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विषय/Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Update on meeting with Analyst/Institutional Investors

प्रिय महोदय/महोदया,
Dear Sir/Madam,

This is further to our letter dated 1st August, 2023 intimating the Exchanges regarding Schedule of Earning Call Post declaration of first quarter ended on 30.06.2023 Results for the Financial Year 2023-24 which was held on 8th August, 2023, in terms of Regulation 30 of SEBI (LODR) Regulations, 2015.

In this regard, please find enclosed herewith the transcript of Earning Conference Call held on 8th August, 2023 with several funds/individual investors.

The said information is also available on the website of the Company at <https://engineersindia.com/Investor/Reports/Transcripts>.

कृपया उपरोक्त आपकी जानकारी एवं रिकॉर्ड के लिए है।
The above is for your kind information & records please.

धन्यवाद/Thanking you,

भवदीय/Very truly yours,

नरेंद्र कुमार/Narendra Kumar
अनुपालन अधिकारी/Compliance officer

Encl: As above /संलग्नक: यथोक्त



“Engineers India Ltd
Q1 FY’24 Earnings Conference Call”

August 08, 2023



MANAGEMENT: **MR. SANJAY JINDAL – DIRECTOR-FINANCE – ENGINEERS INDIA LTD**
MR. SUVENDU PADHI – COMPANY SECRETARY AND INVESTOR RELATIONS – ENGINEERS INDIA LTD
MR. R.P BATRA –EXECUTIVE DIRECTOR, FINANCE AND INVESTOR RELATIONS – ENGINEERS INDIA LTD
MR. SUNIL SAXENA – EXECUTIVE DIRECTOR- TECHNICAL AND INVESTOR RELATIONS – ENGINEERS INDIA LTD
MR. AMANPREET SINGH CHOPRA – SENIOR GENERAL MANAGER, CMD OFFICER AND INVESTOR RELATIONS – ENGINEERS INDIA LTD
MR. VIVEK MIDHA – GENERAL MANAGER MARKETING, BUSINESS DEVELOPMENT AND INVESTOR RELATIONS – ENGINEERS INDIA LTD
MS. NEHA NARULA – SENIOR MANAGER, COMPANY SECRETARY & INVESTOR RELATIONS – ENGINEERS INDIA LTD

MODERATOR: **MS. BHOOMIKA NAIR – DAM CAPITAL**



Moderator:

Ladies and gentlemen, good day, and welcome to the Engineers India Limited Q1 FY '24 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Bhoomika Nair from DAM Capital. Thank you, and over to you, ma'am.

Bhoomika Nair:

Thank you. Warm good afternoon to everyone to the 1Q FY '24 Earnings Call of Engineers India. We have the management today being represented by Mr. Sanjay Jindal, Director of Finance; Mr. Suwendu Padhi, Company Secretary and IR; Mr. R.P. Batra, Executive Director, Finance and Investor Relations; Mr. Sunil Saxena, Executive Director, Technical and Investor Relations; Mr. Amanpreet Singh Chopra, Senior General Manager, CMD Officer and Investor Relations; Mr. Vivek Midha, General Manager of Marketing, BD and IR; and Ms. Neha Narula, Senior Manager, Company Secretary and IR.

I'll now hand over the call to Mr. Sanjay Jindal for his initial remarks, post which we'll open up the floor for Q&A. Over to you, sir.

Sanjay Jindal:

Thank you, Ms. Bhoomika. Good afternoon, everybody. We have declared results of first quarter of financial year '23 '24 on 2nd August, '23. As regards to financial performance for 3 months ended June '23, the company has raised a turnover of INR800 crores -- INR808 crores, vis-a-vis INR805 crores during the first quarter of the preceding financial year. Turnover from consultancy and engineering segment stood at INR345 crores from 20 segments, it is INR463 crores.

Other income during current year ended June 23 is INR93 crores as compared to INR27 crores during the first quarter of the preceding financial year. There is increase in other income, primarily due to settlement with one of the clients in consultancy and engineering project segment for an amount of INR56 crores.

During the current quarter, the company has recorded profit before tax of INR153 crores and PAT of INR114 crores in comparison to INR68 crores and INR51 crores, respectively, during the first quarter of the preceding financial year, showing an increase of 125% in PBT and 124% in PAT.

And on the RFCL front, during this quarter, the EIL profit share is INR22.49 crores as compared to INR13.5 -- INR13.85 crores in the first quarter of preceding financial year. On the consolidated basis, our PAT is INR138.93 crores as compared to INR64.81 crores in the first quarter of the preceding financial year. Notably, EPS for the current quarter has more than doubled to INR2.02 vis-a-vis quarter ended June 22 of INR0.90 paisa.

The company has unexecuted order worth of INR81.02 crores, comprising under consultancy segment of INR4,979 crores and under EPC segment of INR3,123 crores. In the first quarter, we have secured orders of INR1,265 crores. And this is the financial summary, which we have declared on the 02 August. Thank you. I hand it over to Ms. Bhoomika.

- Moderator:** Thank you very much. The first question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kuma:** My first question is, sir, how do you see about the order inflow opportunity for the balance of the year? Are we seeing any traction in few of the refinery and Petcam consultancy projects?
- Management:** Okay. Vivek Midha will reply.
- Vivek Midha:** We [inaudible 0:05:29] that we are bidding for it. We see one of the private refinery is going for the another expansion. So we are initially involved in the study stage. We see another -- if it is to get realized, it is cleared by the Board. They might go for the implementation of the same. So we see that opportunity coming towards the end of this year. Then there are many petrochemical complex you must have seen that ONGC also going for the crude to chemical complex. It has been recently been published. We have been involved in the initial DFRs for that. So we see that also coming on the way.
- And BURL is also going for the petchem complex. So we have been involved in initial stages. So they are also going to come with their tendering activities in the course to come in this financial year. Then IOCL is also going for a Paradeep petrochemical complex, which we see that their tender is inbound to come in future. So all these opportunities are underway where we are targeting. And there are many more which we are working. So this is there on the way.
- Mohit Kumar:** You say a tender which is floated -- footed by all the petchem companies and where we have already put in our bids?
- Management:** No. In some of them, tender are expected in the course of the time. And in some of them, we are involved at this stage in the final stages of the study, which will in a few months' time, it will take a shape and go into a tendering process or with negotiated process.
- Mohit Kumar:** My second question is on the CPC and [Nagapatti number 0:07:01]. Is the project going way slow right now? Is my understanding correct? Does it mean that the revenue booking will be slightly lower in this particular financial year?
- Management:** I think they had some land issues at their end. Those have been, I believe, resolved. And now the work is on. And tendering has started again. They have put it on hold because of some land issues and clearances. Now those things have sorted out and work has already started and people, our teams are working on that.
- Mohit Kumar:** Understood, sir. Thank you and all the best, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Raj Rishi from DCPL. Please go ahead.
- Raj Rishi:** Yeah, hi. Can you explain your, elaborate on your competencies for new age business like you talked about, Ms. Shukla has talked about 4A into 1.
- Management:** Can you speak a bit louder please?
- Raj Rishi:** Yeah. Could you elaborate on your competencies to back projects in new age areas like one green hydrogen and renewable energy. Ms. Shukla has talked about, Ms. Vartika Shukla has

talked about, for your engineers in India into these high growth areas. So what kind of edge do you see in Engineers India to back the projects?

Management: So our Mr. Amanpreet is there. He is going to take that question. He is going to respond on that, please.

Amanpreet Chopra: In case of renewables, if you talk, or alternative fuels, if you talk, one of the major things we have been involved with this alternate fuel segment since it began.

Raj Rishi: Sir, I am not able to hear you. It is very, lot of...

Amanpreet Chopra: Yeah. So, there are three broad areas which we are looking at. One is on the alternative fuel segment. Alternative fuel segment we have been involved in the DFRs of the nine bio-refineries that was initially done during the, at the time of the biofuel policy. So we have been involved since beginning in this particular area and moving forward we are executing, as you are aware, we are executing the bamboo-based refinery project, the biofuel refinery for AVPRL in Numaligarh. So that is where, as a technical company, we have been able to raise the level of, like from lab scale, we are going directly into the commercial scale. So that's the level of competencies that EIL possesses.

Raj Rishi: Can you repeat the last bit? I didn't hear. From what to what you are going?

Management: So see that particular refinery is going into commercial scale right from the lab scale. From lab scale to commercial scale that's the leapfrog that the refinery has taken up. So all those technical aspects are being covered by EIL, taking it from the technology readiness level of 2 to right now it is going at 8 and 9.

Management: So another thing I would like to add on this is like right now we are doing various other projects in bio-refinery like feasibility studies. We are right now executing one assignment as a project management consultant for HMEL for their rooftop solar projects and then we have recently been appointed as a consultant for by NTPC for one of their projects where they are capturing carbon and to convert it into ethanol and earlier we were involved in their methanol project. So all these projects are there, we have been involved. So you can see that the changes are happening.

We earlier had done a few hydrogen, one hydrogen plant for the BOREL as well as for Adani's we had done hydrogen pipeline. So all these areas we are focusing and for your information in last year's business we had contributed around 8% from the new areas. The energy transition areas which included coal gasification, hydrogen and all other areas and 63 crores was the business which had come from this area which included biomass, bamboos, polysilicon, bio ETF. All these areas were there, the new areas. We are keeping a special focus on that separately.

Raj Rishi: And sir, from this 8% which you talked about from new age areas last year, in 2-3 years, what kind of percentage contribution would you just hazard a guess?

Amanpreet Chopra: See, what we meant to say that, during the last financial year, the revenue that was generated from the energy transition jobs was around INR63 crores. So out of the revenue that we earned,

INR63 crores from energy transition was, around 5% of the consulting job and the similar jobs, we are getting continuously in this financial year, if we get them definitely, this particular proportion is going to rise substantially.

Another aspect that, we have covered that, you have seen in our disclosures also that, we have entered into a strategic alliance with Solar CSP group, that's an Australian group. So would be signing an MOU shortly with them, and we'll be kicking up this solar CSP projects in various segments in India and overseas along with them.

Raj Rishi: And how big can this tie-up be for you for Engineers India?

Amanpreet Chopra: See, if we see that the Solar CSP particular module, if you see, then around 35% of the total project cost is for a balance of plant for which services will be provided by EIL.

Raj Rishi: Okay. So it can be a major contributor to your revenues?

Amanpreet Chopra: This is an evolving technology. So the very niche technology is evolving. So we have to pitch this particular trend along with the technology providers with our clients because everybody is moving towards net zero and carbon neutrality. So, this particular new technologies are going to come in future as one of the pathways to the energy transition. So having the right methodology, having the right approach to pitching to the clients will definitely -- we can able to secure some projects in this area.

Raj Rishi: And you foresee more such tie-ups in other areas in energy transition, like the one you recently...

Amanpreet Chopra: There are a few that are going on, but it's not the right time to declare them. So as and when they are getting mature, we will definitely let you know.

Raj Rishi: And sir, another -- just one more point. This -- you talked about some defence foray also. Is there any movement in that regard?

Sanjay Jindal: We are working with one of the companies for their modernization projects. These are still in the initial stages and let us see if it finalizes, we will declare it, but we are working on that.

Raj Rishi: Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial. Please go ahead.

Dixit Doshi: Thanks for the opportunity. My first question is, if you can give a broad timeline for the current order book execution, both consultancy and turn key?

Amanpreet Chopra: Yes, between the period of three years, 3.5 years.

Vartika Shukla: Generally, a project took 36 to 42 months for the completion from the date of LOI, for the mega projects, mega and big-sized projects.

- Dixit Doshi:** Okay. Now my second question was regarding -- so let's say, so I wanted to understand the opportunity size of, let's say, all the OMCs are raising funds, right issue and planning a big capex over the next two years, three years, be it petchem or hydrogen or any new age businesses. So according to your estimate, what would be the opportunity size for Engineers India? And let's say, what kind of success rate, we can have in terms of order?
- Sanjay Jindal:** There are a number of projects which are on the anvil and there are a lot of investments as you have already said, we are targeting all of them, and there is definitely a competition, and we have been striving to work out and have been able to secure many of the assignments.
- Many of the projects, we are already involved in the initial stages as the consultant, as the feasibility consultant or study consultant. So we are working towards them. So saying that, what would be the success, it depends on the market and how it is going to work and how many builders are going to be. Some of them, we can even realize on a negotiated basis. It all depends.
- We always work in various methodologies. So nothing can be concrete said that, this means how much we can secure and what percentage will be the success rate. So that would be the, we'll have the target all the projects, and we'll definitely be able to secure many of them. You could have seen the results earlier also and the improvement in the results. So, we are adopting a regressive strategy on this.
- Amanpreet Chopra:** But we can say that the opportunity size is quite significant, yes.
- Dixit Doshi:** So let's say, it's not the success rate, let's see if some -- let's say, INR50,000 crores of capex happens in petchem or somewhere, then how much could be the opportunity for Engineers India?
- Sanjay Jindal:** Any of the petchem the number of petchem are there. Most of the petchem starts from INR25,000 crores to INR40,000 crores, INR50,000 crores. So you can see four or five projects coming on the way. These are the mega investments in the petchem and primarily, it is going to be in the petchem only. Refinery could be there, some investment could be there in the refinery. But mostly, it would be either petchems or crude to chemicals.
- Dixit Doshi:** Okay. So yes, so what I was asking is, let's say, INR25,000 crores of petchem capex happens, then how much would be opportunity for us in turnkey and how much opportunity in consultancy?
- Sanjay Jindal:** We are very specific in the turnkey. We don't go for all these projects on a turnkey basis, primarily, we focus on the consultancy. Turnkey, we generally grow on the OB basis, and that's a specific area. It all depends, where we can negotiate the OB contracts. So this is the opportunity, I can see telling you at this stage, it will be very difficult. Three four projects coming this years...
- Dixit Doshi:** What I was asking, say out of INR25,000 crores of capex, consultancy opportunity would be, what, 20% of that entire...?
- Sanjay Jindal:** No, not at all. It is for this kind of project, it would be 2% to 3%.

- Dixit Doshi:** 2% to 3% understand that. Okay.
- Sanjay Jindal:** It's a competition. You never know what market you are going to.
- Dixit Doshi:** Okay, Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Anik Mitra from Finartha Research. Please go ahead.
- Anik Mitra:** Thanks for taking my question. Sir, my first question is, what is the order expectation from ONGC in FY '24 and FY '25?
- Sanjay Jindal:** We cannot tell you on that ground. We are targeting a few of the projects. What is the target? It depends what projects we are going to have. We are bidding, whatever the business which is coming from them, we will be targeting. Specific target giving target for ONGC is very difficult. It's a competitive world altogether.
- And since we have the MOU with ONGC, so whatever is their planning, we will keep getting something or other assignments to that through. Some smaller assignments keep on coming on a real basis. So we have already started and some more will continue to flow in, in our kitty.
- Anik Mitra:** Okay, sir. Sir, my next question is hydrogen gas opportunity sounds to be a big opportunity going forward. So sir, can you quantify, what sort of hydrogen opportunity, we can like may be possible in upcoming maybe two years, three years?
- Sanjay Jindal:** That's very difficult to say because the hydrogen thing is still evolving. It has not matured so far. So there are a lot of developments happening. So it all depends on the time, we can't quantify right now, give our biggest opportunity. So this definitely is a emerging area and a lot of work is being done by many companies in this area. So in the years to come, things are going to emerge clearly, and then we will -- we see a big market in that area also.
- Anik Mitra:** Okay. And sir, so far, what amount of order has been booked by Engineers India in this particular segment, hydrogen gas? Green hydrogen.
- Amanpreet Chopra:** Green hydrogen, there earlier also, we did assignments for GAIL. And currently, we are doing an assignment for BORL for the electrolyzer implementation in their refinery. And there are certain other segments in the green hydrogen part because see green hydrogen is not a very different thing from what we do.
- Yes, in the last 35, 40 years of working in the refinery sector, we are very well aware of that hydrogen part. So, it is just the renewables that are feeding the hydrogen that we are going to take up the process plant. So we have very well positioned ourselves in this area. But technically, we know what goes into it.
- So you see the competitiveness, I think EIL has a very good competitive advantage in this particular area because we are very well connected with our refineries, we know the process flows and how this hydrogen is going to be generated and how it's going to be used. So, we stand

a good chance, and we are in a good position to leverage our past experience in this particular area.

- Anik Mitra:** Okay, sir. And my final question is, sir, what was the revenue from the airport division in Q1 FY '24?
- Vartika Shukla:** From which division?
- Sanjay Jindal:** Division means we have two business segments. One is consultancy, engineering and consultancy in...
- Amanpreet Chopra:** Right now, we don't have the figure for that particular airport, that is part of the consultancy segment.
- Sanjay Jindal:** Part of the infrastructure business, and it is a few assignments, we are doing. There is no specific segregation for the airport segment. It's considered as part of infrastructure segment.
- Anik Mitra:** Thank you. Okay, sir.
- Moderator:** Thank you. The next question is from the line of Venkatesh Subramanian from Logictree. Please go ahead.
- Venkatesh Subramanian:** Sir, Thank you for the opportunity. Sir, I just wanted to check with you on the Ramagundam fertilizer project, where we invested some funds. How is the project doing? Is it making operating profit, sir, at the moment?
- Sanjay Jindal:** Yes. As I have already told in this quarter, EIL has 26% share, and we had a profit of INR22.49 crores in comparison to INR13.85 crores in the first quarter and in the first quarter of preceding financial year. So plant is already operating at 100% capacity and doing well.
- Venkatesh Subramanian:** Right, sir. So second question is on operating margins. So just looking at the last few years of the thing. And our -- in terms of revenue to operating margins, we are at about 9%, 10% now. Do you see a scope for improvement here over the next few years?
- Sanjay Jindal:** Definitely, we are trying to improve our operating margins also. And if you see, we have already a segment margin of 25% in the consultancy segment, and we are able to retain it. But we are trying hard to increase our EPC margins, so that our operating margin could move further.
- Venkatesh Subramanian:** Okay, sir. And the latest joint venture with concentrated solar, what is the size of the opportunities there? What does is that intent, how big can this be?
- Amanpreet Chopra:** First of all, it's not a joint venture. It's a strategic alliance that we have entered into. Clearly, we are in the solar CSP would be providing the patented technology and EIL will be doing the engineering and project management services for the balance of plant. So it's a static alliance. It's not a joint venture. In terms of the opportunities, see that like I said earlier that because everybody wants a renewable to be part of their portfolio.

So going forward, we are – Board have just approved that particular strategic alliance. So, we are in the process of mapping all the industries, right from oil and gas industry and other sectors. And as part of the strategic alliance, we got some exclusive territorial rights and sectoral rights from the technology partner.

So, like in India, for all the oil and gas sectors, EIL will be the partner. It's exclusively they will come to EIL. And similar thing that we have secured the exclusive right for other sectors as well. So right now we are started mapping all the sectors and prima facie it looks that it offers a huge opportunity not only in oil and gas but in other economic sectors as well

Venkatesh Subramanian: Okay. Great. And this polysilicon opportunity, I know that we are executing a project for the Adani Group and a lot of news on semiconductors, fabs, a lot of things being set up in the country today. So would we have a chance to participate in some of these projects?

Amanpreet Chopra: So not at this juncture, but we are definitely studying all these opportunities as part of our research and development and technical group. So as and when, and we are at a very initial stage of studying these opportunities. And definitely, if something comes up, it will definitely be a part of this particular evolving sector as well.

Venkatesh Subramanian: Sir. My last question is on the financials. Compared with last quarter of last year, we obviously have shown a higher revenue, but a lot of contribution from the other income side. How does the -- where does it come from, so the money, the other income, basically?

Sanjay Jindal: Sir, as already told in my earlier statement, we have done settlement with one of the clients, and this total settlement was about INR71 crores. And out of that, INR55 crores is towards seeing interest on the claim side and balance 16% has gone to consultancy business segment.

Moderator: The next question is from the line of Bajrang Bafna from Sunidhi Securities.

Bajrang Bafna: Sir, congrats for a good set of numbers. Sir, just if you could guide us, I have joined a little bit late, so pardon me if my question is repetitive. If we see the consultancy part, which is the major margin driver for the company, we have an order book of close to INR4,000 crores.

So how do you see that order book kind of intake in FY '24 and '25 because there are a lot of opportunities which are coming up with a lot of participants have already asked about hydrogen and all and the new energy segment. And the execution also we have done close to, I think, INR1,400 crores kind of revenue and consultancy. So both on the order intake side and the execution side maybe for FY '24 and FY '25 will be really helpful, sir?

Sanjay Jindal: This is like you must have seen that last year, we had the order book of INR9080 crores. We are definitely going to either achieve that or improve upon that. That is the target for order book position. With respect to the order inflow, it was around INR4,400 last year, INR4,500. We try to meet that and we'll try to secure more than that.

Amanpreet Chopra: We are targeting around INR4,000 crores in this financial year also, more than that...

Bajrang Bafna: Yes. On the consultancy side, sir, this INR,000 crores?

- Amanpreet Chopra:** This is overall -- this is overall.
- Bajrang Bafna:** Yes. So if you could just give us some sense on the consultancy side will be helpful, sir?
- Sanjay Jindal:** The ratio will remain the same ratios are available. It's normally 50-50, it's almost 40 to 43 50. It remains in this range only.
- Amanpreet Chopra:** Now we'll be targeting between INR1,500 crores to INR2,000 crores, minimum there.
- Bajrang Bafna:** Got it, sir. And the growth on the execution side on the consultancy book?
- Amanpreet Chopra:** We are expecting a total growth of between 5% to 10% in the next financial year.
- Moderator:** The next question is from the line of Arvind Joshi from Bataleur Advisors.
- Arvind Joshi:** I had a very specific question on potential in coal bed methane. Hydrogen you just explained and we were delighted to hear that this is what you have been doing all along. So it is a kickoff for you. So with the increasing emphasis on the energy security of the government, I am reasonably certain that you will be getting your fair share of hydrogen.
- Any other newer initiatives? Even coal bed methane, I'm going to understand with your skills and perhaps one other project under your bag. What are the prospects of getting the other projects of coal-bed methane and what can be the potential size of this? My question, the first question is this.
- Amanpreet Chopra:** So one project that we are executing on Neyveli Lignite is coal to ethanol. That means converting coal into value-added chemicals. And that sort of projects, that is the first project that we are doing and we are expecting the similar type of projects from the other clients as well.
- Regarding the coal bed methane, so you are talking about coal bed methane specifically. So that is a, right now it is a very high capex intensive area where there's still a lot of research and development efforts are required because it again depends on the quality of the coal that is going into that particular convergent to gas. So being a capital intensive and being a research oriented area right now the clients are looking at it but at a very initial stage.
- So EIL definitely is well positioned to be part of this particular CDM initiative and in case the future this type of open shell linkage arises then we will be happy to take it up.
- Sanjay Jindal:** Right now we are focusing more on a very promising opportunity work what Amanpreet had said, that the coal to ethanol and methanol derivatives which directly opens up scope for many petrochemical feedstocks. So, a lot of work has been done with one of the clients and we foresee that many more such projects will be coming to us.
- Arvind Joshi:** Okay. And what shall be the time frame for this?
- Amanpreet Chopra:** So right now, one project, as you are aware, we are executing. The rest of the projects, it's at a very different stage of their initial life cycle. So some are at a very discussion stage and some are at a very preliminary feasibility stage. So once those particular things will be formed up like

on a feasibility path, then the decision will be taken by the client to implement those projects. So right now it's at a very initial stage to say as so.

Arvind Joshi: Okay. And in case of a related question is the overall size of the coal-related energy, the thing which you could be executing or which is available as the opportunity size? Can you throw some light on that?

Sanjay Jindal: You can't exactly can...

Arvind Joshi: Very roughly.

Sanjay Jindal: Yes, I can say is that it is a huge potential exist only that once this the project, what we are doing is comes into a real success story. There will be a chain of such projects. But we cannot right now quantify how much opportunity sizes there.

Arvind Joshi: Is that the point? And huge would be the size of your current order book?

Sanjay Jindal: No, no, not this potential because you know India has abundance of all available. And considering that the Ministry of Environment and Concerns for the environmental pollution etcetera people are trying to find out the better use of the coal. So the project what we are doing actually opens up an opportunity to really convert it meaningfully into more value added projects instead of really generating more pollution. So that creates a big success, I mean, can open up a very big success story for us.

Arvind Joshi: And I'm really delighted to hear about that, both in terms of environmental benefits and the potential. And a very simple question is, recently, Mr. Puri has been -- has talked about revival of West Coast refinery. Any update on that?

Sanjay Jindal: With regard to the refinery, nothing much has been heard as of now. We are involved in that in the site selections as a consultant. We are still there. But we have not seen anything coming as of now. Let's see, it must have flown from the government side, but it will take some time because they will have to find the investments in all and then realize because it's been going on for a long time.

Arvind Joshi: I know. And then just a related question. He's also talking about the smaller refineries -- instead of mega ones, but several of them. So you would be as monopolistic in executing them? Or will it be only restricted for the large ones?

Sanjay Jindal: We are a consultant, we would like to go for any kind of projects, the small size, bigger size anywhere we would like to be involved. There are no restrictions, we don't work on the restrictions, we don't have restrictions for that. You know that we do smaller jobs also, we do mega jobs also. All kinds of jobs are in our portfolio. For example, right now we are doing one of the smallest refinery in Mongolia, which is only 1.5 million people. So we have no restriction or no such issues in executing.

- Arvind Joshi:** No, no, and in this case, together they constitute a very significant, it's a very smart thing that instead of really getting involved with one and so many other hazardous land acquisition to all other clearances, if you go for the smaller ones, perhaps the execution is faster.
- Sanjay Jindal:** Yes. Absolutely right...
- Arvind Joshi:** We hold you as our leading Navratna company and truly believe that you would be path breaking. It is very heartening to hear that hydrogen is like the peak of steel. Wonderful.
- Moderator:** Thank you. The next question is from the line Amit Anwani from Prabhudas Lilladher. Please go ahead.
- Amit Anwani:** Hi, sir. Thanks for taking my question. So, my question, again, is on hydrogen. So, you have already highlighted your progress on hydrogen side, but would like to be -- to understand more specific what exactly our scope of work will be, will be consulting, will it be turnkey, are we planning to explore the electrolyzer manufacturing also or are we trying to a technology tie-up since this is pretty initial stage in India on green hydrogen and so many companies are exploring technological tie-ups. And how we are exploring with respect to progress, are we going to see meaningful contribution in FY'25 FY'26 if you could highlight more on this?
- Sanjay Jindal:** First is with respect to the role of EIL, we are very clear that we would only be working on -- this is just a new area. We'll be working only as a consultant. Right now, we are doing various studies on this, and we are also involved in the implementation of few of the projects, which is not directly hydrogen. It has basically you read the green ammonia UDIs, these kind of are there [inaudible 0:37:33] hydrogen is also used for the green resources. So, these kind of projects will be involved as a consultant. So, this is the opportunity we see.
- Amanpreet Chopra:** And in fact, we would like to be associated in every section of the hydrogen utilization in protection, whether it's the balance of the plant or whether it is the hydro generation or the applicability of the green hydrogen into the refinery or any other sector. So, considering our engineering strength and past experience, as my colleague has already told you, we have already positioned ourselves to really give the consultancy in all sections, except for the hydrogen manufacturing, hydrolyzer manufacturing, what you told, we have not still thought about it.
- Amit Anwani:** Right, so if any projects comes in, our role right now would be consulting, so maybe we will be earning maybe 2%, 3% is my understanding, right?
- Amanpreet Chopra:** No, we can't say that.
- Management:** Right now we are not able to quantify that basically depending on the opportunity, depending on the size of the project, we'll be able to arrive at that point of time.
- Vartika Shukla:** Number of times, it happens that in what mode of execution clients goes for that project. So, that also defines how much percentage of revenue will be getting from that. So, as these things are in a very preliminary stage, but as opportunities [inaudible 0:38:54] come, not only in the process plant and in other standalone also, so we'll be taking up those opportunities in any mode of execution that are preferable to the plant.



- Amit Anwani:** All right. Sir, second question on margins, we did about 2% and 27% Turnkey and consulting. Any outlook for FY'24? Are we looking forward to improve further or will it remain the similar rate?
- Sanjay Jindal:** We are already maintaining our segment in the consultancy segment that is about 25% to 27%. And definitely, we are working with our clients for the issue of change orders to improve our profit segment in the EPC business segment because some of the change orders are under process with our clients, and we are working hard on that part to improve our margin in this segment. And we are definitely -- we are sure that we will get the change order from our clients.
- Amit Anwani:** Right. Sir, my last question on the order intake. We announced around INR1,265, but if we add the orders announced by the company from June first week, the total comes to more than 3,000. Would you like to clarify on that?
- Sanjay Jindal:** We could not get your question what actually you are asking?
- Amit Anwani:** I think that my order intake which is announced is around INR1,265 and our BSE filing starting from June which I checked my total was coming to more than INR3,000 crores for order intake. So, as of now what we are sitting today it is around 2200. Some of the projects more are in the process. 2200 have been booked. And then you suggested that 1800 to 2000 more can come in H2
- Sanjay Jindal:** So, as of now what we are sitting today it is around 2,200. Some of the projects more are in the process. 2,200 have been booked as of today.
- Amit Anwani:** And then you suggested that 1,800 to 2,000 more can come in H2?
- Sanjay Jindal:** It has been realized, which was shown earlier has been now realized. So, now a little amount more is there. So, as of now it is 2,200 and some more some more orders would be in the advanced stage of like awarded. So, we will be considering that value later on. So as of now you can consider it's INR2,200 which is booked in the business.
- Amit Anwani:** Okay. Thank you sir. All the best.
- Moderator:** Thank you. The next question is from the line of Bharat Jain from ICICI Securities. Please go ahead. Mr. Jain you may please go ahead with your question. As there is no response from the current participant. We take the next question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Thank you for this opportunity. Sir, if we net off the other income component for this quarter, which was the settlement part, so our margins were lower. So, was there any one-off item or any increase in provision that we do systematically as a prudent way, what has led to then the lower margins is the net of the other income that is not going to be a -- it's a non-recurring item?
- Amanpreet Chopra:** No, no, margins are more in comparison to the June quarter, June 22 quarter. In the June 22 quarter, the margin was 5.1% and now we are operating margin of 7.4%. So, there is a substantial increase in the margin in comparison to the June 22 quarter. Regarding the March 23 quarter,

we had a settlement with one of our clients and that had contributed to the additional margins in the March 23 quarter.

Saket Kapoor: If we take the net off of other income also if you take the June versus June, there is also in the line item other expenses. Last year in the June '22, it was INR91 crores and here we are at INR57 crores with almost the same top line. So what...

Amanpreet Chopra: No, no, no. Operating margin is sales minus cost. So, during the current quarter the operating margin is INR59.97 crores. During the June 22 quarter it was INR40.79 crores.

Saket Kapoor: Come again... If you can...

Amanpreet Chopra: During the June 22 quarter, we have the operating margin of 5.1% in the absolute term, it was INR40.8 crores.

Saket Kapoor: Sir, but when we are comparing your revenue in both the segments, consultancy as well as turnkey projects on a year-on-year basis, they are almost at the similar level. But the other expenses line item has changed significantly. We have expenses of INR91 crores for June '22 and for June '23 to INR57 crores. So what led to this reduction in the...

Amanpreet Chopra: You are talking about the expenditure basically.

Saket Kapoor: Yes, sir. The other expenses, I think to that other expenses is the one that has led to the [inaudible 0:44:32]

Amanpreet Chopra: Basically, we had certain write-back during the current quarter. That has basically gave to the reduction in the expenditure that is the part and parcel of the operating activity. In every quarter, there are certain write back. In one quarter, there may be more write-back and another there may be lesser write back. So, going forward, we are expecting that we'll be able to maintain these margins.

Saket Kapoor: So can you quantify the number, sir? How much has been the write-back?

Amanpreet Chopra: Right now, I don't have the figure, write-back. It's a part and portion of every quarter, in some quarter it may be more in other it may be less.

Saket Kapoor: Okay. So sir, we have investment in two other verticals on fertilizers as well as in the refinery. So fertilizer segment, you have said the contribution has been INR22 crores. How has the Numaligarh refinery contributed sir? How are the operations there?

Sanjay Jindal: Sir, from the Numaligarh refinery, we are receiving dividends, and the dividend is also being counted in the other income part. And in the first quarter, there is no such dividend is declared by the NRL. And in the last year, we got the dividend of about INR55 crores on the investment of INR700 crores. So, it was more than 7.5%, which was tax-free also. Not tax fee, but it was in the hands of EIL it was tax free.

- Saket Kapoor:** And sir, any listing program for Numaligarh refinery going ahead unlocking the value or it will remain in the unlisted space also for the fertilizers and sir in order to unlock the right value or to divest your stake because EIL is a strategic partner here?
- Amanpreet Chopra:** Right now fertilizer plant is at initial stage. So, we will be able to capitalize the maximum opportunity and at the right time, the decision will be taken. Right now, there is no such thought.
- Saket Kapoor:** Thank you sir once again for answering.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Sir, what would be your market share in the refining and the marketing company, capital expenditure that would have been incurred in the last 6 years, 7 years, any ballpark market share that you would have a number?
- Sanjay Jindal:** We cannot tell you on the market share, but our major contribution of our business comes from the hydrocarbon. So, you can see that whatever business we get, most of the like hydrocarbon has a good contribution [inaudible 0:47:16]
- Pritesh Chheda:** So that I understand. In the refining companies, capex that we have done, HB BP, Oil India ONGC whatever what would be our share of -- what would be your market share there in the engineering port?
- Sanjay Jindal:** That we can say that we'll try to get the maximum from that.
- Pritesh Chheda:** Okay. Okay. And any change in the competitive landscape in the past 7 years, 8 years, any new players would have come and bid for those projects?
- Sanjay Jindal:** Yeah, competition has been there. You can see that we have -- there are many companies are there in the fray. So, we have been competing now and we have been getting business out of it. And in the past, you would have noticed that we have maintained our position as a major player in that area. So we will like to continue our position in that. That's our key strength area.
- Pritesh Chheda:** And my last question is, sir, in terms of the project pipeline from these companies. What you see in the next two years, three years, how big it is versus the last past five years that you have seen. So in past five years, you have seen a pipeline of, let's say, INR100 worth of projects. This next three years, do you see what is it 150, 200, 250, 300, if you could share a number.
- Amanpreet Chopra:** If you look at in a very different perspective, the Government of India has the target of increasing the refinery capacity from the current level to 430 MMTPA. So that is the maximum refinery capacity that would be added in the times to come. So in a five years to seven years around 180 MMTPA to 190 MMTPA of refinery capacity is being added. So that's a huge amount of business opportunities that is available in coming four years to five years for us.
- Pritesh Chheda:** So you're saying 150 million tons to 170 million tons in the next five years to six years.
- Amanpreet Chopra:** That's the Government of India is planning to do.

- Pritesh Chheda:** Can you tell me what this number was in the past five years?
- Sanjay Jindal:** You can see it on the Government of India's MoPNG website, it's available. So what investments and what is their future plans. I do not have right away at this point of time
- Pritesh Chheda:** Okay. Thank you very much, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Viraj from Jupiter Financial. Please go ahead.
- Viraj:** Yeah, good afternoon, sir, and congratulations on good sort of numbers. I have only one question. When I look at your 10 years data, sir, in March '12, you had the operating margin of 19%. Now with so many opportunities coming, we are diversifying. Can you give, will you be able to reach those operating margins in the next two, three, four years? Do you think that? Is it possible to reach those numbers?
- Amanpreet Chopra:** Yes. At that point of time, basically, over a period of time, there has been a substantial increase in the cost, and there is a competition over a period of time. At that point of time, we were doing the process plants where the margins are very much in comparison to the margin what we are getting. So over a period of time, a lot of water has flown. So going forward, we will try to maximize the margin. But I cannot say that we'll be able to achieve a margin of 20%. But definitely, we'll try to improve our margin going forward.
- Viraj:** And sir, how would you look -- how should I look Engineers India three years from now in terms of growth and net margin?
- Amanpreet Chopra:** Definitely, improvement whatever we are doing right now, definitely, there will be improvement. We have the vision to execute that particular think. Going forward, definitely, we see the improvement in our turnover as well as our margins.
- Viraj:** And you would have seen -- any ballpark number you can just say, this not to hold on to.
- Amanpreet Chopra:** That depends on the order book basically, on how much order we get and accordingly the orders are executed and profit is generated. So right now, I cannot give the projection for the next three years to four years. We are having basically a projection for around one year that we are told that we are expecting an increase in the turnover of between 5% to 10%. Going forward whatever opportunity has been captured that will be reflected in the margins. We are working on that and definitely will be -- will succeed with the grace of the God.
- Sanjay Jindal:** And you would have noticed that we have increased our share of getting the international market. Many projects have been won in the past few months. So we are trying to maintain our larger business in the international market so that will earn us more revenue and business in future. Besides whatever is...
- Viraj:** Is it fair to assume a top line of INR4,000 crores in FY -- next year FY, is it possible to achieve?
- Sanjay Jindal:** In the next year we are targeting around 10% or turnover may be 3,500 to 3,600. And they are coming in this year.

- Viraj:** And in the -- try to assume that net margins, margins would be improving right? from more than 10%.
- Sanjay Jindal:** Sir, we are trying for that and we are working on that. And we are finalize in order for the clients to maintain and improve our margins, sir.
- Viraj:** Thank you and all the best to you, sir. All the very best.
- Sanjay Jindal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bharat Jain from ICICI Securities. Please go ahead.
- Bharat Jain:** Sir, can you give us an update on our gold gasification projects, specifically the one we are doing for NLC and Western coal, please?
- Sanjay Jindal:** The NLC 1 is still in the tendering process. I believe they are evaluating their bids. Some of the bids have been received. So that is a decision to be taken by NLC and thereafter, they will go for the second phase of implementation regarding the WCL study is almost in the process. I do not have the exact details of right now what is going on. This is the broad dates I've got it a few days ago. So we can check and always update you on this.
- Bharat Jain:** Okay, sir. And what is the status of the Adani project, the polysilicon plant?
- Sanjay Jindal:** That is -- I think it's been put on hold for some time from their side. Let us see when they start.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial. Please go ahead.
- Dixit Doshi:** Sir, one question is out of the INR8,100 crores order book, how much would be export? International orders?
- Sanjay Jindal:** Out of INR8,100 crores, we have foreign consultancy job of INR1,587 crores. Near about INR1,600 crores order book is from the foreign territory.
- Dixit Doshi:** Okay. And how do you see the export market going forward? Are any big orders or anything in the pipeline?
- Sanjay Jindal:** With respect to the overseas, we are targeting overseas. We are expanding our overseas operations, and the last year you would have seen that we had got one of the projects in South America. This year, we had bought the job in Nigeria. Last year, basically, we got the job in Nigeria. We got the second train of that, we are targeting some more of the projects, Pet-chem projects, which is coming in Nigeria. We are targeting some of the projects in Algeria also.
- We are in one of the projects we have already got the preliminary letter of award. So we see that the contract signing in few of the next few days and then we will be officially declaring that and then we see more projects in Algeria also. We are bidding for them. So these are few of the

countries we are targeting few countries in Africa. So that way we are expanding our global outreach. And the Middle East, yes, would like to, Saxenaji would like to update. Yes, please.

Sunil Saxena: So Middle East, we have already made our good progress in getting the projects and we are targeting to enhance, not in terms of getting the major projects there, but also to increase our outreach to many other Middle East countries. So efforts are on, we likely, we like to see more success rate there also.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: First, I just missed the number you have given to the earlier participant. You mentioned currently, the capacity of the petro-chem is 430 MT. And we are like -- the industry is adding 150 MT to 170 MT in refinery, is that correct?

Amanpreet Chopra: That's the refinery capacity addition plans that government has put up and that's the plan right now.

Hiten Boricha: And what is the current capacity, sir? You mentioned somewhere around 400?

Amanpreet Chopra: No, no, no.

Sanjay Jindal: It is around 250 something. Around 250 MMTPA in next 10 years, likely to, it is likely to increase to 450 metric ton. That is what government target is.

Hiten Boricha: Okay. Thank you. And sir, I have one question. Just wanted to understand as this capex cycle is going on, you mentioned the petro-chem and the refinery, the government is ready, like, going to spend on this capex. Just want to understand when was this capex cycle happened? Like, a couple of years back. Just want to understand if you can give the year, after how many years this capex cycle is coming? I just wanted to understand that data.

Amanpreet Chopra: Sir, the capex cycle, if you see, every company has got their own annual and long -- short term and long term capex plans. So, on a yearly basis, they have their own capex plan which includes the capex in their existing projects also and for the future projects also. So this is a continuous process for each and every process company that we deal with. So going forward in next five to seven years, both in the hydrocarbon and both in the refinery and petrochemicals, they have their own set of plans which they are going to execute in that particular phase in next five to seven years. So that's what we are talking about.

Hiten Boricha: So let me reframe my question. I want to understand what is the difference between the last capex cycle which has happened and this capex cycle which is happening?

Amanpreet Chopra: See, the cycle if you want to say that starting from the feasibility to the initialization of the project and to the execution of the project, it's around four years to five years that it's going to take.

Hiten Boricha: Okay. So you mean to say, this capex as the industry comes every four to five to seven years?

- Amanpreet Chopra:** It's a cyclic thing. See, some of the projects are already feasibility being done and it's going to be on execution phase. For some of the projects, the feasibility is under process. So it's a -- every project life cycle is at a different stage of project life cycle.
- Sanjay Jindal:** So it depends on company-to-company and their investments. Like many of the projects which are under execution, their capex cycle started earlier because they must have started two years, three years ago. So now they are in the process of execution. So this is a cycle because initial study would be prepared, they will go for their board approval and they will take the investment decision and then they go for execution. Any execution will take 40 months to 45 months, 46 months depending on the size of the project. So it takes around four years to five years. That's what we are talking about.
- Hiten Boricha:** Understood. Yeah. Thank you.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.
- Pritesh Chheda:** Sir, I have one more question. From the free cash flow that you generate, would you continue to do these equity investments in these projects just like you did in Numaligarh or one of the fertilizer projects?
- Sanjay Jindal:** As of date, we do not have any such proposal for further investment. Right now, we have received a right issue from the NRL, except that we do not have any such proposal for the investment.
- Pritesh Chheda:** But if you get a proposal, what is usually the benchmark for investment or would you continue to divert this capital, the cash flow that you get in all these equities?
- Sanjay Jindal:** As on date, no such capital is under consideration by management.
- Pritesh Chheda:** So it's as on date, right? It is not a stated process, stated procedure that you will not invest, right? If it comes on your table, you will invest.
- Amanpreet Chopra:** See, that statement we cannot make, it depends on the opportunity, in case the opportunity is very good, definitely will be going for that. But we have not -- as of date, we don't have any an upfront plan. So going forward, in case opportunity comes, we'll review that -- management will review that and accordingly, decision will be taken.
- Pritesh Chheda:** But any earmarks like, whatever PAT you generate x-percent, you will pay out to minority y-percent, you will use for such projects, z-percent, you will keep it in cash any such process you have put in place or it's arbitrary?
- Management:** No, no, we don't have any policy like that basically, it depends on the...
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.



Sanjay Jindal:

Yeah. First, we would like to thank you everyone for participating in this. And we see that you must have seen the performance has improved. And we are working towards it and it will definitely improve further. In the next calls, you will see that what all we are doing and the future results will show our efforts which we are doing. So we really thank everyone for this. Thank you very much.

Moderator:

Thank you. On behalf of DAM Capital Advisors, we conclude today's conference. Thank you for joining. You may now disconnect your lines.