 2023. In the past the dates for distribution are getting extended I trust it should close shortly. Allocation for strengthening of power system has been doubled to 29.8 million in union budget 2022-2023 from 40.55 million, but government also has a program to spend Rs.3 Lakh Crores over the next five years in our DSS scheme and has also extended many kind of such instructions for state governments and DISCOMs. We have also seen good interest from headwinds and large investors by making the projects bankable and portable on the financial side, project would be in the renewable power as well as on the transmission side and it may include AMI segment also going forward.

Metering segment the government has a plan of installing almost 250 million meters in the next seven years with prepaid and smart metering features which are automatic and having communications on both sites. We are witnessing strengthening our power distribution networks to make them both smarter, reliable and less loss, loss oriented. The main aim of all these steps is to improve efficiency, contain losses, so that the health of the DISCOMs could be improved. We are L1 as already stated in a smart meter order in J&K for 2.5 lakh meters about Rs.338 Crores at the DPA-40 model. The government has also gone ahead with the Electricity Amendment Act in August 2022; the government wants to give consumers their choice power supplies as well as enabling DISCOMs to provide for timely and adequate tariff revisions. It also seeks to amend Section 42 to facilitate non-discriminatory open access to the distribution licensees. It also seeks to amend Section 40 to facilitate users of distribution networks **(audio cut) 13:53**. It also seeks to amend Section 62 to provide a graded revision in tariff over a year besides mandatory fixing of sealing and minimum tariff by the appropriate commission. We are hopeful that power sector is at a very critical junction and going forward only it can become better both to the stakeholders as well as to the consumers.

In the wind we have a generic resolution to exit wind assets Techno has 129 megawatt of wind power in three pockets, 61 megawatt in Tirunelveli, 51 in Coimbatore, Madampatti area and 18 megawatt in Karnataka. In view of the present challenges prevailing in power sector due to coal shortage the good grid availability as well as offers for our wind assets from local industries for captive power use. In view of this we consider prudent to sell a part of the capacity as feasible. The capacity of around 51 megawatt is goes to wind part in our own estimate to facilitate our data center operations.

COVID-19 has impacted life in multiple ways but one positive outcome of this is the growth in the digital space. With the growth in digital space backed by thirst on data protection and also the IT service is being provided on cloud, it is expected that third party data center industry will grow significantly from the current levels of 500, 600 megawatt to 2 gigawatt in the next three years and at least 5 gigawatt by 2030. Till date most of the data sectors were located in Mumbai and now it is happening in Chennai due to the undersea cable available. Kolkata is also awaiting the undersea cable which is scheduled to be here by March 2023. We see lot of data centers coming around our location in industrial estate, in SIPCOT IT Park by other competitors like Equinix, Sify and others validating our choice of the location. Our data center is progressing very strongly and as you know already it is 24 megawatt IT load, ultra scalable, hyperdensity nature, features that project is in full construction as of now, we have already completed all the foundations and ground floor work and approaching to finish and are now preparing to cross the first floor by the end of this month. We have already spent about Rs.55 Crores of the project apart from the capex on the land. We are hopeful of commissioning the project by third quarter of 2023.

Additionally we will consume renewable energy from our operating wind energy capacity to classify the data center as he or she comply it as is the major requirement of hyperscale customers like Amazon, Google, Microsoft, etc. Furthermore we are seeing aggressive interest from strategic partners to have a JV for data centers in India; we are evaluating the available option and shall definitely be concluding shortly the way forward.

With a capex of around Rs.1300 Crores that is around Rs.50 Crores per megawatt of IT load and 60% to 65% capex in electromechanical works which is our in-house expertise of Techno, we will be to leverage on our capability and relationships for executing such works. With in-house renewable energy, EPC capability and prior experience of developing infrastructure projects in power sector we are in unique position compared to many new players in this industry. With this I will look forward to participation from high esteemed investors and I am available to all of you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sandeep Tulsiyan from JM Financial. Please go ahead.

Sandeep Tulsiyan: Very good afternoon Sir. Definitely we have reported very good inflows in the first quarter, but for this quarter you highlighted there are Rs.400 Crores of additional inflows that have already come in, I presume these Rs.400 Crores is over and above the Goa TBCB Sterlite and J&K Rs.338 Crores is what you mentioned or that includes these orders as well?

P.P. Gupta: No, Goa at Rs.338 Crores is not included.

Sandeep Tulsiyan: Can you share the breakup of this Rs.400 Crores and also the exact order backlog at the end of September?

P.P. Gupta: We got one order from **(inaudible) 21:00** and we also got Tripura Electricity Board for about Rs.237 Crores and PGCIL Rs.157 Crores, so these are around Rs.400 Crores.

Sandeep Tulsiyan: Got it and the order book what would that be at the end of the quarter?

P.P. Gupta: Presently you can say it is Rs.3600 Crores in ALT which will further grow by induction, in this month we should get another Rs.400 Crores, Rs.500 Crores rather, but definitely we expect another Rs.1000 Crores to Rs.1500 Crores over year. We should close the year with the order backlog of no less than to my mind around Rs.4500 Crores without data center order, this does not include our in-house project.

Sandeep Tulsiyan: Understood. Sir, please allow me to just reconcile these order numbers because it was Rs.3200 Crores at the end of Q1, we have received these Rs.400 Crores new orders and we have done roughly Rs.180 Crores of execution, so closing order should be around Rs.3400 Crores otherwise inflows should be around Rs.570 Crores odd so are there any more orders or…

P.P. Gupta: There are some amendments which continues in so many orders and getting under that Rs.50 Crores some by Rs.30 Crores, some by Rs.40 Crores.

Sandeep Tulsiyan: Understood.

P.P. Gupta: Like power grid one job was not going forward, now it is **(inaudible) 23:11**, so we were not taking in the order book because they would not acquire the land which they are now ready to acquire, so those kind of orders gets revised which were not acting.

Sandeep Tulsiyan: Okay, understood and besides this, Sir, you also mentioned there is a pipeline of another Rs.1000 Crores to Rs.1500 Crores for balance part of the year which is over and above this Rs.500 Crores pipeline details that you shared, is it possible for you to share some of the major orders from that also possible in which area they are coming from?

P.P. Gupta: Basically I have already said there are three areas now we are targeting other than normal areas. We expect one FGD order indefinitely for Rs.500 Crores, at least 10 lakh AMI meter work, number of tenders are in the pipeline and similarly some work for the power supply, for the ongoing data centers by third entities and we may also substituting some of the RDSS factors which are already in market for about Rs.25000 Crores as first slot.

Sandeep Tulsiyan: Understood. Sir, based on this how do should we look at the overall revenue growth target for the next two years for the EPC?

P.P. Gupta: I will say at least 30%, 40% a year from 2023-2024 onwards, but our order book we have to execute Sir. Best year is going to be 2024-2025.

Sandeep Tulsiyan: So 25% by next year we should be able to go in EPC division right?

P.P. Gupta: Yes, absolutely and I think you can expect Rs.1750 Crores to Rs.2000 Crores in 2024-2025.

Sandeep Tulsiyan: Okay and in the past Sir you have highlighted that the margins are definitely coming under pressure and I do not know being conservative or the way Techno operates you have guided that the margins should be lower their expectations we are expecting 15%, 16% where the company is to operate historically, would you still stick to that 12% odd guidance or based on these orders would you want to revise it upward, downward either?

P.P. Gupta: For this year I think I would like to keep it 12.5% to 13% as I instituted, but let us see how the commodity cycle behaves, if China slows down and Europe gets into the session may be we have more stable commodity cycle in our country, but if we are troubled more on the CRGO for transformers which you may have found with the other transformer makers also, CRGO prices are almost 2.5x to 3x of two years back, so prices are normally reasonable there because more CRGO issues there is a CRNO for EV vehicles and other applications, batteries, so let us see how it behaves. Nickel is very pricy that is one element, steel may remain stable or I do not know if government removes the ban on that the exports and some market cycle may change, but still I will say that steel is higher by about 10%, 15%, but our present day orders are all based on current cost of steel so we would not see that kind of impact. So it should come back in 2023-2024 I think we should be back at 15%.

Sandeep Tulsiyan: Understood. Sir, couple of more questions from my side if I may ask them one is on the wind side what I understand from your commentary is that you are going to carve out one portion of about 51 megawatt into 100% subsidiary for in-house data center and the balance around 79 or 80 megawatts will be disposed off, is that the correct understanding?

P.P. Gupta: Attempt is like that Sir absolutely.

Sandeep Tulsiyan: Okay and second thing was on the data center, if you can just highlight a little bit where we are exactly in terms of forming a joint venture partner do you think if we are not able to strike a partnership in the next six months will the execution timelines get pushed or you will anyways go ahead with and put your own capital for this whole data center of Rs.1300 Crores how would that work out if you can just share some more details on that?

P.P. Gupta: Firstly we are in a fairly advance stage of partnership and a kind of term sheet is needing closer, but we are in a silent period with that, so I cannot share the details on that side number one. Number two but irrespective of whether we are able to have a relationship or not because they have locked up implications for any investment we definitely will be going ahead and completing phase 1 by the end of second quarter or third quarter of 2023.

Sandeep Tulsiyan: Okay, understood and on the cash balance Sir I think the buyback that we are currently doing is of course not progressing, we may not reach the entire target or the capital that you allocated for that, so what is the overall plan, how much of this do you plan to dispose off, is there any other alternate method will we increase the buyback price or do you want to give out a dividend any thoughts on that side?

P.P. Gupta: Firstly, I am not with your view, as of today we have already achieved 17.5 lakh shares buyback for Rs.50 Crores and we are actively in this market and I am sure still two months to go more than two months, we will be able to spend the whole of the money, but if any sum is left out post buyback closer it will be paid out as dividend.

Sandeep Tulsiyan: Okay and one last question from my side Sir is on the outstanding debtors, is there anything which is still sticky, slow moving, how much of the balance portion that you used to update every quarter is still pending and how much is yet to come in from the doubtful receivables?

P.P. Gupta: There is no doubtful, sticky yes, only in Afghanistan in one of the contracts still continues to be in force majeure for the last one year that was ADB funded project with us and nearly 80% plus performed, so it is a Central Asia project I am sure world bank and ADB will come forward to support the project along with us KPTL, KEC all are involved and Government of India is also working through Ministry of External Affairs as well as through its political networks. I am sure this project will happen, but at the moment I can say that is a sticky part, there is no concern, no large concern I will say.

Sandeep Tulsiyan: What is the value of this order Sir?

P.P. Gupta: This was 35 million value of the order we have executed already 29 million.

Sandeep Tulsiyan: $35 million?

P.P. Gupta: Yes.

Sandeep Tulsiyan: Which is still pending the receivable value right?

P.P. Gupta: The pending part is only about Rs.45 Crores.

Sandeep Tulsiyan: Pending is Rs.41 Crores?

P.P. Gupta: Rs.45 Crores you can say.

Sandeep Tulsiyan: Okay, got it and on the investment side any investments where that ICDs or anything you lent which is still pending?

P.P. Gupta: God grace we are through, we are all done.

Sandeep Tulsiyan: Got it and if I may ask one more thing on these overseas projects I think there was some update that you had shared for that project in Afghanistan if you can just update us on that what is happening exactly over there?

P.P. Gupta: That is what I sharing Afghanistan only the thing, ADB funded that is what I shared with you 35 million, 29 executed.

Sandeep Tulsiyan: Thank you so much for patiently taking all these questions and wishing you all the best.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon Sir. First question is on the revenue sort of a target for FY2023, so I think earlier we were looking at 25%, 30% sort of a growth for this current financial year, but given that we have done only Rs.400 odd Crores in H1, so what kind of number are we targeting for this financial year in the remaining two quarters?

P.P. Gupta: It continues to be same Rs.1250 Crores and we should be able to do another Rs.800 Crores, minimum if not more in the next two quarters. The fourth quarter will be really having this time, it will be little bulky because lot of things may happen in those three months, but third quarter will also be better of the last two quarters.

Sarvesh Gupta: Okay and on the wind power side, so this remaining 79 megawatt let me want to sell, so where are we in the sale process because last quarter concall also you had discussed this, so have we neared any progress in terms of selling it and where are we and how much money do we expect to realize in this financial year and how much in the next financial year?

P.P. Gupta: I think sale should happen mostly in this year only and money to realize, we have binding contracts now for 35 megawatt out of which we have already received money for 6 megawatt and another 28 megawatt, 29 megawatt we maintained in this month or next month they are the binding contracts, balance are in negotiations.

Sarvesh Gupta: So you expect the entire apart from 51 megawatt everything else to be sold in this financial year and money to be realized this year itself?

P.P. Gupta: I wish, but I am not sure, you can say so maybe 20 megawatt here and there.

Sarvesh Gupta: Okay and what is the average pricing that we are getting when we are selling these assets?

P.P. Gupta: Around Rs.4 Crores per megawatt plus Rs.4 Crores plus.

Sarvesh Gupta: Okay. Sir, you mentioned about the cash balance I did not hear it correctly, is it Rs.1200 Crores plus right now?

P.P. Gupta: Absolutely right.

Sarvesh Gupta: Understood Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Soniya from Dalal & Broacha. Please go ahead.

Soniya: Thank you for the opportunity. Sir firstly I just wanted to confirm we have not shared a quarterly presentation this quarter?

P.P. Gupta: Pardon.

Soniya: Our quarterly presentation which you generally share every quarter that you have not been shared in this quarter?

P.P. Gupta: We will share tomorrow Madam; it will be put on our website.

Soniya: Okay. Also my next question is on the order inflow growth you are expecting around Rs.2000 Crores of fresh order inflow, so I would like to understand since many things are happening in power sector the capacity is likely to pickup as a whole so what kind of fresh order inflows we are expecting over the next two, three years?

P.P. Gupta: This trend should continue because power sector is focus area of the government now more stronger than ever and definitely COVID has also impacted and in India manufacturing and industry we have to become $5 trillion economy power cannot be lagging behind, so all these areas have become major capex in power which you can measure easily, **(inaudible) 38:12** where government is spending Rs.3 lakh Crores, the AMI metering system solutions where government want to have about 250 million meters by 2030. Similarly climate change so lot of pollution issues in the thermal capacities like FGD solution, Sox NOx, water pollution systems, they are all going to be futuristic way of life as well as green power target of 500 gigawatt which I discussed, so you have to build lot of green corridors to transmit the power, balance out the load consumption and so much of stress on the electric side now going forward on consumerism now like logistics, transportation, electric vehicles, it is all becoming power driven economy more than any hydrocarbon based anymore, so all this is going to make power consumption to be at least 2x to 2.5x of our present consumption which is no more than 1200, 1250 units per capita, so you can understand that power networks have to be strengthened, power has to be metered, power sale has to become two times in the next seven years, so all this is sounding good and capacities and liability, availability, sustainability have to be taken care of.

Soniya: Okay, thank you Sir and my second question is on the margins on EPC business, historically we have done around 17%, 18% margin on EPC, now it has come to around 15%, 16%, so I just wanted to understand like now currently it is low do you see it is expanding in like the next three, four years or you expect it to continue at the same level?

P.P. Gupta: This is the very difficult question to project and predict because it is all linked to the commodity cycles in our country and inflation, but we are hopeful you know that commodity cycle which impacted us strongly last year and even we sacrifice some of the topline to save the bottomline will not be impacting strongly going forward, but I like to be conservative in giving my guidance. If anything good happens by virtue of Europe going in recession, China slowing down, commodity cycles becoming more easier and affordable, definitely there is a scope to do better Madam.

Soniya: Thank you.

Soniya: Thank you. The next question is from the line of Prolin Nandu from Goldfish Capital. Please go ahead.

Prolin B Nandu: Thank you Sir for taking my question. If I look at your past history in terms of your EPC execution in all the last five years we have reported an ROCE on an average upwards of 50% odd and now if I look at your order book the nature of order book is slightly more heavier towards NCD projects towards its smart metering project, do you think going forward with the change in order book mix will we be able to maintain similar kind of ROCE number?

P.P. Gupta: Yes, definitely, because earlier our projects were distributed on a number of locations, so any number of location is a cost center and definitely adds to the cost, but if you are doing larger volume of work in one location, it does bring the scale of economy associated with it, so it helps both ways and we are confident that we have been able to retain these kind of margin guidance.

Prolin B Nandu: I wanted to check on ROCE rather than margins and you had also mentioned FGD at least first round was very competitive, now if I am not wrong things are not as competitive as they were in the past, so my question was more on the ROCE part, not just on the margin part in terms of saving the money because there again we have expertise right in terms of we have already mentioned in the past that it is not about getting the project it is about executing on time and getting the money on time, so in all these parameters do you think that given the change in the order book mix will we be able to maintain the similar kind of return ratio as well?

P.P. Gupta: ROCE of the capital deployed in EPC business yes, but we have many verticals, they keep migrating from one vertical to another so capitals are deployed differently, so **(audio cut) 44:18**, but if you are referring only to the element of EPC yes.

Prolin B Nandu: Great. I was referring only to the element of EPC. Sir my second question is on data center. Now in the past two, three calls we have mentioned that there have been some terms which you are evaluating, is it certain milestone in terms of completion which we are waiting for us to execute these term sheets and for us to go ahead with these term sheets or is it just we are looking because as we probably have the completion milestone, the evaluation which these things will happen will also improve, so are there certain milestones which you want to complete before close the deal and that is the reason why we are taking longer for this?

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

Ankit Sarvaiya: As I was saying that the term sheets has been coming frequently to us over the last one, one-and-a-half years since we started interacting with franchise partners, but over the period of time as the project is progressing you rightly mentioned that with each phase the development risk is reducing and therefore the valuations and turns are also constantly improving and that much more visibility is also being gained and therefore stronger partner is aligning up and we have been keeping up patience that at some point of time we will achieve something superior than what has been achieved in the past through these terms sheets and that is the reason why we are taking more time and hopefully we will have something on board once we have a term sheet to our satisfaction and which is reasonable in nature as far as the term sheets are concerned as well.

Prolin B Nandu: Okay, that is very clear Ankit, but do you want to give some timeline by which you can finalize may be this year or would it be falling another next year I know that it depends on the quality of term sheet, but still some timeline which we are working with?

P.P. Gupta: By the close of this year we should be completing it.

Prolin B Nandu: That is it from my side. Thanks a lot for answering the question. Thank you.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, on the data center, one question I think in the last concall we had mentioned that the first phase of the Chennai data center we wanted to commission by June 2023 and I think in this call you have said that it is third quarter of 2023 so do you mean that it has been sort of delayed by another six months from June 2023 to December 2023?

P.P. Gupta: I only meant third quarter of the financial year that is ending September, I have said second or third quarter of year 2023-2024 that is between June to September, but it may be around June, July only.

Sarvesh Gupta: Okay and secondly Sir regarding this previous discussion on the term sheets, I think earlier you had given us an understanding that you would want to issue the shares to a prospective party strategic partner without a premium because this is more like a long term strategic investment, but are we now looking for a premium to the book value for this business and hence we are getting delayed on the acceptance of the term sheet?

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

Ankit Sarvaiya: There are multiple quality partners **(inaudible) 48:53** depends on the entire structures and the potential opportunity that we gain out of the strategic partnership, at this stage it is little too early to make a remark on it, but I said that with the passing time and with the development it is producing one can expect better than before.

Sarvesh Gupta: But we are still intending to offload 51% or more stake in this project right?

Ankit Sarvaiya: Absolutely.

Sarvesh Gupta: Thank you. That is all from my side.

Moderator: Thank you.

Kamlesh Kotak: GuptaJi Kamlesh here. One question I just wanted to have your understanding is that about the data center have we started booking any revenue from that?

P.P. Gupta: No.

Kamlesh Kotak: The execution part of the EPC part.

P.P. Gupta: Not yet.

Kamlesh Kotak: How much revenue are you expecting to accrue from this commissioning in terms of the EPC revenue for the company?

P.P. Gupta: First phase will be around Rs.600 Crores plus, minus which we may like to book next year only going forward as soon as possible, but we will take a call by February, March are in progressing.

Kamlesh Kotak: Thank you. That is it from my side.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to the management for closing comments.

P.P. Gupta: I thank you all of you for joining the conference and participating with searching questions and you are most welcome. If you have any queries still left related to our performance or operations, you are most welcome to mail us to Vishal Jain in our office, our IR person and also if you happen to be in this side of the country then you are welcome to drop in and we will be very happy to take you around our office and how we work. I can only share that we have a great future and despite all challenges in the past the future is very bright and we definitely see a growth momentum coming once again in the sector with all multiples which we lost in last three, four years due to sluggishness of the government or COVID, we are all behind us and with this optimism I would like to close the conference and thank you everybody once again for joining. Have a good day.

Moderator: Thank you. On behalf of Asian Markets Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.