



“Engineers India Limited Q2 FY2018
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Engineers India Q2 FY2018 Earnings Conference Call, hosted by ICICI Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ranjith Sivaram from ICICI Securities. Thank you and over to you Sir!

Ranjith Sivaram: Good morning all. Welcome you to the 2Q FY2018 results conference call of Engineers India. We have the management of Engineers India represented by Mr. R. P. Batra, Additional GM (Finance & Accounts), Mr. Vinay Kalia, DGM Marketing, and Mr. Rajneesh Malik, DGM Marketing. We will have the initial opening remarks by Mr. Rajneesh followed by question and answer session. I hand over the call to Mr. Rajneesh Malik for opening remarks. Thank you and over to you sir.

Rajneesh Malik: Thank you Ranjith. On behalf of IR team, Mr. R.P. Batra and Mr. Vinay Kalia and myself, we welcome all the participants to this call. A brief update on the results that were declared day before day yesterday, the second quarter has been very good in terms of securing new orders. We have secured a big order for Rs. 1015 Crores from HMEL that is HPCL Mittal Energy Limited, for consultancy services for Guru Gobind Singh Polymer Addition Project and in the EPC side, one mid sized order from ONGC for SRU Revamp at Hazira plant for Rs. 235 Crores.

The order intake for the first half of the year now stands at Rs. 1952 Crores compared to Rs. 343 Crores that was there in the first quarter of this year. The order book is at an all time record high of Rs.8881 Crores. The breakup is consultancy comprises 54% and EPC segment comprises 46%.

As far as the turnover is concerned in the consultancy side, there is an improvement predominantly because of the strong order book position in hand wherein there is an increase of about 28% in turnover from Rs.268 Crores to Rs.383 Crores as compared to the corresponding quarter last year. The orders with respect to emission norms and other projects are moving on track and have started contributing to the revenues. Meaningful contribution from the turnkey segment from the two bigger projects that we bagged in the last financial year, that is CPCL and , HPCL Vizag Utilities and Offsites are likely to pickup momentum in the coming quarters.

As you are aware we are operating on a very small base for the EPC projects as most of the new project jobs had dried up in last three to four years and since the projects in hand were in the final phases, therefore the turnover is lukewarm in the segment. The other income has declined considerably because of the sharp drop in interest rates.

Let us proceed with the question and answer session please.

Moderator: Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Jones Bhutta from Phillip Capital. Please go ahead.

Jones Bhutta: Couple of questions from my side. Firstly just wanted to revalidate the guidance Sir you would have earlier mentioned that for the full year you will look at about Rs. 2,000 Crores to Rs. 2,500 Crores of inflows that obviously you largely made in the first half itself, so what would be the revised number and just a status update on both Barmer and any of the three IOCL Brownfield refineries, Panipat, Gujarat or Barauni if they can flow through in the current year? Second question was in terms of margins, again there you have guided for consultancy margins at about 25% for the year while you are clocking 32% in the first half, so how should we look at it for the second half of the year? Lastly more balance sheet related questions as maybe that I will follow it up once you answer these two questions.

Management: Thank you for your questions. As far as cash flows are concerned, these were the targeted Greenfield assignments and a small equity that we had already shared with you, which we were targeting in this second quarter. As far as another Greenfield that we were looking at in this year, which was a touch and go kind of a project was Rajasthan Greenfield Refinery, which we expect in Q3 and/or Q4. Leaving these two projects all the other assignments were all mid size and small consultancy assignments, which would have been targeted. So one of them has already been materialized HMEL. If all goes well Rajasthan can also come in Q4, but considering that there is a probability it has already got delayed and still the discussions are going on at the higher level on finalization of the agreement the targets for this year have been considered around Rs.2500 Crores.

Jones Bhutta: Okay and so any of three IOCL refineries that can come through in this year either Panipat Barauni or Gujarat?

Management : First of all these are not very big. The Gujarat is also an expansion project, but consultancy order would not be of this very large size probably it would be in the order of Rs. 150 Crores to Rs. 350 Crores because they are going for about 5-6 million tonne expansion original plan. Yes there is another Petrochemical project with GAIL is targeting, which is

the large project. But considering the time that they would need for budgetary approvals, we were expecting these projects would materialize in the next year.

Jones Bhutta: Got it, sir on the consultancy margins?

Management: Yes consultancy margins but during the front quarter is around 31.7%. Going forward also we were expecting the margin between 25 % and 30% in the consultancy segment and around 5%-7% in the turnkey segment.

Jones Bhutta: On the balance sheet side, two things, receivables have sort of gone up from Rs.380 Crores to Rs.600 Crores between March and September and other liabilities has increased from almost Rs.800 Crores to Rs.1200 Crores, so if you can just clarify what led to both these numbers sort of going on?

Management: Basically there is an increase in activity so that is why receivables have increased basically due to GST, your additional billing during the current quarter that will be materialized the coming quarters. Overall as such the receivable are under control, we are getting the payment in time as such there is no issue with regard to receivable, only with the increase in the activity, there is increase in the receivables and going forward we are getting the payment during the current quarter.

Jones Bhutta: Other current liabilities, is that more to do with advances from customer?

Management: These are sort of advances. in line with accounting as per Ind-AS, we have to recognize income as per the accounting from this method. In this case our billing is more than the revenue recognized that is sort of advance that is reflected in the other liabilities.

Jones Bhutta: Fine Sir. I will come back you Sir. I will have further questions. Thank you.

Moderator: Thank you. Next question is from the line of Pritesh Cheddha from Lucky Global. Please go ahead.

Pritesh Cheddha: Sir I just wanted to understand the order inflows that has come through in H1 for us and the backlogs that we are running in H1 and what was our initial targets on the inflow for FY2018 and backlogs for FY2018? So that is the first question. Second, I am just looking at my past notes, we had some specific comments on inflow side on Euro-6 inflow side on Greenfield refineries and inflow side specifically on IOCs two refineries and HPCL Vizag so what are the comments there if you have any?

Management: The order book as of March 2017 was Rs.7762 Crores, which has now swelled up to over Rs.8800 Crores. Some of the major orders that we have secured in this H1 polymer addition project or HMEL, there is a petrochemical expansion adjacent to the existing refinery is about more than Rs.1000 Crores and in EPC contract for SRU revamping of ONGC and there is also variation order from overseas for the Dangote Refinery they are going for further expansion, that they have awarded for about Rs. 254 Crores. There is another EPC contract of ONGC for about Rs.244 Crores. So these are the major orders that we have secured coming year, and if you talk about the major orders which were there earlier by March 2017, the Vizag expansion project both consultancy and the cost plus contract and the CPCL emission norms project, which is the cost plus contract, another project of the Euro-6 upgrade project across six refineries for IOCL, which are part of this order book. These are the major orders that we have. Going forward if you see the pipeline, we shared that Greenfield refineries already being planned at Rajasthan and in west coast, and as the refinery, the size and capacities of these refineries are increasing these refineries are gradually moving towards Petrochemical integration project as well. Kochi, we have already started HMEL and we have started and going forward Panipat is planning for expansion, GAIL is planning for expansion. The next phase for about seven to eight years you can see from Petrochemical addition project also happening in these refinery itself. We are also talking about expansion in the east at the Numaligarh Refinery for which some conceptual work is being done for the product exports from Numaligarh as well to Bangladesh. So these are the upcoming projects that we are targeting.

Pritesh Cheddha: So we have started receiving the Euro-6 upgrade orders?

Management: We have already secured last year. As we shared in March 2017 order book comprises the Euro-6 projects that have been already awarded.

Pritesh Cheddha: All of the Euro is awarded?

Management: Yes.Almost all

Pritesh Cheddha: Okay, so Euro-6 orders have already come in last year, there are no balance left there?

Management : No., At present.

Management : No. Nothing is balance. Almost Everything has been ordered that was envisaged at most of the places

Pritesh Cheddha: So your incremental inflow on orders has to be linked largely with majorly with Greenfield refinery finalization if any now?

Management : Both Greenfield and Brownfield refinery expansions like Numaligarh is a Brownfield, Gujarat is a Brownfield, Panipat will be a Brownfield, Bina tomorrow, not now will be Brownfield expansion. There are Greenfield like Rajasthan and West Coast .

Pritesh Cheddha: Okay. So if you have segregated the two, Brownfield separately and Greenfield separately, if you could tell the total quantified capex, which is planned and our share of that capex in terms of inflow, if it comes through and for Greenfield whatever is in the pipeline separately?

Management : We can tell you the capacities, which are envisaged for Brownfield expansions. For instance Numaligarh is from 3 to 9 MMTPA and Mathura is envisaged from 8 to 11 MMTPA, then Panipat is from 15 to 20 MMTPA and Gujarat is to be expanded from 13.5 to 18.5 MMTPA.

Pritesh Cheddha: So I think this total is to about some 30 MMTPA.

Management : I think about 18 or so, what we have told you. $5 \times 3 + 3$ I think, 18. Rajasthan of course is the Greenfield project that you can anticipate at least 9 MMTPA in the first phase plus the Petrochemical.

Pritesh Cheddha: Okay and Maharashtra one whenever.

Management : Yes. Maharashtra is of course 40 MMTPA in the first phase and 20 MMTPA in the second.

Pritesh Cheddha: So Brownfield is about 18 and Greenfield is about whatever 9, let us not take the Maharashtra because there is no clarification, right. So this 18 million translates into what kind of engineering order for us?

Management : Average you can say about Rs.2500-3000 Crores of capex per MMTPA. This depends upon the mode of contracting that they choose, and it can vary from 2% to 5%.

Pritesh Cheddha: Just that previous question was asking, what is the guidance for inflow and backlog this year?

Management : We have already shared in the last earnings call also we were targeting order inflow of Rs.2,500 Crores considering that probably both Greenfield like HMEL and Rajasthan may

and may not materialize in the same year, some probability we are keeping that Rajasthan we were targeting in Q3 end and Q4. If it happens this year, we can cross the target, if it does not happen this year yes, the targets will be around Rs. 2500 Crores.

- Pritesh Cheddha:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line Ruchir Khare from Kotak Securities. Please go ahead.
- Ruchir Khare:** Congratulations on good set of numbers. Has execution started for Vizag Refinery or if it is still lying in the order book?
- Management :** Yes, the execution has already started, but there were some delays happening because by the time the Vizag project came in there were issues on GST implementation as well. So we had to take lot of time in understanding how GST would be implemented and purchase order could not be finalized with EIL also because we were also in EPC contractor in one of the contracts and for the other contract we will be placing the orders on EPC contract. So while the progress would have happened, billing has been slow.
- Management :** Not very material amount.
- Ruchir Khare:** Okay so the major execution should follow from FY2019 onwards, is that the right understanding?
- Management :** Typically execution is around 5% to 10% in the first year and 35% in the second and third year, 35%-45%.
- Ruchir Khare:** Okay so the major money should follow in the second year that is what it means? Okay, same for the expenses overall period for Vizag should be like four years or so?
- Management :** You can take four years. It is around 3.5 years, but by the time commissioning and all happens in, the products stabilizes formally it takes about five to six months for commissioning, but our inflows will typically be 3.5 years.
- Ruchir Khare:** In Dangote, do we carry any backlog in the order book or phase I is all over?
- Management :** No phase I, the engineering and procurement portion is majorly over and the construction activities have not yet started. There is a delay in the construction activities at site. Now they are starting, the construction activities for that project so while the original contract

would go to into construction phase, the variation order is for the concept and engineering for the expansion.

Ruchir Khare: Pardon my ignorance actually I joined late, what has been the write backs in the LSTK division this time, if not shared?

Management : That we have already disclosed. There is Rs.37 Crores write back on account of the LD waived by one of our clients that we have already given in the notes .

Ruchir Khare: Okay fine, now I was more talking from the doubtful debts and three parts to it?

Management : It is as per the Ind-AS provisions,. so that is normal provision.

Ruchir Khare: Thank you very much. That is all from my side.

Moderator: Thank you. We have the next question from the line of Rohit Gupta who is an individual investor. Please go ahead.

Rohit Gupta: Sir the employee expenses for this quarter, is it like the new normal post the seventh pay commission implantation?

Management : Yes that is a new normal .

Rohit Gupta: So this will be the run rate going forward?

Managemetn : Wage revision impact will be around 17% for the employee cost.

Rohit Gupta: Okay and that will come in effect when?

Management : That is coming into effect from January 1, 2017, so we have taken care during the current quarter as well as the last quarter; whatever is a provision required we have taken care in the financial.

Rohit Gupta: Okay, so that 17% hike has already taken?

Management : Yes for the quarter we have taken, for the next quarter also will take care, so whatever is the expected outflow on account of wage revision that has been considered in our financials?

- Rohit Gupta:** Sir how is the international pipeline like apart from Dangote, is there any other project that you are expecting?
- Management :** We are still not seeing an improvement in the international order inflows. Yes, there is some movement in the Asian region, some of the projects in Bangladesh, the neighbouring countries, but in the Middle East, which was the centre for EIL, the movements are still not there. Gradually this year they are beginning to invite RFQ / enquiry and seek Expressions of interest, but it will just take about nine to ten months before these projects can actually come to the award stage. In this year we do not expect much from overseas.
- Rohit Gupta:** Sir what is the status for the West Coast refinery I suppose last time you mentioned that you mentioned that you are doing some feasibility work for that, so what is the status for that?
- Management :** As far as West Coast Refinery is concerned, our role currently involves concept development and tomorrow when the project goes for investment approval and when financials and budgets get approved, budgets finalcial closure happens, then we will go in for major execution. As of now, our role is limited to concept development, configuration and maybe we also get involved in technology selection for this project.
- Rohit Gupta:** No Sir I was asking in terms of like the progress, in terms of the land selection and all?
- Management :** That you have to check with Indian Oil because the new JV that has been formed by Oil Company, they are looking into it with the dialogue with the State Government, so yes they had finalized some land . Our role is not there in the land selection. We will get involved once the land gets allocated and we will do concept development till then.
- Rohit Gupta:** Thanks Sir. That is all from my side.
- Moderator:** Thank you. We have the next question from the line of Dhananjay Mishra from Sunidhi Securities.
- Dhananjay Mishra:** Good morning Sir. Congrats on the strong numbers. Sir given the strong order book we have in domestic segment, what kind of revenue we are looking for the full year in consultancy?
- Management :** We are expecting around 15% incremental revenue during the current fiscal.
- Dhananjay Mishra:** 15% growth in consultancy.

- Management :** Total.
- Dhananjay Mishra:** Total, so I am first half we have done about Rs. 657 Crores in consultancy and about Rs. 147 Crores to turnkey, so H2 will be slightly better because the HPCL and CPCL order will start billing all those orders?
- Management:** In the next financial year maximum revenue income would be in the next financial year. Definitely there would be improvement in the turnover as compared to first half, but major turnover is likely to come in the next financial year.
- Dhananjay Mishra:** Okay, Sir but the H2 would be better than H1 in terms of revenue, right?
- Management :** Yes definitely.
- Dhananjay Mishra:** Okay and secondly Sir do you expect any write back in the turnkey segment? Any write back?
- Management :** I do not have right now any figures , so whenever there is settlement , once project is over then settlement takes place . Settlement I do not know that is a contingent upon client accepting that particular issue , so right now we cannot predict that there will be any further write back on account of LD or something like that.
- Dhananjay Mishra:** In terms of overseas orders, do you see any delay in execution because we had Rs.950 Crores worth order and in terms of if you see the revenue we have seen decline for the last two to three quarter in overseas revenue.
- Management :** Existing orders are going on at their own pace. I mean there is a slow down in the existing order, but yes they can be, because some of these contracts are on rate reimbursable basis, wherein there can be variations based on the number of manpower for deployment, there can be pluses and minuses in both ways. The slow down, which majorly is affecting us, is the upcoming opportunities that they are not coming out with any tenders.
- Dhananjay Mishra:** That is all from my side. All the best.
- Moderator:** Thank you. We have the next question from the line of Utsav Mehta from Ambit Capital. Please go ahead.
- Utsav Mehta:** Good morning Sir. Sir two questions, first one is on you mentioned that Gujarat is unlikely to be a large order, Rs.100 Crores, Rs.150 Crores the consulting side, it seems like a very

small number for something for which I think the project cost would be I think Rs.15000 to 20000 Crores because it is 5 MMTPA addition, right?

Management : As far as now if you go by the that depends upon the kind of contracting model and typically which is the contracting model that they normally do is the PMC and EPC route, so if they choose on competitive PMC route then PMCs are normally 1.5%-2% of the product cost plus the capex that you are talking about probably include the land and the owner cost as well. Normally when we say the fees it is only plant and machinery cost. So plant and machinery cost will not be Rs.20000 Crores.

Utsav Mehta: So then would it be fair to also assume that Mathura and Panipat, in fact Mathura is slightly smaller capacity addition that would also be anywhere close to Rs.100 Crores then?

Management : Yes Mathura is smaller . Panipat and . Gujarat are bigger.

Utsav Mehta: So they would all be smaller and you expect the tendering to be a PMC side?

Management : If client goes for an EPC route and they will go for PMC route not the EPCM route where we do procurement and construction as well then our role is basically engineering and project supervision. Not even engineering, it is majorly tendering for EPC and then project supervision and in that case our fees would be less.

Utsav Mehta: Okay.

Management : For Gujarat, it will not be at the order of Rs.1000 Crores, which we said in the order of magnitude could be Rs.200 Crores for Mathura and Rs. 300-350 cr. For for Gujarat and Panipat .

Utsav Mehta: Sir this is if we do to be EPCM route t.

Management : If you do PMC on EPC route. If you do EPCM the fees is higher, it can be 4% to 5%.

Utsav Mehta: Second one is on the margins bit again, now that employee costs have largely stabilized and you are saying that the second half will be better than the first half in terms of revenue, why is there guidance for PMC segment margins till 25% to 30% given that in the first half itself you have done 30%. What could potentially, why do you expect the margins to be lower than what you have reported in the first half?

- Management :** We have told that total incremental revenue will be 15% including the consultancy and the turnkey segment basically. Overall increase in the turnover will be around 15% and the margin for the consultancy will be between the range 25%-30% that would be in the last quarter also, it is around 30%, so we are likely to maintain that.
- Utsav Mehta:** Sir you would assume that if revenue keeps going up from your cost absorption should be better and therefore margins should expand further?
- Management :** Yes it will expand may be in 2018-2019 there may be expansion in the margins, but for the additional work we may have to recruit more people also.
- Utsav Mehta:** You are saying that margins in 2018-2019 could probably go much above 30%.
- Management :** Yes it can. Utilization levels have improved and you are seeing the reflection in the margins, first we have also taken the impact of wage revision as well and going forward, we are also looking for further manpower, resource, incremental growth of around 300 to 400 employees, through out- sourcing or recruiting on the company's rolls..
- Utsav Mehta:** Okay so what would be the employee utilization right now?
- Management :** **About 85%-.**
- Utsav Mehta:** 85%-90% and this is pretty much if I recall correctly this is pretty much close to the peak that you have done historically.
- Management :** Yes 88-90%, right now it is about 85%.
- Utsav Mehta:** Thank you so much for your time.
- Moderator:** Thank you. We have the next question from the line of Pavan Parakh from Bank of Baroda Capital Market. Please go ahead.
- Pavan Parakh:** Thanks. My questions have been answered. Thank you.
- Moderator:** We will move for the next questions. The next question is from the line of Yaruk Khan from Co Genesis. Please go ahead.
- Yaruk Khan:** Congratulations on good quarter results. I have actually two questions. First question is you just mentioned that you expect revenue to go about 15% in the second half of the current

financial year, so what is the project execution that you are looking at, what are the specific projects which you are looking at to execute in the next half? Secondly Engineers India also into power segment and infrastructure segment, so is the company looking to acquire consultancy projects in terms of the smart city projects that have been started in the country as well as is it going to be involved in the Saubhagya scheme that the government has launched?

Management : First of all the guidance on the turnover that we shared was 15% on a YOY basis, the full year growth is not a 15% on H1. Second regarding the infrastructure segment for role in infrastructure segment will again be consultancy. We are not even looking at cost plus or EPC mode of execution or built operate mode of execution in the infrastructure segment of smart cities or building or even power. Regarding power we do power projects majorly for our own refineries and petrochemical plants for captive consumption and we obviously do as part of our main orders and we are not into thermal power projects.

Yaruk Khan: But also that is why I wanted to know, what is the projects, which we are looking to execute in the second half of the current financial year?

Management : If you talk about the order book that we have Rs.8,800 Crores these order book to bill ratio typically would be around three years and that is so for all the major orders, which we have already shared will get executed over a three year period like Euro-6 project of the HPCL Vizag expansion or the HMEL expansion of these projects will go on for three to three and a half years.

Yaruk Khan: Thank you Sir. That is it my side.

Moderator: Thank you. The next question is from the line of Ashutosh Mehta from Edelweiss Securities. Please go ahead.

Ashutosh Mehta: Good morning Sir. Sir my first question was related to LSTK margin, so when I adjust the 374 million one-time revenue apart from that also my LSTK margins are around 19.1% for the quarter, so if there is any provision write back included there and if you can quantify the same?

Management No we are in the process of closing our contract, so certain provisions are definitely written back. We have to settle account with the client and other subcontractor and vendor, etc. Due to that certain write backs always happen at the end of the contract, so our major

contracts in the past are at the stage of completion. So due to that settlement of that there is certain write back.

Ashutosh Mehta: Fair enough. Sir my second question was related to the Dangote expansion plan, so when are we expecting that, is it in this year or FY2019 only if anything has to be materialized there?

Management : See the variation order is already awarded to us. We have shared in our presentation. The execution has started for the variation order. It is still in the engineering phase.

Ashutosh Mehta: Apart from that also could we still expect some order inflow from the expansion plan there or is it the only thing what we had expected?

Management : No this is the one that we were expecting.

Ashutosh Mehta: Fair enough Sir. Thank you Sir.

Management : We expect similar variation orders if they want to do any modification changes or further additions in future.

Ashutosh Mehta: Great Sir. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Natarajan from IDBI Capital. Please go ahead.

Rohit Natarajan: Thank you for allowing me to question. See Sir I just missed out this number in 18 million tonne Brownfield refineries expansion, you said some amount about 40 million per MMTPA, is that for Brownfield or is that for Greenfield number?

Management : ~~See, it depends. Sometime these Brownfield expansions a a lot of capex would be towards the catalyst change over like some Euro VI projects.~~ **Inaudible**

Rohit Natarajan: ~~So typically what you are saying is we have now Rs.4000 Crores for Greenfield that is for a Greenfield expansion is concerned.~~ **Inaudible**

Rohit Natarajan: What is the Brownfield, a ballpark number?

Management : It depends upon the type of modifications that are being undertaken , say 2500 to 3000 Crores.

Rohit Natarajan: Okay and just then to touch upon this 18 million tonne will be to a large extent 35 I mean is there a range that you would want to give?

Management : For an 18 million Greenfield you are talking about?

Rohit Natarajan: No, I am talking about 18 million tonne the Brownfield one?

Management : It has been mentioned for IOCL three Brownfield expansions there, one is for Panipat and the second is for Gujarat and third is for Mathura, so we cumulatively about 13 MMTPA and there is another one for 6 MMTPA for Numaligarh Refinery that is in Assam.

Rohit Natarajan: Sir about the West Coast Refinery any such improvement after the SPV, they have joined and another form, is there any clarity on because if for their deadlines to be met the awarding should be done?

Management : As far as we are concerned, our deadlines have not yet started. It is still land acquisition and the probably land acquisition would be the major target as of now and parallelly we are going for the conceptualization like how to do develop the plot, how to configure, what are units that we put in, so the studies are going on at the concept level, then we are into the selection phase, when we will go in for tie up for the technologies. Normally selection phase will take about six to seven months.

Rohit Natarajan: Okay so that is from my side Sir. Should there be any other question, I will get back in the queue.

Moderator: Thank you. We have the next question from the line of Renjit Shivram from ICICI Securities. Please go ahead.

Renjit Shivram: Just a small clarification in the provision like last year 2Q we had this Rs.23 Crores write back under consultancy and Rs.27 Crores write back under LSTK, so similarly this year in the 2Q do you have mentioned that there is a Rs.37 Crores LDs which we have booked in 2QFY18, but apart from that was there any provision write back which we can quantify under LSTK and consultancy?

Management : These are the normal provisions during the pendency of the contract we were creating provision for the contractual obligation. Once the contract is over, in case no liability comes, we write back and update that particular provision, so it is a normal activity. As

such no material amount is involved whatever material amount was there, we have disclosed in our notes to accounts.

Renjit Shivram: So there is no major provision write back in this quarter.

Management : There is no material amount for a particular job. Over a period of time definitely we are creating provision and writing back that provision that is the normal activity whatever is the exception that we have disclosed.

Renjit Shivram: Thanks.

Moderator: Thank you. The next question is from the line of Dhiral Shah from Asit C. Mehta. Please go ahead.

Dhiral Shah: Good morning Sir and congratulation for the great set of numbers. As you said in your FY2018 guidance in terms of revenue will be 15% growth, so what will be your guidance for FY2019?

Management : That would be around 25% increase in the revenue.

Dhiral Shah: 25%, okay and in terms Sir order inflow?

Management : In terms of order inflow for next year, we have already shared some of the Greenfield project, which are being targeted in the coming year as well, and the changes probably because of the magnitude and size of those projects. It is only the question is if and when those projects materialize.

Dhiral Shah: Okay and Sir earlier you have guided for Rs.2000 to Rs.2500 Crores order inflow for FY2018, now you have changed it to Rs.4000 Crores, right?

Management : No change has been made in this. We continue with the same guidance of 2300 to 2400 Crores.

Dhiral Shah: That is from my side.

Moderator: Thank you. The next question is from the line of Amish Kanani from JM Financial. Please go ahead.

Amish Kanani: Congrats on a good set numbers. Sir you mentioned about the Petrochemical complex being added to the refinery and you have mentioned about GAIL also planning a Petrochemical complex, the question is, Sir if you can also give us taking a clear study of one of project has been discussed, how big are these projects in terms of value and whether we are natural contenders for those and whether the projects being assigned to us are integrated one or they will split project in both end and there could be to consultant having for these projects?

Management : These projects typically capex wise, if you compare they are more capex intensive than the refinery. But you do not have a ballpark figure, we cannot relate it to million tonne expansion like Rs2500 to .3000 Crores for a refinery because the combination of the units, which are there in Petrochemical can vary widely, because of the kind of midstream and the downstream specialty chemical that you want to make that. Directionally yes there are capex intensive and they are more complex also by nature, so obviously, we have a greater edge when we do a Petrochemical complex in terms of competitive strength. You have already seen the size of an HMEL project, the other projects they go for a reasonably good size Petrochemical expansion would be of similar size.

Amish Kanani: Okay, so both Petrochemical GAIL project and Rajasthan Petrochemical could be as big as this one is what you are saying. Okay and about getting the projects together versus having a separate consultant?

Management : That we cannot share it, because it is now clients to client's choice, they can go for only an EPC route, where my role is truncated. They can go for a full-fledged consultancy route or sometimes they may also ask me to take some units on cost plus balance on consultancy. So that is the client preference first of all and then schedule also sometimes governs and guides how to execute these various units, which are envisaged .

Amish Kanani: Okay and LD is GAIL Petrochemical projects also likely next year or is it too early to talk. What is the status of the GAIL?

Management : The concept stage is through that is why we are able to declare these projects. Once their concept is clear, we are in feasibility and feasibility has been accepted, then only we start declaring projects, but yes from feasibility to budget allocation and board approval then tying up for addition land and environmental clear and these activities go on parallelly, so we are hopeful probably next year.

Amish Kanani: It is possible. Okay. Thanks a lot and all the best Sir.

- Moderator:** Thank you. We have the next question from the line of Anupam Goswami from Stewart and Mackertich. Please go ahead.
- Anupam Goswami:** Good morning. Congratulation on great numbers. One thing I would like to know is that is the business secured this quarter, what is the average completion time?
- Management :** On these order book that you are talking of?
- Anupam Goswami:** Yes.
- Management :** Typically three years because some projects are 1.5 to 2 years and some projects are 4 years, on an average you can say booked the bill ratio would be around three years.
- Anupam Goswami:** Okay and going ahead for this fiscal year you are saying that 15% growth in the revenue right?
- Management :** Yes on YOY basis.
- Anupam Goswami:** YOY basis and what is the percentage of next two quarters in terms of order book increase? How much?
- Management :** Small orders are envisaged in this quarter and the coming quarter, so the guidance should be around Rs.2400 Crores for the full year.
- Anupam Goswami:** Rs. 2400 Crores for full year. All right. That is all. Thank you.
- Moderator:** Thank you very much. That was the last question. As there are no further questions, I would like to hand the conference back to the management for any closing comments.
- Management :** Thank you very much for the questions and if you have any further queries, you can get back to us we will revert. Thank you so much.
- Moderator:** Thank you very much. On behalf of ICICI Securities that concludes today's conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.