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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 22nd November, 2021 intimating the Exchanges regarding Schedule of Earning Call Post declaration of second quarter and half year Financial Results for the Financial Year 2021-22 held on 23rd November 2021, in terms of Regulation 30 of SEBI Listing Regulations, 2015.

In this regard, please find enclosed herewith the transcript of Earning Conference Call held on 23rd November, 2021 with several funds/individual investors.

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/ Narender Kumar
अनुपालन अधिकारी/Compliance Officer

Encl: As above /संलग्नक: यथोक्त



A Navratna Company

“Engineers India Limited Q2 FY-22 Earnings
Conference Call”

November 23, 2021



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MANAGEMENT: **MS. VARTIKA SHUKLA – CMD AND ADDITIONAL
CHARGE, DIRECTOR (FINANCE)
MR. SUVENDU PADHI – COMPANY SECRETARY
MR. R P BATRA – GROUP GENERAL MANAGER (F&A)
& IR
MR. VINAY KALIA – CHIEF GENERAL MANAGER –
M&BD AND IR**

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



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Moderator: Ladies and gentlemen, good day and welcome to the Engineers India Limited Q2 Fy22 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited. Thank you and over to you, Madam.

Bhoomika Nair: A warm good evening to everyone. Welcome to the Q2 FY22 Earnings Call of Engineers India. The management today is being represented by Ms. Vartika Shukla – CMD and Additional Charge, Director (Finance), Mr. Suvendu Padhi – Company Secretary, Mr. R P Batra – Group General Manager (F&A) and IR, Mr. Vinay Kalia – Chief General Manager – M&BD and IR.

Over to you, Madam for your initial remarks post which we will open up the floor for Q&A.

Vartika Shukla: Thank you so much and good evening to all who have joined us in the Q2 Earnings Call. The Company in the interim of the last board meeting which was held on 12th August till this what we think 360th board meeting held on 11th November has been active and has secured some major orders for the PMC and EPPM jobs for the CPCL's 9 million ton Kaveri Basin Refinery and there has been activity on the LNG front as well for our businesses wherein we have expansion plant for the Petronet LNG for which we would be working as well as we will be engaged with them in terms of other business prospects for the Company.

The Company also in the project that are being executed has progressed very well in the HMEL polymer addition project which is one of the world's largest which is 1.2-million-ton cracker which is going in very good stead in terms of both the physical progress and the time we will take for commissioning that. There were some of our own technologies which also underwent performance test front in engine oil and also some excellent site activities with minimal loss time accident for some of our sites. Of course, there were many other activities in terms of the compliance with respect to the quality management systems, and also entered into a collaboration agreement with Evergreen Technologies Private Limited for the marketing supply development of propriety items and some innovative products.

We also conducted as our association with the manufacturing industry from several decades and very robust. We also have several vendor meetings and also conducted focused E vendor meet for MSME suppliers for SC/ST suppliers as well as women entrepreneurs. These is the brief of our major activities and I will leave it now to our CGM and GGM who will take this forward who represent the cell, Mr. Vinay Kalia and Mr. Batra.



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Vinay Kalia:

Good evening to all of you. Just to be brief again, the results of Q2. As on Q2, our consultancy turnover was 351 crores and turnkey turnover was 296 crores, totaling to 647 crores with other income of around 28 crores. As of H1, if you add Q1 and Q2 numbers, consultancy turnover was 717 crores with turnkey of 665 crores totaling to 1382 crores with other income of 50 crores and total income was 1433 crores. Consultancy segment profit as of H1 was 199, and turnkey was 19 crores totaling to 218 crores. As CMD Madam has already clarified, we have secured a major order from Kaveri Basin Refinery and we have secured some design and licensing orders from NRA. We have secured a pipeline order from BPCL and going forward we are looking forward to major expansions in Indian Oil PSU projects which we will be targeting in 21-22 and 22-23.

As far as the total business secured is concerned, we have secured a business of 1415 crores as of 30th September and we wish to improve upon these numbers by the end of this year to meet our MOU targets. We would now like to invite your Q&A so that we can take it up.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma:

My first question is you know we have announced a revenue target of 5000 crores by 2025. Can you just broadly help us understand what are the broad opportunities and which segments you know we are targeting to achieve this kind of turnover?

Vartika Shuka:

What we are looking for growing our year-on-year turnover this is we target at the, it is done at roughly something like 10%, more than 10% about 15% per annum year on year growth. The sectors that we are targeting are definitely the industrial opportunities in the oil and gas sector which is our core strength and therein we are looking at the expansion of refinery capacity to 440 million tons in the future as well as looking at the expansion of the gas grid and the penetration of gas in the energy mix from 6% to 6.5% today to about 15%. The challenges today in the country are that we need a lot of petrochemicals and that is something which we are focusing in a variety of projects, variety of clients, not just in the commodity polymers but also in the niche petrochemicals, one of which we have already completed which is BPCL's Kochi Refinery Propylene Derivative Project. So that has given us an edge and given EIL the experience and a strong base to go into these areas. So, these are the projects that we are taking. It would be probably a little premature to share exactly which are the ones and how we are strategizing to target these projects. That is one. The second part which we are looking is into the stronger presence in the sector of infrastructure where there is a lot of investment. The more important thing today is the transformation of the Company to looking into greener technology, looking into green hydrogen, looking into being there when the energy transition is happening, so we have already some clients who we are working for in terms of the biofuel who are aware that we are working for the Bamboo Refinery in Assam for Numaligarh Refinery. We have also secured DFR feasibility which is a step towards the project from NTPC again looking at the biomass. This is again a diversification in the area as well as



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client base. We are also looking into other sectors which are you know neighboring sectors complimentary sectors and as and when they mature, I think we would share with you as to how these business opportunities you know mature. Our focus in terms of internationalization is still strong and we have reasonably sized setup at Abu Dhabi and the focus is to kind of strengthen it and try to expand our own business base there which helps us in getting more international business. That is the main thing in broad detail, one is the expanding our horizon, looking at more diversified areas expanding geographies and there are some projects which we have detailed out and I think we will be able to share once they mature and look at that target of...

Anuj Sharma:

Just one quantitative number. Of these 5000 crores, how much would be coming from oil and gas segments and how much we think could come from non-oil and gas? Just a broad number based on whatever we see visibility in the next two to three years?

Vartika Shukla:

As you are quite aware, it is like a very difficult answer to give you value for it. We will be doing our best in endeavoring to expand the non-oil and gas but considering the fact that India is dependent on a significant amount of imports of oil and the import is almost 85% for crude oil, it is very difficult, I mean you need to, you probably will end up in the Caribbeans if we are able to predict. So, I do not think that is the possibility for us but the point is that we as a Company want to be in the newer areas so that we continue to be relevant in the emerging sector, continue to have the competency and capability and the experience to be there when the industry needs it. Needless to say, some of these sunshine sectors may not stand alone on their own in terms of their returns when you compare them to the conventional sector or oil and gas. So only time will tell how the policies emerge, how the market you know dynamics prevail, how the technology component in terms of all this, how the cost curve moves for them, how it is adopted and you know integrated in the oil and gas sector as well beyond the diversified sectors it is like that but we want to be there when the transition is happening so far so we are enabling ourselves to be there in the diversified sectors and our teams are doing fairly good job in term of both scouting projects as well as implementing them.

Moderator:

Thank you. The next question is a follow up question from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma:

In the AGM, we have said that we are introducing a number of changes in the bidding document to improve our win ratio, right to become more competitive. So can you just enumerate on some of them and could you also highlight how we expect the win ratio or the bid win ratio to evolve in the next three to five years?

Vartika Shukla:

If I understand correctly, you mentioned that in the AGM I have communicated this, right?

Anuj Sharma:

That is right.



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Vartika Shukla: Let me get the transcript and look at the context.

Anuj Sharma: Alright, till then, you know maybe I could ask another one. You know we have set up a portal call Lakshya Bharat for information definition. Does this portal have a revenue model?

Vartika Shukla: See, the roles of EIL are twofold, one is of course to deliver sustainable permissible growth. This is one objective as a corporate but we are under the aegis of the ministry and hence also the pillars of building the manufacturing base of the nation. In that context, as you may be aware, one of our vendor enlistment cells which is there has created a base of vendors in the oil and gas industry for all type of equipments, any and every type whether they are fabricated or their supplied, so it is but natural that we extend this to a broader platform which is nationwide which is the Lakshya Bharat. Now when you are talking of business, how does it come back to us? We look at it in two ways. One is we get much more indigenized nation and if I recollect the numbers correctly there are not less than 15 Indian vendors that we have added in various categories in wherever they were components which were imported by international players within a span of one and a half years. So that is the kind of value addition which has been done by the Lakshya Bharat or our vendor cell which is now transforming to Lakshya Bharat. Now Lakshya Bharat has what does that do? That brings in competitiveness into the industry. So, the business or the efficiency which we execute our jobs, if there is a lot of competition then it is an ease for us to get competitive bid, so it is easy for us to execute jobs. If we are more Indian suppliers, we are better compliant to the guidelines of public procurement and the GFR guidelines. So, it indirectly assists us to make our execution of projects simpler with more competition. So, if you say it is a direct benefit probably the answer is a little indirect or would I say it is a consequential benefit to EIL.

Anuj Sharma: Alright, alright. And Mam, on the bidding strategy evolution....

Vartika Shukla: So, again there are two parts to this. One is the strategy for bidding and second part is the operations and execution of that successfully won bid. The strategy which we are following in bidding is as I shared with you earlier, we are not restricting our focus to just the oil and gas and that is the one most important thing so we are reaching out to every other sector in a very focused manner to see where all our core competencies and our related competencies can add value and garner business for EIL. So that is one very focused attention or kind of widening our strategies to those areas as well. That is one part. The second part in terms of the management of projects we are in terms of execution that is it is again a process which involves a lot of stakeholders. And it is a very difficult one you know one site at all because every location is different, the complexity of projects is different, the contractors who work in one site do not perform in another site, so there are a lot of issues in the execution. Nevertheless, there has been already dialogue with a lot of clients, how to ease out the terms particularly for the contractors in terms of enhancing cashflow you would be aware that the PDC has been reduced significantly to enhance cashflows because that becomes a major issue in execution in cash in hand. So, we are always whenever we do review meetings, whenever



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we discuss with clients, we try to ease out these **(Inaudible)** 20.54 these issues so that the execution part becomes a little easy and that is again being done in a more focused and a more you know consolidated manner.

Anuj Sharma: Alright, and one last quick question Numaligarh Refinery extension which is from 3 to 9 MNTPA would entail a CAPEX of around 28000 crores. Now we been equity shareholders with 4.37% stake, would we be also, how will the capital allocation work in the incremental CapEx, that would be helpful? Thanks.

Vartika Shukla: Okay. It will be in the same proportion for our stake will continue to be retained. It will not be diluted in anyway. It will be retained because number one we are guided by the you know, it has to essentially, I will just put it short, it will not, it will remain the same even when we go to expansion.

Moderator: Thank you. The next question is from the line of Bhoomika Nair from DAM Capital Advisors Limited. Please go ahead.

Bhoomika Nair: Yes, good evening Madam. Just wanted to understand our order intake pipeline. We have had a fairly healthy order intake in the first half of about close to 1500 crores. What are we looking at in the second half and you know in the next two to three years if you can talk about the pipeline both from hydrocarbon also in terms of you know the non hydrocarbon space that you spoke about?

Vartika Shukla: So, what we there is target that we have to meet at the you know the MOU that we signed with the ministry and as per that we have, so we are looking at you know something close to 1800 is our target and let us hope we do better than that. We are trying our best.

Bhoomika Nair: Right and is it possible to get some more you know color in terms of what are the likely orders which would come through in the next 12 to 18 to 24 months? Which areas you know?

Management: Bhoomika, you know we are into competitive bidding on a number of projects. You know the visibility of projects which are coming up in the industry. Since we are on competitive basis, we would not be able to declare immediately. No matter whenever we get those projects, we will definitely share the data as we have been doing through press and media and through stock exchange but definitively, we have kept these targets considering the projects that are going on and we are bidding and hopefully becomes better.

Bhoomika Nair: Right. The second aspect of the question is related to you know you spoke about the fact that you know you will try and look at some non-hydrocarbon space as well whether be it try in etc. now as we diversify into these segments, how will the margin profile you know move, because typically these hydrocarbons in our consultancy segment we have anywhere margins between



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25% to 30% but would it be possible to continue getting these kinds of margins in the non-hydrocarbon space say infra etc.? How will we balance that out.?

Vartika Shukla: The decision making for entering the sector is not subject to the confirmation of a margin of 20%. So let me put it this way. The essence of entering a new sector is that is we do not as a Company we remain without the experience of new sector. So, it is a strategic decision many times and it is again case to case basis one has to look, there is no one rule for how we bid, it depends. If we are having core expertise there then you are entitled to the margin. But if it is a strategic entry, then the entry is more important. So, it is on a case-to-case basis which these calls have to be made and however to dent the bottom line is not the intent. So, the intent is to maintain a robust bottom line. I think that is the way we will look at all the newer areas and the newer projects that we will try to enter.

Management: Bhoomika to take the point forward, even if the current mix orders we have a number of projects of different sizes and capacities. The margin profile of each of these jobs would be different. So, we have been trying to optimize both the topline and the bottom line for sustainable growth. So the idea is to enter into new sectors. Strategic decisions also while entering but in the long run for sustainable growth these new sectors will also give us reasonable topline and bottom line. So that is why we are trying to enter.

Bhoomika Nair: Okay, okay. Sir basically what you are saying is even though the margins may be not comparable to the current level but incremental business will basically add to the incremental bottom line in that sense and that is how we are trying to look at it?

Management: Not just in percentage terms, we have to see in the volume terms also. The EBITDA volume has to be improved upon.

Bhoomika Nair: And lastly just on the international side you know the crude price is moving up. Are we seeing you know ordering activity or you know CAPEX cycle improving and them trying to look at players like ours especially, you know if you can just comment on how the international landscape is? Any potential orders out there over the medium term?

Management: We are seeing a mix and match of both. You would have seen the impact of low crude oil prices and the impact of pandemic and also the new energy mix, which is coming up, the concern for the environment and the new green technology which has been taken up. EV being introduced in most of the countries, so even middle east countries have become more conscious. So, they are also very selective in their expansion projects. But yes, with improvement in prices they are going ahead with some of their projects, but they are also rationalizing their CAPEX and costs. So we are seeing a mix and match of both. On the Indian context, yes, we have from our honorable ministry and the government an initiative and focus to expand overseas also, not just EIL or vendors and contractors as well to bring in more forex



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so we are also trying to do that. We will try to expand our international operations. Currently also you are seeing that we have a good mix in international consultants.

Moderator: Thank you. The next question is from the line of Samarth Singh from TPF Capital. Please go ahead.

Samarth Singh: Could you please give us an update on RSPL and what capacity we are running at today? Thank you.

Vartika Shukla: So the RSPL unit is since it is got lively unit handling a lot of solids it terms of bagging and dispatch it has now stabilized and it is currently operating at around 70% of its capacity.

Samarth Singh: Thanks, and is there any plans of spinning of business or sort of monetizing part of our investments?

Vartika Shukla: See, you are aware that it is governed by the urea policy and so our investment there is close to 491 crores. It is already touching post tax return of So, we are already having an assured return in terms of the investments we have made. Since it is one of the projects which are under the Prime Minister's fertilizer revival, it is very crucial to the country in terms of minimizing urea imports and having both self-reliant as well as sustainable supply. So since in pure financial terms since it is going to get us a good return which is again policy driven since it has extended to our unit also, we do not see any reason why we would need to sell or hive off our investment to any other party.

Samarth Singh: Okay, thank you very much.

Moderator: Thank you. As there are no further questions from the participants, I will now like to hand the conference over to Ms. Bhoomika Nair for closing comments.

Bhoomika Nair: Yes, Madam. Just one thing before we end the call, just one question from my side. We have obviously fairly despite the investments in NRL and Ramagundam Subsidiaries, is there any plan to invest further any of this cash or any thoughts behind this strong cashbook, the cash balance that we have?

Vartika Shukla: See as a Company we are open to good projects with assured returns in sectors which are related to us over something very significant which we would value in the future. So, we are open to continue this you know continue to invest in promising projects.

Bhoomika Nair: Sure. Thank you everyone. I mean thank you for the entire management team and Madam for you know your time and for the call. I really appreciate giving us an opportunity to host you and wishing the entire team all the very best.



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Vartika Shukla:

Thank you so much.

Moderator:

Thank you. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.