



“Engineers India Limited
Q2 FY’24 Earnings Conference Call”

November 10, 2023



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

Moderator: Ladies and gentlemen, good day and welcome to the Engineers India Limited Q2 FY24 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the lesson only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital. Thank you and over to you, ma'am.

Bhoomika Nair: Yes, good afternoon everyone and a warm welcome to Engineers India Q2 FY24 Earnings Call. We have the management today being represented by Mr. Sanjay Jindal, Director Finance, Mr. Suwendu Padhi, Company Secretary and Investor Relations, Mr. R.P. Batra, Executive Director Finance and Accounts and Investor Relations, Mr. Sunil Saxena, Executive Director Technical and Investor Relations, Mr. Amanpreet Singh Chopra, Senior General Manager, CMD Office and IR, Mr. Vivek Midha, General Manager, Marketing BD and IR, Ms. Sneha Narula, Senior Manager, Company Secretary and IR.

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

Sanjay Jindal: Thank you, Ms. Bhoomika. Good afternoon, everybody, a warm welcome to EIL's Earnings Call of Q2 of FY23-24. We have declared results of quarter and half year ended September 2023 on 9th November 2023. As regard to financial performance for the quarter ended September 23, the company has registered turnover of INR777 crores vis-à-vis INR808 crores during first quarter of FY23-24 and for the half year ended 30th September 2023.

The company has registered turnover of INR1586 crores vis-à-vis Rs.1,587 crores in the first half of the preceding financial year. Turnover from consultancy and engineering segment stood at INR361 crores and from the turnkey segment at INR416 crores during the quarter ended September 2023 and turnover from the consultancy and engineering segment stood at INR707 crores and from the turnkey segment at INR879 crores during the half year ended 30th September 2023. Other income during the half year ended September 2023 is INR139 crores as compared to INR94 crores during half year ended of the preceding financial year.

During the half year ended, the company has recorded profit before tax of INR286 crores and profit after tax of INR216 crores in comparison to INR170 crores and INR136 crores respectively during the half year ended of the preceding financial year, showing an increase of 68% in PBT and 59% in PAT.

Notably, EPS for the half year ended September 2023 is INR3.84 vis-à-vis half year ended September 2023 is INR2.41. The company has order book of worth INR8,188 crores comprising under consultancy segment of INR4853 crores and under LSTK segment of INR3335 crores.

Now it is up to you ms. Bhoomika?

- Moderator:** The first question is from the line of Amit Anwani from Prabhudas Leeladhar. Please go ahead.
- Amit Anwani:** Hi, sir. Thank you for taking my question. My question pertains to the adjustments, the liquidity damage settlement which got accounted. So after adjusting this, what would have been our margins and revenue for this quarter?
- Management:** Yes, we have basically adjusted the price to the tune of around INR45 crores. So you have to decrease the turnover by INR45 crores and accordingly the profit has to be reduced by INR45 crores.
- Amit Anwani:** So that gives me 1.3% margin for the turnkey segment.
- Management:** Yes, for the turnkey segment, it's around 1.3% margin if you exclude that particular item from the...
- Amit Anwani:** Right, so my second question then is what was the reason for such a low margin this quarter for the turnkey segment?
- Management:** In the turnkey segment, basically margin varies quarter to quarter. Normally we are giving the guidance of around 3% for the turnkey segment. In some of the quarters, there may be a certain provision has to be accounted for as per the accounting principle and accordingly margin may reduce. Otherwise, our guidance remains the same that in the longer run, we expect around 3% margin in the turnkey segment. But in quarter, it may vary.
- Sanjay Jindal:** Basically, you will also appreciate the change order which we are talking about, the adjustment of liquidity damage. Adjustment of liquidity damage is nothing, it's a change order. In the past, in the earlier, client has not given time extension to us and accordingly we have applied for the same and it took a little bit longer time for the client to approve the same.
- So basically, it's a change order and the company in the year like which is project implementing company, this is a common phenomenon that sometimes you incur cost first and then you get the change order. And that's why there is this type of change order. But these are not exceptional in nature.
- This is part of our job and it is part of our operating income.
- Amit Anwani:** Sure. So second, I wanted to understand on the order pipeline. So as to now what we are expecting, what is in the pipeline for H2 and next year, if you would like to highlight the projects and the value?
- Sanjay Jindal:** We are targeting the similar business line like what we have got last year. We are targeting the same business, same range of the business secured. So we are working towards it. There are a few of the oil and gas projects in petrochemical, in refinery, we are bidding in the process of bidding. Some projects are there in the mining sector. Some projects are there in the non-ferrous metallurgy sector, infrastructure segment, a lot of projects which we are bidding. And we see that we should be able to match the last year's business at least and we will try to improve upon that.



- Amit Anwani:** So sir, order intake, is it a fair assumption that we will cross 5000 for FY24?
- Sanjay Jindal:** We will at least meet the last year's business which was around 4700. So we will be able to meet that or we will try to improve upon that. We still have six months time. And we have booked recently in October a few of the business, new business also which will be reflected in the next quarter results. So we are also working towards that.
- Amit Anwani:** So just one last question on consulting margins also. This quarter we saw the consulting margin also suppressed. So any thoughts on that?
- Sanjay Jindal:** It is basically as we have already said, it is on quarterly basis only. And we are expecting some more chain order in our consultancy job also. So on year basis you will find that our margins are intact.
- Moderator:** Thank you. The next question is from the line of Vijayant Gupta from Bharti Axa. Please go ahead.
- Vijayant Gupta:** Hi sir. Sir, would it be possible to share when would we expect the PMT order for Petronet CDH project and what could be the order value? What is the PTH?
- Sanjay Jindal:** We have not booked it right now. No, no, no. Can you repeat the question?
- Vijayant Gupta:** Sir, when do you expect the PMT for the recently announced Petronet CDH project? INR20,000 crores.
- Sanjay Jindal:** No, no, it is yet to come. It is still under their management's consideration. It will come in due course of time.
- Vijayant Gupta:** Okay. And sir, what could be the order value?
- Sanjay Jindal:** We will be able to tell you the order value at this stage. Sir, competitive word.
- Moderator:** The next question is from the line of Kunal Seth from B&K. Please go ahead.
- Kunal Sheth:** Sir, if you can just talk about any initiatives outside India in the international markets that we are taking as a focus area or we will largely focus on the domestic market?
- Sanjay Jindal:** No, no, definitely we have increased our initiative in the international market. You will see that last year we added a new territory of Guyana in our business portfolio. This year we have re-established ourselves in Algeria. We have recently secured in, probably it has not reflected in this business, in the month of September. It has been secured in October. So it will be reflected there. We have re-entered into Algeria and we have secured our business there. We are pursuing our business in Algeria. Again, we are strengthening our business in Nigeria and other African countries as well as in South America.
- So that is there in our end will and we are working towards it. So that will be, in times to come, we would like to bring to the overseas business, will be in the almost similar ratio to the domestic business.

- Kunal Sheth:** Okay. And any, basically sir, any timelines of this you are targeting in the next 3-4 years or?
- Management:** We have already started our initiatives and we are bidding for various projects. We hope for the best that by end of this year we should be able to get good results. You must have seen that last year's results, overseas had jumped from the previous financial year. So we are also focusing towards the more business from the overseas this year too. So we have 6 months to go and various projects in pipeline. So let's hope for the best.
- Kunal Sheth:** Sure. Sir, my second question is around our non-oil and gas initiative. Where do you see, you know, the most opportunity outside oil and gas for engineers in India? And also specifically if you can talk about, you know, your role and opportunity in the CBG and the green hydrogen projects, if any?
- Sanjay Jindal:** Green hydrogen, we are already there. We are already working in 3 or 4 projects. We are working in JN, we are working in BRL, we have worked with Adani. And we have initially, recently we have worked with one of the private sector clients for their green ammonia project, which was based on the green hydrogen. We are working with one of the state companies for their lignite to diesel project, which is, sorry, that is lignite to diesel. And we are also working for their hydrogen project as well now, which is in the discussion and soon we will be realizing that.
- So hydrogen is definitely added to our portfolio and we have done quite a good job in that and good studies. Now we are also looking for one of the projects, the implementation and times to come in few months' time, where we have prepared the DFR for that and that has been approved. So that implementation is likely to come this year's time.
- Management:** To add on to that, recently we have signed a memorandum of agreement with NTBC, through which we will be working for all the green initiatives and energy transition projects that NTBC will be taking up. So that MOA has been signed and we are expecting that business will be benefiting from that particular MOA as well.
- Kunal Sheth:** Sure. And sir, any role in CBG that we will play?
- Sanjay Jindal:** CBG we have not been able to get into right now because we have a very low level of competition is there. So we are just looking into it. If it is viable for us, we will definitely enter into it.
- Kunal Sheth:** And sir, lastly, which is the area outside the oil and gas which you will be most gung-ho about in terms of opportunity from next 2-3 years' perspective?
- Sanjay Jindal:** Next is decarbonization in the area, which includes biofuels, green hydrogen, solar CSP. All these are the new sectors which we are targeting. We are targeting non-ferrous metallurgy again for the upcoming smelter projects of the state oil companies as well as India as well as outside. So all these things we are trying to do outside oil and gas. Infrastructure is another segment which we are doing pretty well. We have increased our business multiple in the infrastructure segment.

So that is one of the focus areas wherein we are going into the niche activities like data centers, going into the airport, going into the residential institutional buildings as project management consultant. We have recently been, last year we secured a job for horticulture center, which is an international horticulture center. We are working as a project management consultant. So similar kind of assignments wherein we have a niche, we will be entering into the other areas outside oil and gas.

Moderator: Thank you. Thank you. The next question is from the line of Mr. Sunil M. Kothari from Unique Portfolio Management Services. Please go ahead.

Sunil Kothari: So my question is for the last 3, 4, 5 years. Our revenue is almost in a range and profitability is also not improving. So where are the opportunity for next 3, 4, 5 years will change our trajectory which we are stuck up during last 5 years almost?

Management: Yes you are right. For the last 3 years our turnover is almost flat and our profits are also flat. But in the current year we are expecting 10% increase in the turnover and we are expecting 10% increase in the net profit also. So I think this is the prediction about the current year and in the turnover you will definitely see increase in the coming years because we are having handsome order book and some other jobs are in pipeline which are sure to be matured in favor of EL and our turnover will rise from the current level definitely.

Sunil Kothari: And sir is there any this 3% profitability which we sometime we are in future expecting. Why we are in that business any logical correlation with our consulting business or what we are exactly -- why we want to be there? I could not understand the figure of 3%. Sir our turnkey business is just 3% profitability.

Management: In the turnkey segment, you are right. Our margins are within 2% to 3% and we are trying to improve it.

Sunil Kothari: But any reason for being in that business, being so much highly technologically capable consultant for the other segments and across the India, if you look at the investment is happening may be over a 5 year further there will be investment...

Management: No this is simply an extension of our business basically in the turnkey segment also. We are doing the same business basically but only the impact is that, the pipeline, the contract and the supply is a part of the expenditure as well as the turnover. Otherwise we are doing the consultancy over there and 3% margin is basically sufficient, if you consider that the total -- the margins are on the total order value basically. In the consultancy, the margin are on our portion basically. So 3% margins are good plus you just see during the current past quarter, we have received a change order or reduction in the LD that has contributed to the margins also.

So over a period of time, definitely there will be improvement in the margins and we are providing certain provisions in our financial statement as per the accounting practice and on the completion of the contract, there will be substantial increase in the margin in case the LD and we get the change order. So you don't see the quarter-to-quarter but over a period of time definitely we are getting the good margins in the turnkey segment also. You just see our past record also.

So this is an extension of our business whatever we are doing in the consultancy, we are deploying that manpower for doing the turnkey business and it is adding to the profitability of the company and it is a risk free business. Basically the plant and machinery and subcontracting costs are passed on to the client, in case there is an increase in the cost, that is passed on to the client.

Sanjay Jindal: Because we are doing these projects on open book estimate basis not on the EPC basis, so we are very selective in choosing the LSTK segment jobs wherein the risk is less and we are comfortable in working. As you can see generally we are having 2-3% margin in the LSTK job but in this quarter we are having more than 12% margin in the LSTK job this is because we could get a change order from the client because this is a construction business where sometimes we have to incur cost first and then get change order from the client. So in the past quarter, you have seen 2%-3% margin but in this quarter it is 12%.

Sunil Kothari: Is it the nature of the business, right?

Management: Having always 2%- 3% margin. Correct.

Sunil Kothari: Sir, my last question is, we have invested roughly INR500 crores in this fertilizer project and around INR700 crores in refinery project. So what type of investment we will have to do during next one year or three years?

Management: At present, we are having majorly two investments, one is Ramagundam fertilizer and chemicals and second is Numaligarh refinery and at present, we do not have any other such major project where EIL is pursuing for the investment.

Sunil Kothari: Sir, any further investment will not be done in this fertilizer project or refinery, whatever we have done that's it?

Management: I think NRL is going for the expansion for the 3 mm TPA to 9 mm TPA, there we have to contribute equity capital of INR13,800 crores to maintain our 4.37% equity. So that will come by way of right issue.

Sunil Kothari: Thank you very much.

Management: One installment of, I think INR35 crores of instalment, we have already paid and balance installment will be paid as and when it is called by Numaligarh refinery.

Sunil Kothari: Thank you very much, sir. Thank you and wish you good luck.

Moderator: Thank you. Next question is from the line of Venkatesh Subramanian from LogicTree Consultants Pvt. Ltd. Please go ahead.

Venkatesh Subramanian: Good afternoon sir. Thanks for the opportunity. I just wanted to know, what will be the opportunity size in terms of sustainable order books?

Sanjay Jindal: With respect to the opportunity size, the number of projects are coming, multiple projects like various petrochemical projects, various refinery projects are there. So opportunities are there to

meet that. So maybe we see that in the next six months. We see a project investment of around INR30,000 crores to INR40,000 crores at least on the [NWILL], wherein we are bidding for it. So that is there definitely.

Venkatesh Subramanian: Okay, sir. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani: Yes. Thank you sir for the opportunity. Good afternoon and very happy Diwali to the Engineers India team. Sir, I have three questions. One, you talk about the green hydrogen. Can you give more color in terms of size of opportunity for Engineers India margins, we could be having in days to come?

Sanjay Jindal: In hydrogen, the problem is, this is a new segment and many of the projects are on the paper board right now in the designing phase. So implementation is going to take some time. We are targeting the consultancy business. More or less all these projects would be somewhere in the range of INR4,000 crores or INR5,000 crores. So wherein we will be carrying out the consultancy services which is some amount of the job.

So that is the target we are saying. These are not going to be big jobs but they are going to be significant jobs. But in few years' time, maybe in a year or so, these kind, they will be part of these kind of projects because all these projects from the feasibility stage would come on the implementation side. So that is the advantage of being consistent in hydrogen at this point of time.

Viraj Mithani: So our size would be 10% of the project size or in terms of it can quantify our opportunity?

Sanjay Jindal: I cannot say that because it is the type of project and what mode we get involved. So it could be a good amount of work depending on the size and the mode, the client chooses to work.

Viraj Mithani: And is it fair to assume that, our margins would be on a higher side compared to a traditional business and new businesses?

Sanjay Jindal: It would be depending on the kind of competition we feel in the market. Because these are still in the initial stages. So definitely there would be competition and we will see, what best can be achieved. Definitely we would be able to earn some good profit out of it.

Viraj Mithani: And the next question is about your JV with NTPC. We do not have any JV?

Sanjay Jindal: I would like to clarify that, we have not formed any JV.

Viraj Mithani: MOU, sorry?

Sanjay Jindal: Any of the project they would be doing in their research and development facility, any pilot project or anything which they would be doing in decarbonization segment, they would like to take our services.

- Viraj Mithani:** So what will be the opportunity size there also? Some color on that.
- Sanjay Jindal:** The opportunity size is not going to be very large but it would be consistent and we see that, business can maybe extend it to their main line of business too, in future.
- Viraj Mithani:** And decarbonization is also the same thing which we talked about the hydrogen and something else should be doing more in the decarbonization front?
- Sanjay Jindal:** I said, primarily focused on decarbonization, green hydrogen, green ammonia, biofuels, these kind of projects they would be targeting and we will be supporting them in future. We are already doing two assignments for them in past also. One is for their green ammonia urea project, green urea project and earlier we had done it for their green ethanol project. So we have already done few assignments for them and we are working towards the new assignments which they would be taking over in future.
- Viraj Mithani:** Sir, would it be fair to assume that, all these things will start coming on from FY '26 onwards or earlier than that?
- Sanjay Jindal:** No, we cannot say that. It depends on their investment decisions actually.
- Viraj Mithani:** Okay, sir my final question is, you said this year we should be around INR4,700 crores of the top line. So margins will be more or less the same, net margins will be around 10%-10.5%. Is it fair to assume?
- Sanjay Jindal:** No, we are expecting increase in net profit this year and we are targeting 10% of increase.
- Viraj Mithani:** So margin will be higher to 12%- 13% is what you are trying to say?
- Sanjay Jindal:** Increase in turnover, we are targeting 10% bottom line also.
- Viraj Mithani:** 10% bottom line also. Okay, that's it from my side. Thank you and all the best to you.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Good afternoon sir. So my first question on the coal gasification. Are you seeing some traction in those projects where we are working? And also are you seeing there something of Coal India which is expected to be known?
- Sanjay Jindal:** We are engaged in one of their projects wherein the DFR is being prepared for their western coal field. We have done the feasibility report. We are not engaged in any of the other projects but we are definitely engaged in Navili Lignite Corporation which is carrying out Lignite to methanol project as well as they have recently gone into Lignite to diesel project. We are engaged with them in that segment. But Coal India definitely we are in touch and if any of the major assignment comes we will be engaged with them.
- Mohit Kumar:** Do you expect that Coal India project to be awarded in the next 12-18 months especially consultancy?

- Sanjay Jindal:** It depends because they have not yet decided on any of the major projects to be implemented after DFR whereas at the same time Navili Lignite has gone ahead with the major implementation side of it. So they are still in the feasibility stage itself Coal India. So they are looking into the investment opportunities, how to go for the investment and what more it could be invested. So let's see it depends on them how they decide to invest in this project whether they would like to invest on their own or they would like to get the investment from outside. It all depends on them.
- Mohit Kumar:** Do you really think the coal to chemical which was showing such a great promise and the government has factored in three trillion number by FY'30. Is it happening or do you think there is a lot of huddle?
- Sanjay Jindal:** Sorry can you repeat the question please?
- Mohit Kumar:** So the government had a plan to invest three trillion for coal gasification especially coal to chemicals. Are you seeing huddle? Do you think this number is not possible? In your opinion what are the challenges?
- Sanjay Jindal:** One of the projects is already being implemented from coal to methanol. There is no challenge itself. There is one issue is there. We see that basically coal gasification technologies are limited and there is a limited parties available for that. So that sometimes create a huddle. But otherwise one of the projects is going on.
- Management:** Most of the technologies are owned by the Chinese companies. So that's the one challenge that would always be there. But having said that there are technologies which are in Europe and US based technologies also. So that will be targeted for our projects in the future.
- Mohit Kumar:** So you are saying that the confidence on the domestic technology especially on the BHEN and Thermax is not there completely. Is that right? Because they are mostly pilot projects.
- Sanjay Jindal:** Actually we would not like to comment on that. We have not evaluated their technology and in none of their projects we are working. So we don't see anything has been implemented on that technology.
- Mohit Kumar:** Understood sir. My last questions are on the ONGC and BURL Petcom complex and IOCL. Is there a tender which has been floated and which can conclude in the next 12 months?
- Sanjay Jindal:** The IOCL tender is going to come probably next year itself not this year. They have floated one tender for PVC-ECM chemicals but not for the crafters. ONGC is expected to come. Again it's going to be a little bit late in next financial year only or early next year.
- Mohit Kumar:** And PVC ECM complex is for consultancy. Is that right?
- Sanjay Jindal:** Sorry?
- Mohit Kumar:** The IOCL PVC-ECM complex which you just mentioned is for consultancy, right?
- Sanjay Jindal:** This is for consultancy, yes. They have floated a tender for that.

- Mohit Kumar:** What is the size of that project sir?
- Sanjay Jindal:** This would be around 5-6 thousand.
- Mohit Kumar:** Understood sir. Thank you and all the best sir.
- Sanjay Jindal:** Project costs I am talking about.
- Mohit Kumar:** Project costs are understood sir. Thank you and all the best sir. Thank you.
- Moderator:** The next question is from the line of Ms. Bhoomika Nair. Please go ahead.
- Bhoomika Nair:** Yes sir. Sir just wanted to understand our international business a little better. How are you seeing the ordering activity out there? Which areas are we seeing and is it on a competitive basis or is it through G2G kind of a thing which is driving our ordering activity? If you can just talk a little bit and how are the order sizes scaling up etc.?
- Sanjay Jindal:** Bhoomika, first is it is not all G2G basis in international market. It is only one of the projects in Mongolia which was on G2G basis but not even on the G2G basis. It was basically funded by government of India but was tendered by Ex-Im Bank and we had quoted against the tendering. But in all other international areas whether we are working in Nigeria, Nigeria itself is the private line wherein you know that Dangote Refinery we are working. We are also working with a private investor there for their LNG plant, for their fertilizer plant as well as their upcoming refinery project.
- We are also bidding for their petrochemical complex which is in the bidding process. All these are the private investments and not on G2G basis. Then in Algeria we are bidding with the state oil companies, Sonatrax which is the main oil company there. So we are bidding those projects. We have started targeting the South America. We are already there in Guyana and we are using that experience in working around that area. Puerto Rico is there. Then in other part of South America like Mexico and all those countries we are targeting.
- In Africa itself we are targeting some other countries like Ghana as well as South America. So all these countries are there on the anvil so which we are exploring business and bidding for it. Competition is definitely there but the competition is little bit better there because they are more quality oriented so we have a good chance of winning. But it has to be a very good job and the client has to be very stable so we ensure the payment comes in time and we realize that job.
- Bhoomika Nair:** How large are the order sizes, project sizes that we could possibly get?
- Sanjay Jindal:** Are these like smaller orders or are they in that INR500 crores? No, it is in the INR700 crores. We have improved our qualifications in all the Middle East countries like Kuwait, Saudi Arabia and all these countries where we were earlier in Bangalore. We are improving our qualification and targeting more of the bigger assignments.
- So that is the work in progress. So we see the results have started coming. You must have seen the increase in last year and you will see this kind of increase this year also. We are working

towards it and we hope that we should be able to surpass the domestic business in international market.

Bhoomika Nair: Apart from Dangote, all the order sizes have been fairly small and I think the Mongolia order was the last larger one per se. The other orders have been fairly small in terms of the size and scale.

Sanjay Jindal: You must have seen this Nigeria order. It was quite big. It was around INR400 crores worth of the project. It was a fertilizer complex. We got two trails of the same project. Actually INR480 crores to be precise and INR180 crores was the Guyana project which was a PMC for a power plant. So it was a fairly good amount of projects. Actually Dangote project was a long term project and it got increased with various expansion. The value has increased significantly and there are a lot of opportunities in Dangote itself in future. So we are also engaged with them. So let us see for the best.

Bhoomika Nair: Okay. So the other thing was this strategic alliance with the Sunrise Group of Australia for the concentrating solar technology, right? So where are we in the process? I know it is a very nascent stage and very early in the day but when do you think, what is the progress of that entire MOU etc.?

Sanjay Jindal: Initial engagements with Sunrise because we have to develop a business model around that niche technology. So that particular activity is in advanced stage and finally we are also having the seeding activities with the prospective clients as well. So most probably during this financial year we may get smaller assignments with that to begin with.

Bhoomika Nair: Okay. And same would be the case with this defense space as well which we had kind of gotten into. I mean what are the order sizes?

Sanjay Jindal: We will see some results by the end of this financial year. We will get a good result from this financial year. We are working towards it. We have already bid for various assignments and we hope to realize few of them. So in this financial year we should be able to see some results.

Bhoomika Nair: So what is the project pipeline out here in terms of ordering pipeline? How large can the segment be? I mean not necessarily for the current year. I can understand it might be small.

Sanjay Jindal: Most of the projects could be less than INR1,000 crores because these are smaller projects but could be multiple.

Bhoomika Nair: Okay. And could this grow meaningfully in size over a period of time?

Sanjay Jindal: All the – of them coming this year, one or two may come, very true be, definitely, less than INR1,000 crores.

Bhoomika Nair: Okay. And could kind of meaningfully grow over a period of next two years, three years?

Management: Yes, there is lot of opportunity there.

Bhoomika Nair: Okay. And these would be comparable to our current PMC margins or better off or worse off?

- Management:** Not less than that actually.
- Sanjay Jindal:** We are quite hopeful to maintain our margins in the EPSM job.
- Bhoomika Nair:** Right. I mean I assume this is more of a quarterly variation where we have actually seen this kind of a drop in the current quarter but average for the full year you would still be maintaining our 28%, 27%, 28% kind of a margin profile?
- Sanjay Jindal:** Surely.
- Bhoomika Nair:** Okay. I will come back in the question queue.
- Moderator:** Thank you. The next question is from the line of Shirom Kapur from Prabhudas Lilladher. Please go ahead.
- Shirom Kapur:** Hi sir. Thanks for the opportunity. Apologies if there is any repetition here but from what I understood you mentioned that you are bidding for about INR30,000 crores to INR40,000 crores of projects. Is that specifically in petrochemicals? Could you give a bit more color on this?
- Sanjay Jindal:** It's all mixed. I can say INR40,00 crores to INR50,000 crores worth of the project cost. It is not the fees. It is the project cost of the project investment. It's a minimum INR40,000 crores to INR50,000 crores project cost but it could be across the sectors like in refinery, petrochemicals. It could be in energy as well as pipeline. So all these sectors. I am just giving you a rough figure. This is the kind of project and we will be getting some percentage of that as our fee to maintain the business solutions.
- Shirom Kapur:** This is across businesses and across domestic as well as overseas or specifically?
- Sanjay Jindal:** I am telling you this is the minimum across the business segments. You cannot tell how many projects. We are bidding a lot of projects. This is just a figure which came into my mind for the question. I am telling you it is at least this size of project.
- Shirom Kapur:** You mentioned that you are expecting to at least maintain the same level of order inflows as you got last year which is about INR4,700 crores. This year we already received about INR2,400 crores. So is this 30,000 to 40,000 rough figure that you have given, is this from what we are expecting the remaining INR2,400 crores of inflows to come in, is this for the next half of the year or is this 30,000 to 40,000 sort of a longer term pipeline?
- Sanjay Jindal:** We see some to maintain that this year's order book which is basically the business position of INR4,700 crores or INR5,000 crores. We will be able to secure jobs from this overall project cost only or little bit more than this project cost whichever we are bidding for. Sir, many projects are in bidding. We cannot tell the name of the projects and the size of the projects because most of them are in the competition. So it is not right to tell.
- Shirom Kapur:** Sure sir, I understand. And sir, any kind of guidance or something that you are ready to give yet for FY '25? I know you have given for FY '24 10% top line growth but maybe anything for FY '25 yet?

- Sanjay Jindal:** Right now being a project oriented company, where business is cyclic in nature, we are able to predict this year only. For the next year, right now it is not justified to say anything.
- Shirom Kapur:** Okay, understood sir. Thank you so much and all the best.
- Sanjay Jindal:** Thank you.
- Moderator:** Thank you. The next question is from the line of P. Jha who is an individual investor. Please go ahead.
- P. Jha:** Thank you for taking my question. One relates to investment in Numaligarh Refinery. What is our expectation in terms of returns on our investment?
- Sanjay Jindal:** In the NRL we are getting dividend from the company and in the last year we have got handsome dividend of INR54 crore on the investment of INR700 crore. So it is more than 7%.
- P. Jha:** Okay, and other than the dividend, do we get also significant work order from them?
- Sanjay Jindal:** Order wise yes, we have few consultancy orders from them but it is not on the basis of the nomination and all. These are competitive bidding. Even though we are the partners but we do not force them to give it to us on nomination and all. So it is a competitive, we have got few of the assignments, not a major assignment but few of them. One is aqueous Ammonia project, which we have recently got around INR30 crores to INR40 crores worth of consultancy services from them.
- P. Jha:** Great. And one futuristic question because we have great expectations from the kind of skill set that you have, the kind of manpower that you have is in terms of de-carbonization, newer form of energy. Because at least personally it looks to me far nearer than what we are anticipating and stated objective of the government is the hydrogen is going to be the order of the day for the future requirement by 2030.
- We are talking big numbers in terms of clean energy. How does Engineers India limited rate itself in terms of ranking in those technologies? Emerging technologies like hydrogen or coal-based methane better than in de-carbonization. In broad terms, if you can lay down, what is your ranking in terms of the technology that you have?
- Sanjay Jindal:** In fact, if you talk about the technologies on de-carbonization, overall we don't own a specific technology for that. We are, as part of our growth strategy, we are growing inorganically as well. So we are looking for technology partners with which we can have a strategic alliance and we take up their technology and go for a project implementation.
- One of these cases like Sunrise CSP has got a technology for solar concentrated. So that's Australian company. So we had a strategic alliance with them. So they are providing the technology and we are doing the implementation part. So that's the growth strategy that we are taking up. Because developing a technology and the gestation period is long. So we have to move fast in this particular sector. So for that, we believe that collaboration is the right way to go forward. So that's what we are targeting in all these sectors.



- P. Jha:** A fair point, but in case of the size of the cake, which is going to be so large in coming years, do we see ourselves getting a significant part of it?
- Sanjay Jindal:** Yes. Why not? Because like I said, we already have on a skill development, on a development of manpower, because all these areas are not new to us. We have been working in these areas. Our teams are working from the process side, from the engineering side, in a similar area. So we have a complete skill set to work in this area. And whenever the opportunities will be there, that will be leveraged. I mean, leverage our skill sets and our collaborative partnerships and the path track we got for that.
- P. Jha:** Fantastic. That's very reassuring and wishing you all the very best and a happy Diwali to the entire EIL.
- Sanjay Jindal:** Thank you.
- Management:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Bhoomika Nair for closing comments.
- Bhoomika Nair:** Yes, I would just like to thank everyone and particularly the management for giving us an opportunity to host the call. Thank you very much, sir, and wish you all the very best.
- Sanjay Jindal:** Thank you very much Ms. Bhoomika, and happy Diwali to you.
- Bhoomika Nair:** Happy Diwali to everyone. Thank you very much.
- Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.