

### Q3FY16 Post Result Conference Call Transcript

#### Representatives:

**Mr. Ram Singh – Director (Finance)**

**Mr. R P Batra – DGM (F & A)**

**Mr. Vinay Kalia – DGM (Marketing)**

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#### Moderator

Ladies and gentlemen, good day and welcome to the Engineers India Limited Q3 FY `16 Earnings Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder all participants' 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. Now I hand the conference over to Mr. Kunal from Prabhudas Lilladher. Thank you and over to you sir.

#### Mr. Kunal Sheth – Prabhudas Lilladher.

Hi. Thank you. And I would like to welcome the management of Engineers India on the call and would like to thank them for giving us this opportunity. From the management we have Mr. Ram Singh – Director (Finance), Mr. R. P. Batra – DGM (F&A), Mr. Vinay Kalia – DGM (Marketing) and Mr. Rajneesh Malik – DGM (Marketing). So I would hand over the floor to the management and request them to give us opening remarks after which we will open the floor for a Q&A. Over to you sir.

#### Mr. Ram Singh – Director (Finance)

Thank you Kunal and good afternoon to everybody. We will start, the order inflows during the current fiscal year has been Rs. 910 crores. These are all consultancy orders and the major orders which we have secured during this financial year is Diesel Hydrotreater for Bombay refinery of BPCL, Diesel Hydrotreater for Numaligarh Refinery and for Propylene Derivative Petrochemical Project for BPCL. Then we have also got some jobs in the infrastructure sector, one is for Delhi Jal Board and the second one we have got for Orissa Government under the project called AMRUT. So the total order inflows so far is Rs. 910 crores and the order book as on 31st December stands at Rs. 3,371 crores out of which consultancy is Rs. 2,715 crores. The breakup of this Rs. 2,715 crores is domestic consultancy is Rs. 1,358 crores and the overseas is also a similar amount. The turnkey order book stands at Rs. 656 crores. , 80% of the composition of the order book is consultancy. So going forward you will see a change in our consultancy mix in our revenues currently from 59% it will go upto progressively to a high of 80%.

As far as the opportunities which are there in this current fiscal year, the Supreme Court has given us a mandate for conversion to BS-VI. And all these Euro-VI projects have to be completed by September 2019 so that the deadline of introduction of these fuels is April 2020 is met. So the CAPEX for these Euro-VI projects are roughly in the range of around Rs. 25000 to 30000 crores. We have given the proposal to the various oil companies for a fast track implementation of these projects. So I think the approval from the various oil companies should be coming within the next 3 months from now. So once we get a decision on these contracts the same will be communicated to you.

The second opportunity is the Vizag expansion by 9 million tonnes, we are already doing the pre project activities and the licensor selection. So this hopefully should be starting in another 3 to 6 months time from now. The total CAPEX of this project is Rs. 16,000 crores so this is a good opportunity which is there in the near horizon. The next opportunity is the expansion of Bina refinery from 6 to 7.8 million metric tonnes. The CAPEX in this project is Rs. 3,000 crores. we hope to get a decision from the client in the near future. Then in IOC there are couple of opportunities for the expansion of Panipat refinery from 15 to 20 million tonnes, Mathura from 8 to 11 and Gujarat from 13.7 to 18.5 million tonnes. We have done the DFR for all these projects and the estimated CAPEX should be in the range of around Rs. 20,000 crores government has already announced about the Maharashtra refinery 40 million tonnes in the first phase with a CAPEX of Rs. 1 lac crores. So this is in the initial stages and we are also involved in this project . With this I think we open the floor for question and answers now.

#### **Moderator**

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may press “\*” and “1” on their touchtone phone. If you wish to remove yourself from the question queue you may press “\*” and “2”. Participants are requested to only use handsets while asking a question.

Ladies and gentlemen we will wait for a moment while the question queue assembles.

We will take the first question from the line of Mr. Ruchir Khare from Kotak Securities.

#### **Mr. Ruchir Khare - Kotak Securities**

Yeah, hi, good afternoon sir, thanks for taking my question. Sir, my question pertains to consultancy division in which we have reported EBITDA margin of close to 17%. And last year this was close to 26% and currently reported margins are one of the lowest in past several quarters. So is there any particular reason for this?

#### **Mr. Ram Singh – Director (Finance)**

There are basically two factors which have impacted the consultancy margins, the first one is we for one of our clients had booked certain escalations based on the minutes of the meeting with the client. But somehow we have not got the formal approval from the client so far so that impact of a negative change order is Rs. 17 crores. And the second one is most of our projects they are in the final stages so because of the settlement of the final claims the outstanding have gone up. So as per our accounting policy if outstanding is more than a certain period that is 2 years then we make a provision for doubtful debts. But historically the bad and doubtful debts are very low but we have to create a provision. So that provision for doubtful debts has gone up during this quarter...

#### **Mr. Ruchir Khare - Kotak Securities**

So how much that would be doubtful debts?

#### **Mr. Ram Singh – Director (Finance)**

The doubtful debts during this quarter is Rs. 8 crores so the incremental over the previous period is of around Rs. 3 crores. So you take these two factors, these two factors constitute almost Rs. 20 crores now. So these are one off factors so if you take this into consideration the margins will be broadly in line with the previous reported numbers.

**Mr. Ruchir Khare - Kotak Securities**

And sir this escalation of this Rs. 17 crores, can you throw a bit more light on this? I mean if it is expected to reverse in future because here also we have booked escalation for the Coker project.

**Mr. Ram Singh – Director (Finance)**

No, no, see there are number of change orders which we have not booked in our book so far which could be quite substantial in number. For one of our projects in BCPL we expect to get a very large change order but we have not booked in our book so far.. So it's a continuous process, the timing could be an issue but over a period of time we hope to get these numbers.

**Mr. Ruchir Khare - Kotak Securities**

Okay. And sir can you reveal like what particular, which project is this that you are referring to like Rs. 17 crores escalation?

**Mr. Ram Singh – Director (Finance)**

This is one of our clients, I think for confidentiality. Reason name cannot be disclosed.

**Mr. Ruchir Khare - Kotak Securities**

I understand. Sir, second thing is like regarding the macro environment now we understand that would be a huge opportunity and typical on backdrop that drops of the fact that crude prices have also corrected substantially. And clients like HPCL should be doing CAPEX but in near term are you seeing any changes or some kind of comfort if you could provide that thing going to the, I mean different from what they were in the recent past?

**Mr. Ram Singh – Director (Finance)**

I think your judgment is absolutely right , earlier the oil companies were heavily constrained because of their liquidity position. So the liquidity position and the subsidy issues are greatly resolved. So with that the CAPEX of the oil companies should dramatically go up so I think you are right as far as HPCL is concerned they were earlier planning Ratnagiri refinery which got shifted to Barmer and then now nothing on the ground so far, to start so far. So we are eagerly awaiting the Vizag refinery expansion, I think that's a big project, it will add to the company's refining capacity now, it is a 9 million ton expansion. So you are absolutely right HPCL should be a big CAPEX opportunity.

**Mr. Ruchir Khare - Kotak Securities**

And sir lastly just one more question. Regarding the Euro-VI, sorry BS-VI implementation, now we have been interacting with few players in automobile sector. And their view is that it would be very premature or infact difficult to say that this could be done by 2020 or 2022 because technologwise they are not equipped in the sense that infrastructure which is there, present in the countries are not compliant to BS-VI. So, do you have any thoughts on this or like typically like supposedly if this does not take off successfully then can we sell the same products to Euro-VI, I mean currently following Euro-VI?

**Mr. Ram Singh – Director (Finance)**

As far as the current government decision is concerned, as far as the oil and gas sector is concerned because our refinery, the project cycle is roughly somewhere around 3.5-4 years. So if the government has taken a decision that April 2020 these fuels have to be in place, obviously they have to take the project decisions sometime in the next 3 months time. Because if they take a decision, say today we are in February so maybe by June if they take a decision then only they will be able to meet the deadline of September 2019 otherwise, there could be delays. Our oil and gas companies are going to take a decision on starting these projects otherwise it will be very difficult to complete the projects on time. So as far as oil and gas sector industry is concerned we are going ahead with these projects.

**Mr. Ruchir Khare - Kotak Securities**

Got you sir. Thank you sir and all the best.

**Mr. Ram Singh – Director (Finance)**

Okay. Thank you.

**Moderator**

Thank you. We will take the next question from the line of Mr. Viraj Kacharia from Securities Investments.

**Mr. Viraj Kacharia - Securities Investments**

Sir, thank you for the opportunity. Just one clarification, the projects which we mentioned, you know the mandate for Euro-VI and Vizag. These are exclusive to EIL or we will have to also participate in tender process...?

**Mr. Ram Singh – Director (Finance)**

I told you very clearly these are the opportunities which are available so opportunities means that these are the projects which are likely to materialise which has a high level of probability. And because of our strong past track record we are very confident.

**Mr. Viraj Kacharia - Securities Investments**

Okay. And second question was if we see our consulting margins bulk of our consulting order book comprises of small and mid size orders. Historically, we used to earn, if you look at last 13-14 years the average margin we earned in consulting is something around 34-35%. And the lowest has been gone to 24% and in last 9 months it has gone to around 20%. Now since you know you also highlighted that we had faced increased competition in last 2-3 years for the sectors all players were bidding below cost or very aggressively even in small and midsize projects. So even if we just implement our current consulting order book which is primarily small and midsize would it be right to think that our margins in consulting would be sub 20%?

**Mr. Ram Singh – Director (Finance)**

Let me just give you a little bit background about the margins are coming around. Margin is a function of number 1, , the size of the projects, if it is a Greenfield project or it is an expansion of a refinery. So there typically the complexity is much larger and the margins are very robust in a Greenfield project or in an expansion. Unfortunately, since the period you were mentioning, the last 3-4

years there has been no domestic Greenfield refinery, neither there has been any expansion of the refineries. So if we don't get a very large project obviously the margins profile will be lower. Second is the utilisation of manpower resource so if the utilisation levels come down obviously the margins will be under stress. Third is the competition, if the value of the projects are small there will be number of players in the market who will be competing for these projects. We have to match the market the way the competition is there we also try to match the competition. So it's a combination of all these factors, the projects, big projects starts coming our margins will show an improvement. But unless that thing happens you will see weak margins going ahead.

**Mr. Viraj Kacharia - Securities Investments**

Even in consulting you mean, right?

**Mr. Ram Singh – Director (Finance)**

Obviously, if the utilisation levels don't improve, the projects are small in size so margins is a function of revenues and, 95% the cost are fix. So obviously any decline in the topline will have a negative impact on the bottomline. So this is the direct explanation of the lower margins.

**Mr. Viraj Kacharia - Securities Investments**

So even in consulting if you just exclude the new order flow, for a second if you just focus on execution of current order book on consulting especially on the domestic side, the margins in consulting on the domestic side would be like sub 20%...?

**Mr. Ram Singh – Director (Finance)**

If we get the big projects which I have been mentioning then obviously the margins should be much better. But till the time these things happen the margins will continue to be weak.

**Mr. Viraj Kacharia - Securities Investments**

Right. And on the domestic side again, the kind of major mega projects which you mentioned how many of those projects are at a stage where we are just waiting for the tender results rather than then going into tender or you know...?

**Mr. Ram Singh – Director (Finance)**

We have a very strong relationship with our clients. So with that strong relationship and we have done the design engineering in the past for them. And we have also done a number of efficiency improvement studies for these refineries. So we stand a very good chance as far as these projects are concerned.

**Mr. Viraj Kacharia - Securities Investments**

But roughly what is the sense like how many tenders are just waiting for the results of these projects? If you can just quantify which are the major projects which are just waiting for the results?

**Mr. Ram Singh – Director (Finance)**

I will give it to Vinay, he will just give you a sense of this issue.

**Mr. Vinay Kalia – DGM (Marketing)**

Yeah, good evening. As far as many of these Greenfield projects are concerned, they may not be tendered out. So the moment the client have gone through a stage of approval they would go for an investment approval with the board after the due diligence is over and licensors have tied up. And then they can go for a negotiated settlement with EIL, the advantage is EIL is a public sector so they can go for a negotiated settlement also.

**Mr. Viraj Kacharia - Securities Investments**

And historically that has been the case for these projects?

**Mr. Vinay Kalia – DGM (Marketing)**

Historically, it has been the case in many or most of these Greenfield projects except for these larger Greenfield there is a limited level of competition with foreign multinational holdings. So they feel comfort and preference for EIL....

**Mr. Viraj Kacharia - Securities Investments**

One clarification, we would be participating on the consulting side not on the LSTK side for these projects, right?

**Mr. Vinay Kalia – DGM (Marketing)**

Wherever we are participating on LSTK we have an opportunity there also but we cannot in a single project participate in both.

**Mr. Viraj Kacharia - Securities Investments**

Right. Of course what all we have participated so far in terms of bids and other things, it's primarily on consulting?

**Mr. Vinay Kalia – DGM (Marketing)**

Yeah. If you see the order book also 80% of the order book is towards consulting and in future also we are seeing that more of the consulting assignments will be there.

**Mr. Viraj Kacharia - Securities Investments**

Just two more questions, one is on the working capital. Historically, if you look at last 10-15 years specially for us, since we are now looking at much more higher share of consulting for next 2-3 years. How is the performance been for us on the working capital front?

**Mr. Ram Singh – Director (Finance)**

Traditionally if you see our numbers, working capital has been, it's a very favourable factor as far as Engineers India is concerned. So going forward we don't see any issues on that part now.

**Mr. Viraj Kacharia - Securities Investments**

But sir, as consulting share increases what is your working capital...?

**Mr. Ram Singh – Director (Finance)**

Since our cost are fixed so if big order comes obviously the revenues will pick up and liquidity will be much better now. So working capital will be much better if we get the big orders.

**Mr. Viraj Kacharia - Securities Investments**

Okay. And on the export side how is the current order book? I mean is there any signs of deferment and how much we have already executed in Nigeria and Oman, the consulting orders which we talked about earlier?

**Mr. Ram Singh – Director (Finance)**

The overseas consultancy is Rs. 1,357 crores and this is the unexecuted portion of the overseas orders.

**Mr. Viraj Kacharia - Securities Investments**

Of the Nigeria and Oman how much is already been executed in terms of percentage roughly?

**Mr. Ram Singh – Director (Finance)**

In terms of, I will give you for the current 9 months, Nigeria we have done roughly around Rs. 110 crores so this fiscal year. And the other country which you were asking was Oman, Oman we have so far during the current fiscal year we have executed Rs. 26 crores.

**Mr. Viraj Kacharia - Securities Investments**

And the payment here was by and large on work completed, right?

**Mr. Ram Singh – Director (Finance)**

Yeah.

**Mr. Viraj Kacharia - Securities Investments**

So we usually hedge...

**Mr. Ram Singh – Director (Finance)**

No, we are doing any hedging, no. Earlier we were doing a little bit hedging but we find hedging is not helping us. There is a hedging cost and the way dollar has been appreciating, I think it makes more sense for us to not do hedging.

**Mr. Viraj Kacharia - Securities Investments**

But it's on percentage work completed....

**Mr. Ram Singh – Director (Finance)**

That's right.

**Mr. Viraj Kacharia - Securities Investments**

Okay. And on PDIL you know where this Project Development India Limited what is the arrangement, do you have any arrangement with them because in last 1-2 years they have seen to have got quite a good amount of project awards on PMC, PCM in fertilizer and oil and gas space. So any arrangement at all because winds for them has been quite significant in last two years?

**Mr. Ram Singh – Director (Finance)**

Performance of our company has also been very good in the fertilizer sector. We got something like 3-4 fertilizer assignments overseas, one was in Bangladesh other was in Indonesia. Then in Nigeria we had two assignments so we are doing four overseas assignments in the fertilizer sector. In the domestic we are doing Ramagundam fertiliser project. So fertiliser is a good thing but we don't have a f arrangement with the PDIL, we are doing all the work ourselves.

**Mr. Viraj Kacharia - Securities Investments**

Okay. And any write back of provisions on LSTK and consulting, the previous ones, has there been taken during the current quarter?

**Mr. Ram Singh – Director (Finance)**

There has been no material write back during this quarter.

**Mr. Viraj Kacharia - Securities Investments**

Because it is something like Rs. 70-80 crores...

**Mr. Ram Singh – Director (Finance)**

Yes, you are right this quarter it is only Rs. 8 crores.

**Mr. Viraj Kacharia - Securities Investments**

Yeah, but incrementally from FY `15 how we were expecting....

**Mr. Ram Singh – Director (Finance)**

No, there is no incremental write backs, no. So that is one factor....

**Mr. Viraj Kacharia - Securities Investments**

That is still due basically.

**Mr. Ram Singh – Director (Finance)**

Yes.

**Mr. Viraj Kacharia - Securities Investments**

Okay. That's all from my side thank you.

**Mr. Ram Singh – Director (Finance)**

Thank you.

**Moderator**

Thank you. We will take the next question from the line of Mr. Anil Kini from Envision Capital.

**Mr. Anil Kini - Envision Capital.**

Hi sir.

**Mr. Ram Singh – Director (Finance)**

Hello.

**Mr. Anil Kini - Envision Capital.**

Talking about refineries again, you have been mentioning these names of the refineries for some time now. So in this quarter are you seeing any developments with these refineries, Vizag which has received environmental clearance, IOC the Paradip refinery has been commissioned. So any further developments on that in this quarter specifically?

**Mr. Ram Singh – Director (Finance)**

Vizag we are already doing the licensor selection and the pre project activities so these are in the final stages. And then owner will take process of approval from their respective board and the government. So once those approvals are there then the work can start.

**Mr. Anil Kini - Envision Capital.**

And how much timeline will that take?

**Mr. Ram Singh – Director (Finance)**

I have told you in next 6 months it should be done, before 6 months.

**Mr. Anil Kini - Envision Capital.**

Okay. Anything you are hearing from IOC after Paradip has been commissioned?

**Mr. Ram Singh – Director (Finance)**

Yeah, you are right since IOC is through with the Paradip refinery then they will then concentrate on the three expansions which I have shared with you, that was you know Panipat, Mathura and Gujarat. The total CAPEX of Rs. 20,000 crores, we have already done the DFR for them. This is a good opportunity, these have got very strong IRR so hopefully they should also start now.

**Mr. Anil Kini - Envision Capital.**

Sir, in fertiliser space Ramagundam is at what stage right now?

**Mr. Ram Singh – Director (Finance)**

Ramagundam, we are targeting mechanical commissioning somewhere in the second or third quarter of 2018-19. So maybe by September 18 it should get mechanically commissioned.

**Mr. Anil Kini - Envision Capital.**

And till that you think you will not be eligible for any domestic fertiliser complexes?

**Mr. Ram Singh – Director (Finance)**

No, I think government has started the process of auctioning the three plants. Once these are approved by the government then we will also pitch in for the services for these plants ..

**Mr. Anil Kini - Envision Capital.**

Apart from that the private consultancies they are not eligible for that?

**Mr. Ram Singh – Director (Finance)**

No, we are eligible. If you are doing four fertiliser plants overseas obviously there are no issues as far as our capability is concerned.

**Mr. Anil Kini - Envision Capital.**

And there was one expansion plan by Chambal Fertilisers that had come up. Were you also part of that bidding?

**Mr. Ram Singh – Director (Finance)**

I think I will have to check up on that part but I think we were not involved.

**Mr. Anil Kini - Envision Capital.**

Okay. And sir in terms of building new capabilities for the organisation in the areas of solar etc. Apart from doing Reliance solar in Rajasthan what else are you doing in solar space sir?

**Mr. Ram Singh – Director (Finance)**

Solar, we are not doing much at present. What we did for Reliance was a big activity but that project has already commissioned. So subsequent to that there has been no significant project in this segment.

**Mr. Anil Kini - Envision Capital.**

So why is that when the government itself is talking so highly about...?

**Mr. Ram Singh – Director (Finance)**

Once the activity, I will give it to Vinay, he will just give you this thing.

**Mr. Vinay Kalia – DGM (Marketing)**

Yeah, as far as solar is concerned our focus was limited to solar thermal power projects so we were not into photo voltaic types. Actually in photo voltaic types it is more driven by the manufacturing industry so its supply assembly only. In thermal as solar thermal power projects there is some thermal engineering where we were getting involved. If you see the number of projects are very few and limited in this area. So although we have a small group but I don't think there will be contributions from that group in future.

**Mr. Anil Kini - Envision Capital.**

Right. And in terms of building newer capabilities...

**Moderator**

I am sorry to interrupt but I would request you to come in queue as we have a long.....

**Mr. Anil Kini - Envision Capital.**

Sure.

**Moderator**

We will take the next question from the line of Mr. Madan Gopal from Sundaram Mutual Fund.

**Mr. Madan Gopal - Sundaram Mutual Fund.**

Good evening sir. Sir, I joined little later, just wanted to get an update on Bina Refinery expansion what is the status of that order as well as the Kochi Refinery petchem?

**Mr. Vinay Kalia – DGM (Marketing)**

As far as Kochi Refinery is there, petchem expansion is already approved and we are already executing that assignment in our current order book that's a PDPP project. For Bina they are going ahead with the low cost expansion, it could be in the range of Rs. 100-200 crores. So that project of 6-7.8 MMTPA and is expected in maybe 3-4 months. Vizag, they already got a clearance from the environment so they are going for the board approvals so that project can probably come next financial year. So these are the projects from the refinery side in the Indian industry that you can see. And IOCL we have already shared with the investors post Paradip they can target three projects at Panipat, Mathura and Gujarat for their expansions. Their plans have not yet come in, total CAPEX is in the range of around Rs. 20,000 crores.

**Mr. Madan Gopal - Sundaram Mutual Fund.**

Okay. Any update on, these are the ones which you look for. Thanks sir.

**Mr. Vinay Kalia – DGM (Marketing)**

Thank you.

**Moderator**

Thank you. We will take the next question from the line of Mr. Charanjeet Singh from B&K Securities.

**Mr. Charanjeet Singh - B&K Securities.**

Hello sir.

**Mr. Ram Singh – Director (Finance)**

Hello, good afternoon.

**Mr. Charanjeet Singh - B&K Securities.**

Yeah, good afternoon sir. Sir, I would like to understand specifically on the hydrocarbon space as we are seeing that the demand closely would have been you know starting to weaken. But India as a market is still showing some opportunity in terms of the Greenfield expansion. So how do you see like you know, we are well placed versus a competition like PacTel or Jackof these kinds of MNC players who are targeted in markets?

**Mr. Ram Singh – Director (Finance)**

That is a good question. As far as any grassroots project, Greenfield project or a major expansion. We are very strong in this segment and if there is a competition we are far ahead of any of the players. This is because of strong technical competence plus cost competitiveness, our cost are significantly lower than any international players. So if the competition is on big projects, our competitive position is very strong.

**Mr. Charanjeet Singh - B&K Securities.**

So in fuel upgradation kind of projects, who will be the company which are in that segment?

**Management - Engineers India Ltd**

This is for implementation?

**Mr. Charanjeet Singh – B&K Securities**

Yeah implementation of the fuel upgradation projects.

**Management - Engineers India Ltd**

One second, one second.

**Management - Engineers India Ltd**

They will again be backend offices of the multinationals who are in India. So most of these backend offices are created for taking up of engineering from India for their overseas assignments. So these companies are also bidding in India. Some of these are like Toyo & Jacobs.

**Mr. Charanjeet Singh – B&K Securities**

Okay sir. And sir in the beginning of the call sir mentioned about the cost changes that has happened in certain projects. So can you please quantify what could be the future cost circulations which we are looking at in the budget?

**Management - Engineers India Ltd**

See as far as the change orders are concerned, we are expecting certain change orders in our consultancy segment itself. But these we will account only after the client approval process is over. So till the approval process does not happen, we will not – we have not taken these things into our revenues.

**Mr. Charanjeet Singh – B&K Securities**

Okay, okay. Sir but what is leading to these cost differentials? And that too in the consultancy project business which tends to be shorter duration projects and where we would have more clarity?

**Management - Engineers India Ltd**

No, this is a project which you know initially was to be completed in a time frame of roughly around 4 years. Because of a number of reasons it got delayed. So there was a provision in the contract. After the contract period there will be escalation in the rates. So we had an agreement which was duly minuted, and certain escalation percentage was included in those minutes. So we had gone by those escalation percentages. But however these have still not been agreed to by the client. So now they have taken it up with the board but they have not got the approval so far. That is why this negative change order was taken in this quarter.

**Mr. Charanjeet Singh - B&K Securities.**

Okay thanks. Thanks sir that is all from my side. Thank you.

**Management - Engineers India Ltd**

Okay. Thank you.

**Moderator**

Thank you. We will take the next question from the line of Nitin Bhasin from Ambit Capital.

**Mr. Nitin Bhasin – Ambit Capital**

Sir could you give us a breakup between HP/BP/IOC in India?

**Management - Engineers India Ltd**

Yeah for BPCL traditionally we have been doing all their project assignments. , for Bombay refinery we are doing, Numaligarh Refinery, Kochi, all the three refineries we are doing their projects . And as far as – so we have a very strong track record as far as Bharat Petroleum is concerned. As far as HPCL is concerned . , the large sized projects have not been taken up by them so far. So going forward let us – we are very confident as far as HPCL is also concerned. So with IOC what has happened last year, they had come on tenders on man hour rate basis. So with – because of the back office of all these multinational and small outfits, their competition has been very, very aggressive. So that is the reason we couldn't get a number of IOC tenders.

**Mr. Nitin Bhasin – Ambit Capital**

So as of today how much of the order book would be HP and how much from BP, percentage broadly?

**Management - Engineers India Ltd**

As far as the domestic order book of 1358 crores, BPC order book will be predominant in this. HPC I have told you, their number of projects are not very large. But predominantly if you take these three players, BPC will be the predominant player in this.

**Mr. Nitin Bhasin – Ambit Capital**

Sir in terms of your employees today, could you help us with the break up in terms of employees in India and employees outside India.

**Management - Engineers India Ltd**

See total employee strength is roughly little over 3000 employees are there. We have got something like 100 odd engineers in Abu Dhabi, and something like 50 in Algeria. So this is the broad break up. And then we have certain small offices in China, Milan and London.

**Mr. Nitin Bhasin – Ambit Capital**

So roughly 2000 in India.

**Management - Engineers India Ltd**

Yeah.

**Mr. Nitin Bhasin – Ambit Capital**

How has the employee number increased in the last one year?

**Management - Engineers India Ltd**

No there has been no increase. We have not been recruiting because of the slowdown in the capex. We have not taken any recruitments in the last 1 and half years.

**Mr. Nitin Bhasin – Ambit Capital**

And any VRS program that you are running right now?

**Management - Engineers India Ltd**

No there is no VRS for the time being.

**Mr. Nitin Bhasin – Ambit Capital**

Okay. And you believe the employee strength will largely go down over the next 1 year?

**Management - Engineers India Ltd**

We have something like 100 odd employees are retiring every year. Then there are some resignations to the extent of around 2 to 3%.

**Mr. Nitin Bhasin – Ambit Capital**

Okay.

**Management - Engineers India Ltd**

So this is the maximum decline which will take place.

**Mr. Nitin Bhasin – Ambit Capital**

So roughly 100-120 people should be lesser next year.

**Management - Engineers India Ltd**

Yeah 150 people should be lesser next year.

**Mr. Nitin Bhasin – Ambit Capital**

Okay. Sir what is the productivity right now? According to you any benchmark that you use for engineers and non-engineers right now?

**Management - Engineers India Ltd**

Yeah. See our utilisation level is lower than the previous years. So currently it is around 75%.

**Mr. Nitin Bhasin – Ambit Capital**

Okay 75%. And primarily this is in what? Is it like in small studies or big studies, because your contracts are very different? One is feasibility reports, one is your shut downs, etc, etc. How should we understand which segment is fully utilised? Which segment is very under-utilised?

**Management - Engineers India Ltd**

So actually there is no precise demarcation. Our people are multi skilled so they can operate in one segment and if the requirement is there in a different segment then they can also be utilised there. So roughly out of this manpower, around maybe 500-600 are in construction at various sites. So these people are also capable of multi skilling.

**Mr. Nitin Bhasin – Ambit Capital**

We have going with this sir is that if in the next one year the top line of the company does not grow, what are the cost cutting measures that you are taking?

**Management - Engineers India Ltd**

IOur manpower cost is more or less constant despite inflation and DA increases. we have a reduction in the travel expenses. We are also targeting reduction all our controllable expenses. And these are monitored on a monthly basis.

**Mr. Nitin Bhasin – Ambit Capital**

Okay. Sir thanks a lot for this.

**Moderator**

Thank you. We will take the next question from the line of Ketan Shah from Conquest Capital.

**Mr. Ketan Shah – Conquest Capital**

Hello sir?

**Management - Engineers India Ltd**

Hi Ketan.

**Mr. Ketan Shah – Conquest Capital**

Hi sir. Sir this 25000 crores Euro-6 opportunity which we envisage, can you tell me how much can be the scope for us in terms of percentage? What can be the consultancy work in terms of percentage?

**Management - Engineers India Ltd**

See we are very confident of implementing most of these projects. It all depends upon the implementation methodology which is followed by the client. So we have given certain proposals to the companies for fast track implementation, because these projects the time is very tight. So if the owner agrees with us in the fast track implementation, then we should be getting a majority of this business.

**Mr. Ketan Shah – Conquest Capital**

No sir I am asking what can be the scope of work for us. Can we get 5% of this or....

**Management - Engineers India Ltd**

Yeah it will be all EPCM services .

**Mr. Ketan Shah – Conquest Capital**

Okay. Sir if you look at your debtors, the debtors have gone up from 426 crores in March 2014-15 to 575 crores in September....

**Management - Engineers India Ltd**

That's right.

**Mr. Ketan Shah – Conquest Capital**

And I don't have this quarter's numbers but it seems that it has gone up sharply.

**Management - Engineers India Ltd**

So as I told you most of my big projects have got over and the final settlement issues take a very long time. So as a result the final invoices are outstanding for a very long period. So this is the reason for increase in the outstandings. But we are aggressively chasing the oil companies for faster liquidation. So hopefully in the next 3 to 6 months we should see a resolution of a majority of these outstandings.

**Mr. Ketan Shah – Conquest Capital**

Sir out of these outstandings how much is overseas if you can tell me.

**Management - Engineers India Ltd**

Predominantly it is all domestic. Some portion maybe around 70-80 crores is overseas.

**Mr. Ketan Shah – Conquest Capital**

Okay.

**Management - Engineers India Ltd**

And the rest is domestic.

**Mr. Ketan Shah – Conquest Capital**

Okay. And sir are you facing any payment issues from Nigeria or African countries?

**Management - Engineers India Ltd**

Not at present, no.

**Mr. Ketan Shah – Conquest Capital**

No?

**Management - Engineers India Ltd**

Not at present, no.

**Mr. Ketan Shah – Conquest Capital**

Okay. Okay sir that's it from my side.

**Moderator**

Thank you. We'll take the next question from the line of Khadija Mantri from Dalal and Broacha.

**Ms. Khadija Mantri – Dalal & Broacha**

Hello sir.

**Management - Engineers India Ltd**

Hello good afternoon.

**Ms. Khadija Mantri – Dalal & Broacha**

Good afternoon. Sir just wanted to know your guidance for the order inflow in case I have missed it for FY16. And if you could probably give a rough estimate for FY17 as well.

**Management - Engineers India Ltd**

Yeah see so far as far as the current year is concerned, I have already given you the numbers as 910 crores. And these are all consultancy orders. Going forward we hope to end the year roughly in the range of around 1000-1100 crores consultancy orders. This is as far as this year is concerned. As far as next year is concerned, we are targeting an order inflow of around 2000 crores. So which will be a combination of consultancy and turnkey orders.

**Ms. Khadija Mantri – Dalal & Broacha**

Alright sir. And I just wanted to reconfirm the bad and doubtful debt number that you have given. Provision for bad and doubtful debts.

**Management - Engineers India Ltd**

Okay.

**Ms. Khadija Mantri – Dalal & Broacha**

Could you please confirm the number?

**Management - Engineers India Ltd**

See the increase in the provision for bad and doubtful debt during this quarter is roughly around 3 crores. And for the 9 month period it has gone up by roughly around 23 crores.

**Ms. Khadija Mantri – Dalal & Broacha**

Okay alright sir. Thank you.

**Moderator**

Thank you. We will take the next question from the line of Rishikesh Bhagat from Phillip Capital.

**Mr. Rishikesh Bhagat – Phillip Capital**

Hi sir.

**Management - Engineers India Ltd**

Good afternoon.

**Mr. Rishikesh Bhagat – Phillip Capital**

Good afternoon. Sir this negative change order, I just want to listen, can you throw some more light? As in is it likely that this will repeat in future also?

**Management - Engineers India Ltd**

No, no, this will not repeat in future.

**Mr. Rishikesh Bhagat – Phillip Capital**

Sir this is project specific?

**Management - Engineers India Ltd**

Yes this is project specific and we are trying our best to take it at a much higher level.

**Mr. Rishikesh Bhagat – Phillip Capital**

Sir there has been a cost escalation and that has not been approved by the client. That is what has happened right?

**Management - Engineers India Ltd**

There has been – there is a contract provision for revision in the rates. So which has not been agreed.

**Mr. Rishikesh Bhagat – Phillip Capital**

Okay. Sir and can you give guidance for the margin for both consultancy and turnkey for this year and next year?

**Management - Engineers India Ltd**

As far as – let's come to the easier question of turnkey segment. The margins could be in the range of around 4-6%.

**Mr. Rishikesh Bhagat – Phillip Capital**

Okay.

**Management - Engineers India Ltd**

So the industry is very subdued at present. The margin is going to be low in the turnkey segment, all the companies are really reporting very low margins. As far as consultancy margins are concerned, it will all be a function of how big the orders we get. If we get a couple of big orders, then obviously the margins could be much better. But if the projects are delayed then there will be cost increases also in our manpower cost. So the margins will be subdued in the absence of big projects.

**Mr. Rishikesh Bhagat – Phillip Capital**

Okay. Sir just a final question. In the best case since you have guided for 1000 crore order inflow for FY16, it is very likely that you will end this year with somewhere around 3600 crore order book. So what will be the likely revenue for next year? Revenue growth.

**Management - Engineers India Ltd**

See as I told you if we get big projects, of course getting a big project the execution conversion into revenues in the initial first 12 months is not very strong. It is roughly in the range of around 10-15%. So if we get these projects you will see a growth only in FY17-18.

**Mr. Rishikesh Bhagat – Phillip Capital**

Okay, okay, thank you sir.

**Moderator**

Thank you. We will take the next question from the line of Ranjeet Shivram from Antique Stock Broking.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Good afternoon sir.

**Management - Engineers India Ltd**

Good afternoon.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Sir I just joined the call a bit late. Regarding that change order only because in the last call we were expecting some write backs from some of the provisions which we had already provided.

**Management - Engineers India Ltd**

Correct, **Mr. Ranjeet Shivram – Antique Stock Broking**

So did we see something of that?

**Management - Engineers India Ltd**

No, this quarter it has been very small, only 8 crores. But I think going forward the numbers will be much larger.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So this 8 crores was the write back of the previously whatever we had provided.

**Management - Engineers India Ltd**

Warranty guarantees. See we make provision for warranty guarantees in line with our contracts. So but actually the expenditures, normally it is not there. So once the project's performance obligations are over, then we write back these amounts.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So this was pertaining to the CPCL project?

**Management - Engineers India Ltd**

No this is a consultancy project segment for which the write backs have taken place.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay. But there was one CPCL we had a huge provision. That hasn't happened or what?

**Management - Engineers India Ltd**

Yeah, it has not – the approval has not come.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So that probably we can expect in 4Q?

**Management - Engineers India Ltd**

Yeah. No, we have – it is a question of how much time the owner takes. So but definitely it is going to come. So it can come in this quarter or it can come in the next quarter.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay. So adjusted for this, then the consultancy margins have been very weak.

**Management - Engineers India Ltd**

Yes because of this negative change order and provision for doubtful debts, the margins have been weak in this quarter. There has been also increase in the CSR expenditure in the 9 months period by roughly around 5 crores. So combination of all these things have resulted in decline in the margins.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And probably if they take it out so next quarter onwards we will come back to around 15% or levels of...

**Management - Engineers India Ltd**

Yeah hopefully the numbers should be improving.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And in LSTK we were expecting a large order in the last concall you were mentioning...

**Management - Engineers India Ltd**

Yeah, yeah. It has not materialised. It has got deferred. So hopefully I think it should come. But I think now we are – my expectation is it may come in the next financial year now.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And that is from where sir?

**Management - Engineers India Ltd**

It is a domestic client.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay it's a domestic client and it is a large size no? 700...

**Management - Engineers India Ltd**

Yeah it will be a decent size.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Decent size. Okay so that has been deferred to next year.

**Management - Engineers India Ltd**

Yeah.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So next year this will be there and also you have HPCL Vizag in all probability.

**Management - Engineers India Ltd**

HPCL Vizag could be there and then the / BS-6 projects could be there.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And what happened to Numaligarh sir? We were a bit optimistic there. Any clarity from....

**Management - Engineers India Ltd**

Numaligarh I think on the – it is going to be difficult.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Difficult in the sense will it get delayed or the project itself is not....

**Management - Engineers India Ltd**

I think it was dependent upon, contingent upon the concessions which BPCL was to get. So I think because of those issues it may get delayed or deferred.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So then BPCL will they go in for some other capacity additions?

**Management - Engineers India Ltd**

Yes you are right. So that is the logical course of action which BPCL should be taking. So this money they can utilise in the other projects.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So anything on that front they are talking about?

**Management - Engineers India Ltd**

Yeah they are talking of a number of other projects. But for confidentiality reasons we will share with you once we get those things.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So in the near term to medium term, this HPCL Vizag is there....

**Management - Engineers India Ltd**

HPCL Vizag is there and then BORL Bina , low cost expansion to 7.8 million tonne is there.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And also this big LSTK project, 700-800 crores....

**Management - Engineers India Ltd**

That's right. And there could be a couple of overseas opportunities.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Any slowdown there in the overseas front are you seeing? Because overall we are seeing a global demand...

**Management - Engineers India Ltd**

It has definitely got an impact on the financials of the international oil majors . So with crude coming to below \$30, it has really impacted the expansion plans of the overseas oil companies also.

**Mr. Ranjeet Shivram – Antique Stock Broking**

So those orders can also likely get delayed.

**Management - Engineers India Ltd**

Hopefully I think things should be much better financial year.

**Mr. Ranjeet Shivram – Antique Stock Broking**

And sir regarding Dangote, is the project going as per plan or are you seeing any delays in Dangote execution?

**Management - Engineers India Ltd**

As far as engineering is concerned we have done all the engineering work. So engineering wise there has been no delay.

**Mr. Ranjeet Shivram – Antique Stock Broking**

But in terms of execution -- because we are hearing from some other people that there is delays in terms of execution of that project. So is that what you are also witnessing in the Dangote project?

Hello? Hello?

**Moderator**

Ladies and gentlemen, the line for the Chairperson seems to have disconnected. Please hold while we reconnect.

Ladies and gentlemen we have the line of the management connected.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Hello?

**Management - Engineers India Ltd**

Yes Ranjeet.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Yeah. Sir just wanted to know how is the progress of Dangote project. Is there any delays that are we seeing timelines getting extended over there?

**Management - Engineers India Ltd**

No, not as of now. But now the major procurement activities will have to start being done by the Dangote group. So now it will be a major call by the Dangote for the actual capex that will be taken at site. The engineering activities have progressed smoothly.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay. And sir which project was this write back of 8 crores? Can you explain which project...

**Management - Engineers India Ltd**

It was spread across multiple projects. It is not that it is limited to a single project. Because we have over a 150 projects at one time which are going on.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay. So whenever that CPCL write back comes, probably in 4Q or 1Q, then we can see a jump up in terms of margins similar....So can you just throw some light because last quarter you were telling it has happened in 3Q. So 4Q is it a likelihood or it may go to 1Q of next year?

**Management - Engineers India Ltd**

For this Brahmaputra Chemicals we had – there was a ceiling of the consultants fees. So the matter has been taken up by the client with the government. So hopefully in the next 3 to 6 months we should get the approval. So once we get the approval we can recognise that change in order.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay and regarding CPCL next quarter or will it go to 1Q?

**Management - Engineers India Ltd**

CPCL partly it has come and we have raised other change orders.

**Mr. Ranjeet Shivram – Antique Stock Broking**

Okay sir, thanks. All the best.

**Management - Engineers India Ltd**

Thank you.

**Moderator**

Thank you. We will take the next question from the line of Alok Rawat from Karma Capital.

**Mr. Alok Rawat – Karma Capital**

Good afternoon sir.

**Management - Engineers India Ltd**

Good afternoon.

**Mr. Alok Rawat – Karma Capital**

I have one question. Regarding the Maharashtra project, the new Ratnagiri Refinery, are you considering taking an equity stake in this project?

**Management - Engineers India Ltd**

See this is in the initial stages. . So it is I think a bit premature to say anything on this.

**Mr. Alok Rawat – Karma Capital**

Sure. Thank you sir.

**Moderator**

Thank you. We will take the next question from the line of Abhishek Ghosh from IDFC.

**Ms. Bhoomika – IDFC**

Good evening sir this is Bhoomika here.

**Management - Engineers India Ltd**

Hi Bhoomika good afternoon.

**Ms. Bhoomika – IDFC**

Yes good afternoon sir. Sir there has been some confusion around this whole change order provision write back, cost escalations, CPCL etc. If you could clarify exactly the quantum for the current quarter and in the 9 months period for both Consultancy and LSTK, both doubt debt and the cost escalation that we have received.

**Management - Engineers India Ltd**

Let's come to the quarter first. In this quarter the negative change order value is 17 crores. This is basically as I explained, there was a provision that after the contract period is over, there would be escalation in the site man hour rate. So an agreement was also reached initially and we had gone for that agreement. But their board has not approved that escalation so far. So that is why we had to account for this negative change order. Plus there has been an increase in the provision for doubtful debts as well as for our accounting policy. And as I was explaining earlier, normally our track record as far as the bad debts is concerned, we don't have major bad debts. So this provisioning once we realise the money, will get reversed.

**Ms. Bhoomika – IDFC**

This is 8 crores that you have provided for the current quarter.

**Management - Engineers India Ltd**

That is right. And then for the period as a whole there has been increase in expenses like CSR expenditure. And contractual obligations have also gone up partly. And the utilisation of our resources has also slightly come down because of lack of LSTK projects.

**Ms. Bhoomika – IDFC**

Right.

**Management - Engineers India Ltd**

So that has impacted the margins.

**Ms. Bhoomika – IDFC**

Okay. Sir in the 9 month period, cost escalations or change orders which are negative provision that we have not yet got the approval from the client side would be what in the 9 month period against the 17 crore in 3Q?

**Management - Engineers India Ltd**

Yeah that's the only negative change order.

**Ms. Bhoomika – IDFC**

In the entire 9 months period.

**Management - Engineers India Ltd**

Yes, yes.

**Ms. Bhoomika – IDFC**

And in the 9 months period for the doubtful debt?

**Management - Engineers India Ltd**

Doubtful debt it has gone up by almost 23 crores.

**Ms. Bhoomika – IDFC**

So 9 months period 23 crores of which 8 crores is in the third quarter.

**Management - Engineers India Ltd**

No, incrementally 3 crores. The total provision is 8 crores for this quarter.

**Ms. Bhoomika – IDFC**

Okay. So last year third quarter was 5 crores which has gone up to 8 crores in the current quarter.

**Management - Engineers India Ltd**

Yeah that's right.

**Ms. Bhoomika – IDFC**

Understood, understood.

**Management - Engineers India Ltd**

And you know that provision for the 9 month period has gone up by 23 crores.

**Ms. Bhoomika – IDFC**

Understood, understood. And change order is there only of 17 crores in the entire 9 months period.

**Management - Engineers India Ltd**

That is for negative change order.

**Ms. Bhoomika – IDFC**

Okay. And in the – this is all in Consultancy . And in LSTK there has been a positive write back.

**Management - Engineers India Ltd**

There is a positive change order from CPCL which we have accounted in the LSTK segment. That change order which we have accounted in this quarter is roughly around 14 crores.

**Ms. Bhoomika – IDFC**

Okay. Okay understood sir. Sir is there anything apart – now going forward one is the 17 crores which could be written back as and when we get the approval from the board or the client for this cost escalation. Any such provision which could be written back in the future which we have already provided for?

**Management - Engineers India Ltd**

You know I think I was sharing earlier, for one of our projects we were constrained by the ceiling of our fees. Whereas we were continuing to provide our services. So that client has taken up with the government for the approval of the revised project cost. The project is already commissioned.

**Ms. Bhoomika – IDFC**

So how much would that quantum be sir?

**Management - Engineers India Ltd**

It could be in around 50 crores.

**Ms. Bhoomika – IDFC**

50?

**Management - Engineers India Ltd**

Yeah.

**Ms. Bhoomika – IDFC**

And that would come in FY....

**Management - Engineers India Ltd**

We will wait. No time frame can be given.

**Ms. Bhoomika – IDFC**

Okay. Will it be a one shot increase?

**Management - Engineers India Ltd**

One shot increase.

**Ms. Bhoomika – IDFC**

Okay. So 50 plus 17 it some point in the future would be written back. Time line uncertain on that.

**Management - Engineers India Ltd**

Yeah.

**Ms. Bhoomika – IDFC**

Okay, okay. Sir the other thing is if we look at the third quarter number in terms of the international revenues that you have shared, there is a marginal decline on a QoQ basis between 2Q and 3Q....

**Management - Engineers India Ltd**

It is only marginal.

**Ms. Bhoomika – IDFC**

Nothing to be worried about in terms of execution....

**Management - Engineers India Ltd**

No. I think 3 crores detrimental, that's all.

**Ms. Bhoomika – IDFC**

Yes. Nothing to be worried about....

**Management - Engineers India Ltd**

No nothing of that sort. Nothing so far.

**Ms. Bhoomika – IDFC**

Okay. Sir also you gave a sense on some of the orders. Is there anything that is happening from MRPL front in terms of investments or possible order from there?

**Management - Engineers India Ltd**

MRPL is talking of certain projects. So this is again in the initial phases. As and when any opportunities come we will share it with you.

**Ms. Bhoomika – IDFC**

Okay. But unlikely in the next 12 months that would happen.

**Management - Engineers India Ltd**

So it could happen. We can't rule it out.

**Ms. Bhoomika – IDFC**

Okay. And sir my last question is in terms of your refinery in Maharashtra that is being talked about. Though I understand it is in very initial stages, just from a broader strategy perspective, (a) what could be the maximum investment that we could invest? And (b) why are we looking to actually invest in a refinery at this stage? We have done that in the past really.

**Management - Engineers India Ltd**

Being a PSU we are governed by the DPE guidelines. So the DPE guidelines restrict the capex, the equity investment which we could take up. Maximum in any project we can take up to 15%. That is the cap, 15% of the net worth.

**Ms. Bhoomika – IDFC**

Okay.

**Management - Engineers India Ltd**

So that is the cap. And overall the cap is 30%.

**Ms. Bhoomika – IDFC**

Which would mean...

**Management - Engineers India Ltd**

15% in a single project and 30% overall. So we have already taken an equity of 344 crores in Ramagundam, which is around 13-14% of our net worth. So the scope for any significant investment is very limited.

**Ms. Bhoomika – IDFC**

Okay. But you know Ramagundam was understandable why you took an equity stake. But why do we need to take an equity stake in...

**Management - Engineers India Ltd**

See so far no decision has been taken to take – it is in the initial stages. The feasibility report has to be prepared for this project.

**Ms. Bhoomika – IDFC**

Okay. So what you are saying is a maximum of 350-400 crores incrementally could be taken over there.

**Management - Engineers India Ltd**

That's right.

**Ms. Bhoomika – IDFC**

Okay. And sir with the cash on books which is quite large an amount of over 2000 crores, is there any dividend payout policy or anything that you are thinking of?

**Management - Engineers India Ltd**

We will let you know the moment any decision is taken.

**Ms. Bhoomika – IDFC**

Okay. But there is no thought process on actually increasing the dividend payout because it is not earning enough dividend yield also now?

**Management - Engineers India Ltd**

We have been – if you see our past track record, we have been increasing the dividend payout. I think among all the PSUs, our payout ratio has been outstanding.

**Ms. Bhoomika – IDFC**

Okay. Right sir, thank you very much and wish you all the best.

**Management - Engineers India Ltd**

Thank you Bhoomika.

**Moderator**

Thank you very much. Ladies and gentlemen, due to time constraints that was the last question. I now hand over to management for closing comments.

**Management - Engineers India Ltd**

Thank you Kunal and thank you everybody for your time. Thank you.

**Moderator**

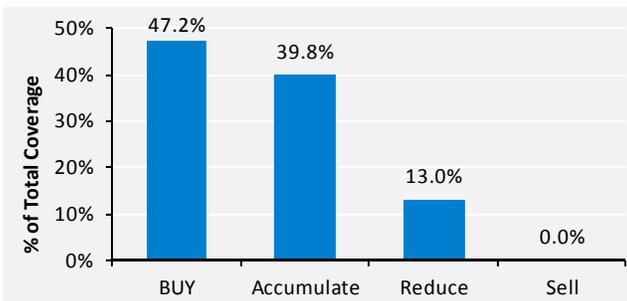
Thank you. On behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

END.

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