



“Engineers India Limited  
Q3 FY’24 Earnings Conference Call”

February 02, 2024



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



**Moderator:**

Ladies and gentlemen, good day and welcome to Q3 FY '24 Earnings Conference Call of Engineers India Limited hosted by DAM Capital Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Bhoomika Nair:**

Yes. Good evening, everyone, and welcome to the Q3 FY '24 Earnings Call of Engineers India. We have the management today being represented by Mr. Sanjay Jindal, Director of Finance; Mr. Suvendu Padhi, Company Secretary and Investor Relations; Mr. R.P. Batra, Executive Director of Finance and Accounts, Mr. Sunil Saxena, Executive Director, Technical and IR; Mr. Amanpreet Singh Chopra, Senior General Manager, C&MD Office, Mr. Vivek Midha, General Manager, Marketing Business Development; and Ms. Neha Narula, Senior Manager, Company Secretary and IR.

At this point, I'll 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:**

Good evening, everybody, and a warm welcome to all the investors for the Earning Call for this meet. Today, we have declared our quarter 3 results and stand-alone information. In the third quarter, the company achieved a turnover of INR856 crores in comparison to INR777 crores in the quarter ended September '23, showing an increase of around 10% on quarter-to-quarter basis, with turnover from Consultancy and Engineering segment amounting to INR359 crores and INR497 crores in turnkey segment.

The turnover for the quarter 3 is INR856 crores compared to INR831 crores in the corresponding quarter of the previous year, i.e. December '22, showing an increase of around 3%. For the 9 months ended 31st December 2023, the company has registered a turnover of INR2,442 crores, vis-à-vis INR2,418 crores during the 9 months ended of the preceding financial year with turnover from Consultancy and Engineering segment amounting to INR1,066 crores and INR1,376 crores in the turnkey segment during the 9 months ended 31st December 2023.

The profit after tax for the quarter 3 is INR50 crores compared with INR48 crores in the corresponding quarter of the previous year, i.e. December '22, showing an increase of around 4%. During the 9 months ended, the company has recorded PBT of INR354 crores and PAT of INR266 crores in comparison to INR235 crores and INR183 crores respectively during the 9 months ended of the preceding financial year showing an increase of 51% in PBT and 45% in PAT.

Notably, the EPS for the 9 months ended December '23 is INR4.73 vis-à-vis 9 months ended December '22 is INR3.26. The company has unexecuted order value of INR7,990 crores comprising under Consultancy segment of INR4,751 crores and under LSTK segment of INR3,239 crores. Thank you. Bhoomika, my side is...

- Bhoomika Nair:** Should we begin the question-and-answer session, sir.
- Sanjay Jindal:** Yes.
- Moderator:** Ladies and gentlemen we will now begin the question and answer session. We have our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Sir my first question is on the order opportunity from the petchem side. The Consultancy income -- the Consultancy order inflow has been pretty weak, especially in the last quarter. How do you think about it in the next 10 to 12 months? And if you can just lay out the order opportunity, project wise, it will be helpful?
- Sanjay Jindal:** With respect to the petchem you're asking?
- Mohit Kumar:** I'm talking about Consultancy in general, the large orders, large packages, which...
- Sanjay Jindal:** Your voice was breaking in between. No problem. Overall, Consultancy wise, we have bid for a few of the projects. And we in the meantime in this time period between the December and January itself, we have booked some business and got three of the orders. There are three mega complexes are under negotiations.
- One is in overseas and one is in India, as well as one is in the initial stage of a private segment in India itself. It is a charity chemical complex. We are expecting that these three would get materialized definitely before March 31st. Some more project Consultancy assignments are also on the anvil. We have also secured a few of the assignments, one of the assignments in IOCL for sustainable aviation fuel. We are L1 now, so it is expected to get awarded soon.
- We are also bidding for another kind of chemical complex of IOCL, which is in the bidding process. Results are expected to be out shortly. We are hopeful that in some of the assignments, we will be able to make it and we should be able to get more business in the next two months' time.
- Mohit Kumar:** Are you referring to IOCL Paradip? Is that the right estimate?
- Sanjay Jindal:** No. Paradip is a bit away right now. It's not in the entry mode. It is going to take some time. It is expected to come somewhere in the next financial year. We are actually anticipating towards the bidding or the center in the beginning of this financial year -- in the last quarter of this financial year, between January to March, but I think it is going to get late. They have not come out with tender as of now.
- Mohit Kumar:** Anything on the BPCL, petchem, LNG or GAIL?
- Sanjay Jindal:** BPCL petchem initial activities we are involved. We have been given some assignments with respect to the modification of the conceptualization because I think it was initially got approved, but they decided to go back on the consultation and they are reworking on that. So we are working in the initial stages of the project. And as soon as it is cleared from their management, it would come.

- Mohit Kumar:** PLNG and GAIL, any opportunity in the next few months?
- Sanjay Jindal:** We won't be able to, because some of them are under discussion.
- Mohit Kumar:** Understood. Sir, any comment you can -- maybe you can make on the coal gasification, of course we are hearing a lot of noise, but I don't see anything materializing on the ground. Are you seeing any tender which are coming for the consultancy?
- Management:** Every year the government announces certain benefits and even all these projects which are being named in the newspapers also are being discussed for the last 2 years. They have not yet come on to paper. The government is giving some grant in 3 categories, and one of the projects are on Coal India and GAIL is getting approved and therefore showing that.
- But that has been -- MoU has been entered in 2022, '23, early '23, but it has not come on to the paper. So there is a lot of news in the papers, lots of discussions are there, but exactly nothing much is happening. It's all in the tendering or a feasibility stage. Some of them have gone into feasibility, but they could not get viable. They are going to go into again feasibility phase like in Coal India, WCL, the tender, the requisition companies did not bid. So it had to go back.
- Some of these projects one projects in which Neyveli Lignite Corporation, we are doing one of the contracts, at economically high price. So I think it is in the initial stages only. Because the technology is an issue and the companies were going to execute is an issue. But there is a lot of discussion and a lot of studies are on definitely.
- Moderator:** We have our next question from the line of Amit Anwani from PL Capital. Please go ahead.
- Amit Anwani:** My first question is on the EBIT margin this time for turnkey, which shows a decent improvement. And at the same time, I would like to understand what is the trajectory developing for the turnkey business margins?
- Sanjay Jindal:** There is improvement in the turnkey margin in comparison to the December '22 quarter. We are executing certain projects for ONGC. We have started that. And margins are primarily coming from that. We have already given the guidance that our margin will be in the range of between 3% to 5%. So it's around 5% during the current quarter.
- Amit Anwani:** Right, sir. And sir, I wanted to understand on the infra order. I can see this quarter, we got one INR350 crores order for the Intelligence Bureau building. So is this in the sense we are getting that we will be bidding for more stable building projects and the infra itself -- civil infra itself will become a vertical.
- Sanjay Jindal:** Yes, definitely. We just like to add on this. Infrastructure segment focus has been changed in our company. Last year, if you see the last year's business and today's business, it is much improved. We are more focusing on the infra niche kind of projects, not the regular kind of projects like this is the kind of easy.

You are seeing the Intelligence building, where we are getting into it more. Similarly, we are getting into other RBI's data center projects we are bidding as well as we are bidding for the airport developments. So we are focusing on all these kind of projects.

And actually, the focus is rather -- you focus on more on this segment, you get a lot of business. But our role is primarily as a project management consultant and focus is on the clean projects. So that is there. And we are going to definitely is going to contribute more, infrastructure is going to contribute more in our business segment now, that percentage is going to rise.

**Amit Anwani:**

Sure, sir. My last question on -- just wanted to understand for any refinery capacity expansion, for example, INR30,000-odd crores which the OMCs highlights. How much would be the EPC component in that? What has been our share within the EPC or turnkey component, which is arising out of any refinery capacity expansion?

**Sanjay Jindal:**

We see one of the private refinery expansion because they are anticipating -- they are anticipating actually in 2 phases. One is we are thinking of going for petrochemical or for the refinery expansion. So they are in the decision phase. Normally, what we see is the refinery expansions are going to be much. It should be more towards the petrochemicals.

So either the integration of the petrochemical complex or a little bit smaller expansions. So major expansion we have not seen. Because we have not seen any of the feasibility -- major feasibility happening in the recent stages. It's mostly the petchem.

We are doing the feasibility studies of petchem. Then the -- it is actually known when the feasibility is done. So there will be a number of feasibility with respect to the expansion in the refinery segment.

**Amit Anwani:**

Sir, actually, I wanted to understand that typically, what would be the share of turnkey orders which can come out of the -- any refinery expansion? And then how much Engineers India would be getting out of that?

**Sanjay Jindal:**

It depends on the company strategy. So generally, these states or companies going for the mix of the execution methodology, which is some of the units are executed on EPCM basis and some of the units are executed on the PMC. Mostly, utilities and offsites are generally executed on EPCM, but all the other process units have been executed on -- generally being executed on EPC mode.

It is very difficult, it just depends on the company-to-company, what strategy they want to adopt. Definitely, they have their own plus and minus EPCM and PMC have their own plus and minuses. The company which is capable of handling the -- they have good engineering strength and between their company, they would like to prefer EPCM, because that requires that definitely saves time and reduces the cost of the project.

But at the same time EPC adds, there's a limited involvement of the client side. And -- but there always a risk and benefit also for the same. So it depends on the client-to-client. There is no specific segregation can be done that this should be the percentage of EPC or LSTK.



- Amit Anwani:** Lastly, sir, now we are at 3,000 for 9 months with respect to order intake. We have been guiding more than 3,500. Are we on track? And wanted to understand any guidance on order intake for next 2 years cumulatively or EOIs, if possible?
- Sanjay Jindal:** At least we are on the track for achieving the last year's target. We have some jobs in the discussions. If those gets mirrored, definitely we will cross the last year's business secured, it was around INR4,500 crores or INR4,700 crores. It is going to cross that definitely.
- Amit Anwani:** Sir, for next 2 years, cumulative, what is the expectations?
- Sanjay Jindal:** We cannot say that exactly. The market is very different. You never know. Definitely, we will - our aim would always be to improve upon the [EVCS] business and target that.
- Amit Anwani:** Do you have a fair visibility for doing continuous or more than INR5,000 crores or something?
- Sanjay Jindal:** We are targeting around INR4,500, crores INR4,700 crores, around INR5,000 crores. So it is approximately -- we are going to target at least minimum that much to sustain. But our focus is on increasing our presence across the world and for getting into the overseas business, getting into new segments. But all these new segments have some -- it will take some time to settle down because you see...
- Management:** Even we are targeting more than INR5,000 crores, but it depends on the market.
- Sanjay Jindal:** Our target is more.
- Management:** It depends on the market, how the project come in the market. And as you know, it is the winning strategy also. It depends on the L1 also. We have to come L1. So it is the market who determines who is going to win. But definitely, we are targeting more than INR5,000 crores.
- Amit Anwani:** Sure, sir. Thank you very much.
- Moderator:** Thank you. We have our next question from the line of Bhoomika Nair from DAM Capital Advisors. Please go ahead.
- Bhoomika Nair:** Yes, sir. Sir, I have a couple of questions. You initially mentioned in a previous question that we have three orders where we are L1 and finalization is pending, two in India and one in international markets. So how large are these projects...
- Sanjay Jindal:** First, we would like to clarify. We not L1 in those projects. We are negotiating those contracts as of now. L1, we are there in one of the projects bid for IOCL, which is expected to be awarded shortly. We are L1 in that because that is on tendering basis. Rest of them are being on the negotiation basis. In Nigeria and two are there in India itself. So they are handsome sized projects. They are the petrochemical complexes.
- Bhoomika Nair:** The IOCL one, which one is that, because you said it is not Paradip, so...
- Sanjay Jindal:** I will let you know the name. It's a synthetic sustainable aviation fuel project, which is coming up in Panipat refinery. It's just a smaller refinery, but it's a new area because our focus is on the

sustainable aviation fuel. So it's a very competitive segment. We face real competition in this and we could secure it because it's going to be the future of the country because the focus is on the alternative fuel. So this is one of the segments. And actually, this is going to be an implementation. So it is going to add value to our experience and profile also.

- Bhoomika Nair:** Understood. One is IOCL and one is in Nigeria. And then there is another third one which...
- Sanjay Jindal:** Two other in India itself across various sites. So I will not tell you the names, because they are in negotiation, so we will see.
- Bhoomika Nair:** Okay. It's not the Bina one because you said...
- Sanjay Jindal:** That is expected to come next year only.
- Bhoomika Nair:** Okay. So these two clients and the one in Nigeria are all related to petchem or is the Nigeria one related to refinery?
- Sanjay Jindal:** No, Nigeria is related to petchem. All three are -- I am telling you, it's mostly the petchem now. We have limited refineries.
- Bhoomika Nair:** Okay. So sir, you spoke about these projects where we are already negotiations stage, etcetera, and in IOCL, we are L1. Now obviously, these will get finalized in the next two month or so. But as one moves beyond that into the next 2 years, how should we look at what are the potential petchem orders which can come through? You mentioned there is obviously BPCL Bina refinery, the petchem order, which is there, the IOCL Paradip petchem is there. Is there anything else that you can speak out in terms of IOCL or BPCL or HPCL or any others which are there in pipeline?
- Sanjay Jindal:** One of the GAIL is there. GAIL is also thinking of West Coast petchem complex complex. And there are a few more. One was the Bina and one is of the GAIL, which is thinking of setting up of complex in Kakinada and then Paradip is actually going to come. You are aware of that. Then a private -- there are two private companies who are going to set up the cracker complexes, which we were involved in the starting phase itself, feasibility studies. We have done the feasibility studies. We see that they are going to come. One is [Krutu Chemical] and another is a steam cracker project. So these are there on the anvil right now.
- And one of the PVC-VCM complex is going to come next year in Gujarat. That is also there on the anvil. So there are some projects are there on the anvil wherein we are involved in the feasibility study. We, for sure, see that some of them get materialized. Like Bina, we were expecting this year, but it never happened. So you never know what will happen when they go after their Board's approval. But these are expected next year.
- Bhoomika Nair:** Sure. Sir, in the Maharashtra side, there was a refinery, which was planned and then obviously, it is delayed. Is there any alternate or any such further kind of consultation...?
- Sanjay Jindal:** There has been no consultation in that regard, because it's been there for the last five years, it has been going on. Even though we are involved in the relocation of that refinery project, it all

depends when will it happen because nobody can comment on that. It's been there for five, six years.

**Bhoomika Nair:** Sure. Just on the other part of it, we had this MoU, which we had one strategic alliance that we have gotten in with Sunrise CSP for the solar technology BOP. Any projects that we are getting, given that there is so much activity that is happening in the solar aspect of it? Any kind of orders that we are expecting out here? And any progress on this ordering activity from this perspective?

**Sanjay Jindal:** On this solar CSP, we are talking to one of the public sector companies. Right now, it is going to be in the feasibility stage. It is going to materialize in the next one or two months. There will be feasibility for that. And then it could be -- maybe if it will come up in the next financial year itself when the feasibility is done.

Because there we are studying various options. They're going to study various options of the size of the plant. So it will definitely come next year. But right now, in this year, we are going to get feasibility for that, because solar CSP is a relatively new area and it is going to take some time.

**Bhoomika Nair:** Okay.

**Management:** In the meantime, there are a lot of conceptualization studies that we are doing in-house with our alliance partner. So the concepts are on a building stage. So from a conceptual stage going to an implementation stage, it will take some time. So probably by next year, we'll see good market openings up for these projects as well.

**Bhoomika Nair:** Okay. And just lastly on the -- for just the current nine months, if I look at it, the Consultancy revenues have more or less been flattish. So would it be fair to say that this year will end up being a little flattish year for Consultancy or can we look at a 4%, 5% kind of growth for the full year?

**Sanjay Jindal:** So what projects we are talking about, all of them are the Consultancy now in the pipeline.

**Bhoomika Nair:** Okay. I was talking more from the revenue side, sir.

**Sanjay Jindal:** For the revenue side...

**Management:** For the current year, we are targeting more than INR3,500 crores turnover. And we are expecting at least a 10% increase in the next year if these projects materialize. But definitely, we are on the growth path.

**Bhoomika Nair:** Okay. From the margin perspective, how should one look? Because obviously, quarterly variation do happen and there is provisions and write-backs, etcetera, which take place. So Consultancy, should we look at a steady, say, 25% to 30% range in terms of the EBIT margins?

**Management:** No, I'm not expecting the margins in the range of 28%, 30% because sometimes it depends on the change order. As you know, in the project-oriented companies, sometimes finalization of change order takes time with the client. And you have seen also in the first quarter, we have got the change order. In the second quarter also, we have got the change order. But in the third



quarter, there was some shortage of change order because we could not materialize and that is under still finalization with the client. And we are expecting some change orders in the quarter 4 or so on. So 28%, 30% is not the right figure, and we are expecting between 20% to 25%.

**Bhoomika Nair:** Okay, sir. Okay. Thank you. I will come back in the question queue. Thank you, sir.

**Moderator:** Thank you. We have our next question from the line of Jonas Bhutta from Birla Mutual Funds. Please go ahead.

**Jonas Bhutta:** Thank you, sir, for the opportunity. Just wanted to understand our initiatives on the international side, while I understand that we are close to negotiating an order in Nigeria. But at some point in time, we were also discussing on the MENA region in terms of you're trying to build up our capabilities. So can you talk about some initiatives that we've taken there, any prospect list that is there in the next one or two years that we can speak about?

**Sanjay Jindal:** First is, in the MENA region, talking about the Nigeria. Nigeria itself, this is the petchem project we are talking about. We have been pursuing one of the smelter projects with some of the clients as well as we are also discussing with one of the fertilizer projects, which is already there, fertilizer complex which is already there. They are having lot of problems in the plant. We are working with them to get the assignments with respect to the ramp of that project. So that is what we are doing in the Nigeria site.

In Africa, we have reestablished ourselves in Nigeria. We are continuously bidding for those projects. We are right now executing one of the projects for a refinery project and bidding for more projects in pipeline as well as in petchem in Nigeria. Because these are the countries where we have fast work, and we know them are these markets.

Then secondly, in Africa, we are also going into the other countries and also studying the market wherein the oil and gas sector is active, which is a bit secure, and we should be able to get the money back from the country.

So we are studying these countries, and we are expected to enter into more of the countries like Egypt and all will be targeting in the future. And then in the Middle East segment, in the Middle East we are trying to -- focusing on all the major markets like Kuwait and Oman as well as Abu Dhabi.

Abu Dhabi, which is the major hub. We already have an engineering office there. We are further strengthening and we have increased our business intake from there. And we're focusing on the major projects from the Middle East in Abu Dhabi office. Specifically in the UAE market, we're focusing on the bigger projects, and we are targeting major projects there, and we are expected to get more business, because this year's intake from that office has increased substantially.

And it is likely to increase next year because we're putting a lot of effort increasing our manpower. So all that focus has been on that market. At the same time, we are thinking of going into the Saudi business because we have in the past worked in Saudi Arabia. We are also looking into reentering into that market. We are working towards it. And hopefully, by next year, we

should be able to enter in that market also. So we are doing it gradually wherein we have past experiences and there are future opportunities available like revival of this this Algeria market.

Similarly, we have gone into the -- you are aware that in South America, we had gone into Guyana, wherein we have a lot of resources. Oil and gas has been explored and it's a very small market, but it has the largest -- one of the largest resources and it is growing very fast. So we are already involved in one of their power and projects and they are anticipating few refinery and fertilizer projects there.

So we are looking into that market also. We have put in our people there and they are working on that market because that is an English speaking market, so it is easy to work in that segment. So that is the way we are expanding.

**Jonas Bhutta:** Thank you, sir, for that elaborate answer. But if I have to sort of summarize, other than this Nigerian order, which is on the anvil, would you believe that all these initiatives will yield to another such large order in the next 12 to 18 months? Or that is still some time away?

**Sanjay Jindal:** It is going to give us more orders and larger orders we are anticipating from Abu Dhabi definitely in that region itself. We are going to get the business, more business from these markets.

**Jonas Bhutta:** Understood. My second question was on the non-oil and gas initiative. So we were doing -- trying to break into the defense sector with doing something for the ordinance factory boards, etcetera. Can you talk about a bit on that?

**Sanjay Jindal:** Lot of -- this segment, a lot of government orientation is there. So, a few of the proposals are under discussion with the ministry and all. They may get cleared because we've been working on this market for almost a year, and we have invested a lot, lot of efforts in this segment and committed various projects in there, and they're in the stage of cadence. So we are hopeful that a few of them will get cleared, and we should be able to really take the benefit out of it.

**Jonas Bhutta:** And lastly, sir, what percentage of the Barmer refinery, which is part of our turnkey order book, has been completed? So I think there was a change order also there. So including the change order plus the original order, what is the balance pending work in our order book dedicated to the Barmer refinery, sir?

**Sanjay Jindal:** I have the progress of the project, I don't have the order wise progress. The planning progress is around 71.5%, which is completed.

**Jonas Bhutta:** Got it. Thank you, sir. And all the very best.

**Moderator:** Thank you. We have our next question from the line of Sujit Jain from Bajaj Life Insurance. Please go ahead.

**Sujit Jain:** Sir, I don't know if you covered this before in the call, but just wanted to check with you. Petronet LNG indicated a very large capex for their Q2 results, I think close to INR17,000 crores, INR18,000 crores. So any projects and on -- in the pipeline, which you can tap in?

**Sanjay Jindal:**

We are discussing a few projects with PNL. It will not be appropriate to declare the name of the sale. It is -- we are discussing something with them.

**Sujit Jain:**

Right. And you mentioned new initiatives, including solar, which you just said that -- with your aligned partner probably next year there could be some traction? Are there any plans to...

**Moderator:**

I'm sorry, you're sounding muffled. Mr. Jain? We'll move on to the next question from the line of Raj Rishi from DCPL. Please go ahead.

**Raj Rishi:**

I just want to find out what are your initiatives regarding this supposed massive potential of energy transition, be it green hydrogen. Solar, the one tie-up which you have with Australia, the Australian company, is it like for EPC or what is it? And what other areas in this energy transition other than your traditional business, are you targeting?

That's point number one. Point number two, just to get a perspective to what percentage of the present revenue would come from these new areas presently? And what is the vision? I heard some interview of Ms. Shukla, Ms. Vartika Shukla and I could gather that a lot of optimism was there that a huge chunk can come from here whether sustainable aviation fuel and green hydrogen and solar, etcetera.

So what percentage of your revenues say in three years' time, can we expect from this energy transition other than your additional areas of the LNG petrochemicals?

**Sanjay Jindal:**

So on the first part, other alliance partner that is Solar CSP, we won't be doing the EPC part. We are having a line that they will be providing the technology part and we will be doing the balance of plant. So balance of plant in that solar CSP typically 25% to 30% of the total capacity that goes into it.

That's number one. And for balance of plant and the integration of this particular technology, the refineries is another step towards energy transition. So this is the one phase wise transition that will happen. So that's one. Another thing is on the energy transition that you asked say only green hydrogen is alone is not a part of energy transition. It is one of the many initiatives that are there.

One is on the energy efficiency part. Second is on the alternate fuel that also goes into the transition part. Alternate fuels like ethanol blending, which is not -- we have at least 10% and government is targeting 20%. So we are expecting a good chunk of new bio refineries coming up across the country because the ethanol pricing that is from biofuel policy are very conducive and they are giving -- the margins are right now on a very positive side.

So one of the refineries that is under completion is the Bio Refinery of ABRPL. So we are expecting similar type of refineries coming up in the Northeast. And with our other fields we are expecting -- the technologies are there. So we are analysing the technologies which are the most appropriate technologies for other feedstock also.

So -- and on the revenue part, last financial year, if we see on the energy transition, what are other things we are doing in the field of green hydrogen, biofuels, energy efficiencies, it's around

7% to 8% of our revenue stream was from energy transition. And as this is a growing field we are definitely going to increase this percentage, which we are -- we should target to be around maybe next couple of years anywhere from 8% to 15% to 20% in the Consultancy business as well only.

**Raj Rishi:** This is only Consultancy, right?

**Sanjay Jindal:** Yes, it will be Consultancy.

**Raj Rishi:** So this tie up with this -- in this solar part, balance of part, that will come under Consultancy.

**Sanjay Jindal:** Yes, if you can see that again, it depends upon the client that in which business -- in which mode they are going to execute the project. If it is going to be a complete EPCM then definitely, we will take part of our engineering services that we are going to provide for balance of plant and integration of that. So mostly, we are expecting the Consultancy business to begin with in this segment.

**Raj Rishi:** And sir, what is the -- like you must have done some study as to what is the market size and what kind of turnover we can generate from this particular tie up in say three years' time. Any comments on that?

**Sanjay Jindal:** Market size, like what we have seen in last few months of our study that there's an enormous size. The only thing is that we have to present a good case and a good business model to the client, which is viable, of course. So we are working on different conceptualization. It going on, on different type of -- different type of operation model for this.

And we will be presenting this particular model to the client, whichever the viable model is there, that is going to click. So we are right now in a very conceptualization stage and under various models that we are going to get into our clients.

**Raj Rishi:** Okay. And another thing, sir, like Ms. Shukla in Davos had talked about a lot of tie-ups that in Engineers India cannot create technologies on its own for everything, right? So talked about a lot of collaborations and even, I think, first January, the New Year addressed the employees of Engineers India, there's talk of a lot of collaboration, this year being a year of collaboration. Can you share with us what sort of collaboration and what kind of talk, etcetera, which area?

**Sanjay Jindal:** The collaboration are across our portfolio, so anything for early providers in the new areas as well like Solar CSP is one where we collaborated. There are a number of other collaboration, discussions are going on with our partners. So as and when they mature, we'll announce it.

**Raj Rishi:** Okay. And sir, another thing, just my last question. Like Engineers India versus your peer group both in domestic and globally. Globally, there must be a cost advantage, right? Indian engineers come with a cost advantage. So is that the only advantage you have versus your -- like why do you expect that you'll get a lot of international business? What's the edge, which this Engineers India would have over your competitors there?

**Management:**

That is the case because the cost advantage is there. And the experience of EIL also speaks because in many of the cases, if we see this International market, it is mostly the quality based - - quality base correction. Many of the countries it is quality based collection. Wherein the experience also show the kind of experience or the complex experience we have in the Indian market.

I don't think that it is being done anywhere because there you -- that the expansions and the capacity expansions have taken certain phases. So EIL has been involved in all kinds of expansion, as well as modernization, revamps this kind of thing is not happening in many other countries. So that always plays with the company experience.

EIL engineers also has the experience as well as the price advantage is definitely there. So there's also competition from the East European companies and their prices are less, their competition is also less. So it all depends which market is there, what kind of companies are bidding. So, that we have seen.

**Raj Rishi:**

And sir, certain companies, I can get some con-calls, they also talked about this, India spearheading this global South on a political level. So that also might help in generating business, government-to-government putting in a good word, etcetera. So is it there in your case or is it just direct company trying to solicit business?

**Sanjay Jindal:**

So we have a lot of interactions are going on with number of trade commissions and -- of various countries, not only from the global South that you are talking about, but whereas Oceanic countries also. So we are in constant touch with the trade commissions, and we look for the opportunities that we can gather from there.

**Moderator:**

We'll take our next question from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

**Nikhil Abhyankar:**

Thank you, sir. Thanks for the opportunity. My first question is particularly on green hydrogen side. So recently, government has announced incentives to set up around 4.5 lakhs tons per annum of green hydrogen capacity. So are we in talks with all the winners of these bids to setup the capacity? And what can be the size of this opportunity?

**Management:**

See, we have to take it in a very phase-wise manner. So government has come up with their green hydrogen requirement policy. The draft is already in the market for the public consultation. So, once the detailed procurement policy will be set up, so there will be a lot of aggregation that's going to happen in this particular space. And once aggregation happens, that gives the economy of scale to any operator or any manufacturer.

So definitely, with the policy initiatives and the decision and -- that government has taken and which is taking forward, we expect lot of business demand generation will be in the regional demand and acquisition will be at our national level. So we are expecting once it happens, lot of business would be there for us in green hydrogen space.

But definitely, like electrolyzers, or maybe also coming up with PLI scheme for electrolyser, for green hydrogen manufacturing. So definitely, all these policy initiatives do support the

businesses here. And we are expecting that within a year or so, you'll see a lot of movement in this particular space.

**Nikhil Abhyankar:** Sir, my question was particularly with regarding the incentives recently announced in the month of December. So they have allocated capacity of 4.5 lakh tons, and I think the capacities are to be commissioned in the next three years or four years.

**Management:** Yes. Basically the green hydrogen, if you see on the demand side, most of the demand side is from the refineries and the petrochemical. So these particular companies are going to set up the green hydrogen plant. You're right, in the next two to three years, when the studies will be done and then final financial closure and the project implementation would be there.

So it's going to take a couple of years to do this. But we do have all the capabilities, both on the technical side and both on the execution side to undertake these particular green hydrogen projects. Because hydrogen is nothing new, we have been dealing with hydrogen molecule for, since ages. So this is not a very technical incentive thing for us to crack.

**Nikhil Abhyankar:** Okay. So can we expect any order inflow next year from specifically green hydrogen?

**Sanjay Jindal:** One thing is that we have done the study of projects in last few years since it's a private company, which is setting green ammonia, green urea project. So that study is there. That is in their clearance in their board. And if that gets cleared, it's going to be a big complex somewhere in Orissa.

So let us see. Let's hope for the best. If it gets cleared from this, we are involved in the study of their projects. So that is going to be one of the large-scale projects, which would be there on the ground in the recent years for the green urea.

**Nikhil Abhyankar:** Understood. And my final question is on the overseas market. So recently, Aramco has capped their production at 12 million barrels per day. So do you expect this to be like some other OPEC countries might also join in and it might impact our prospects going ahead?

**Sanjay Jindal:** I think we won't be able to answer that question because it will be more of companies like IOCL will be able to answer that question.

**Nikhil Abhyankar:** Oka, sir. Thank you. That's all from my side.

**Moderator:** Thank you. We have our next question from the line of Shirom Kapur from PL Capital. Please go ahead.

**Shirom Kapur:** Hi. Thanks for the opportunity. I have two questions. One is on those three mega pet chem projects that are under negotiation. Would you able to share what the total opportunity size this could be?

**Management:** We won't be. This is under the negotiation, so it won't be appropriate to share the details. Details of the same, you'll get to know in a few months' time. I think by 31st, we'll be able to get some news on this. At least some of them would materialize.

- Shirom Kapur:** Okay. And I saw in your presentation under the orders secured for the Intelligence Bureau that you've got a INR350 crores project. The service side is looking as Turnkeys. Is that's just an error because in your table, you've given your Turnkey order inflow was zero this quarter? So I just want to...
- Sanjay Jindal:** It is a depository base project. It's not a turnkey project. It's a depository-based project.
- Shirom Kapur:** Okay. I see that now. Yes. Okay. Thanks.
- Moderator:** Thank you. We have our next question from the line of Amit Anwani from PL Capital. Please go ahead.
- Amit Anwani:** Sir, just a follow-up on exports. You did highlight it overseas opportunities in the different markets you are looking for. Just wanted to understand, will there be more consulting orders or Turnkey orders? And second aspect, I would like to understand on the margin differential between domestic and overseas orders, which are going to look now in the international market?
- Sanjay Jindal:** First is it's mostly going to be the Consultancy orders. We are very specific about going for the EPC orders. So we generally give the EPC services in India itself. If we find something some good opportunity which is risk-free activity, we might decide to go in the international market for EPC, but primarily it would be Consultancy. And margin-wise, the international orders are good enough and they give good margins. And we are able to maintain our overall margins in that regard.
- Amit Anwani:** So like more than 5% difference?
- Sanjay Jindal:** That -- it depends on -- it depends on the order and the competition. In this market, we are in, very specific, it's very difficult to tell you. In some of the orders we get more than what you are telling, in others we get a little bit less, depending on the what strategy we adopt whether we want to enter into that market, sustain our business there, and try to beat the competition or it's easy to get that business and there's limited competition, it may increase. It is on case-to-case basis we have to see.
- Amit Anwani:** And now with so much focus on international, the international, I think, was about INR500-INR600-odd crores last financial year. And I think 9 months also more than INR300 crores. Can we see the run rate substantially increasing in the next 2, 3 years?
- Sanjay Jindal:** It would be, it would be. Not substantially increasing. It will increase a bit. At least it will be -- I can say it should be substantial -- not very substantial, around 20%, 30%, at least it should increase.
- Amit Anwani:** Sure, sir. thank you very much.
- Moderator:** Thank you. We have our next question from the line of Nirav Chudgar, an independent research analyst. Please go ahead.
- Nirav Chudgar:** Thanks for giving me the opportunity. My question is actually on the Vision 5K '25, which was outlined by your Managing Director, Vartika Shukla in the 56th AGM. So actually, I want to

know from you, what would be the progress on that? And if you can give some qualitative color on this?

Because if I see your results, right, from FY'20 to FY'23, the revenue has been in the range of INR3,000 crores to INR3,461 crores in that range. And even in this current financial year, in the 9 months FY'24, we have achieved the revenue target of INR2,441.89 crores. So I would like to know qualitatively, are we planning to achieve our aspirational Vision of 5K '25 by next year? And if you can also outline what are the initiatives which we are taking in order to reach there? Thank you.

**Management:** Yes. I think we are making all our efforts to achieve our vision of -- and increasing our order book, which will in turn result into the increased revenue. So we are making all out efforts across the company to achieve this.

**Moderator:** Mr. Nirav, does that answer your question?

**Nirav Chudgar:** Yes. So could you quantify for me, whether we will be able to achieve that aspirational target? Or are you planning to release some another vision statement or a road map to guide the investors?

**Sanjay Jindal:** Vision statements are not changed very easily. We are working towards it, one has to work towards it, and we are totally wholeheartedly working towards it, entering into new areas, tie up with the new companies, entering into new projects, entering into new areas. All these things will take time.

And efforts should be visible in the market, that is the aspect. And we have to make efforts and we have to work towards it. The vision is always a target wherein we have to work towards it. Right now, we are working towards it. If it is unachievable then we will see at that point of time, but we are working towards it and we should be able to meet the objective.

**Moderator:** Thank you. We'll move to the next question from the line of Akshat Singhal, an Individual Investor. Please go ahead.

**Akshat Singhal:** Thank you for the opportunity. My first question, this is two book keeping questions. This is with respect 2020 and 2021 annual report. I was going through all the con calls, but couldn't find the question to the same. The first one is with respect to the note number 55 of annual report of 2021. It states that out of the investment made by PFS in the past, some issues of securities are defaulted in interest payment and/or principal repayments.

The amortized value of probable future principal default is amounting to INR193.7 crores as at 31st March 2021. My question is with respect to the financial year to which this provisioning of default in interest and principal repayment pertains to? Whether it is financial year 2021 or earlier financial years? As the same is not getting captured in the note.

**Management:** Actually, these PFS securities were downgraded during the financial year '18-'19, '19-'20 and '20-'21. And to the tune of INR193 crores as you mentioned, and we are provisioned against that INR150 crores -- provision of INR150 crores was created in the financial year 2021.





- Akshat Singhal:** But they were pertaining to previous last 3 years, right, sir?
- Management:** Securities were downgraded in the '18-'19, '19-'20 and '20-'21.
- Akshat Singhal:** And sir, further, it is mentioned here that further the provisioning is done only for the amortized value of the probable future principal defaults and it is not mentioned that of the interest also. So why we haven't provisioned for the interest and only we have provisioned only for the principal amount?
- Management:** Because all the interest due, we were paying continuously to the PF Trust on a yearly basis. And principal amount was not returned to PF Trust, that's why there was provision of INR150 crores. INR150 crores for the principal portion.
- Akshat Singhal:** Okay. And sir, has any actions been taken or initiated by EIL or government on the responsible officers on account of these defaults in the securities, because -- since it was a 3-year period, so there has been some kind of a negligence and whether the same has been reported to the appropriate statutory authority, including the exchange with respect to the same?
- Sanjay Jindal:** Yes. We don't have such information. So that's why we have not reported to the stock exchange.
- Akshat Singhal:** Okay, that's it from us. Thank you, sir.
- Moderator:** Thank you. We have our next question from the line of Raj Rishi from DCPL. Please go ahead.
- Raj Rishi:** Actually my line got disconnected. I was talking about the Global south thing. Can you just share comments on that? The political government to government connect how much it helps a company like Engineers India? My line got disconnected at that time.
- Sanjay Jindal:** Yes. Okay. As we mentioned that we are making very dedicated efforts to come back with various trade commissioners of various countries. For example, that particular, the alliance that we have done with the Solar CSP, which has emerged from our B2G interaction with the trade commissioners.
- So a number of other initiatives -- this is a continuous process that we interact with all the embassies of the countries and look forward to the more partnership and more business in this area. So it definitely helps.
- Raj Rishi:** Okay. And another thing like main raw material for you is quality of talent, right. The personnel which you have. So what -- versus the market, you need to incentivize them. So are your incentives in place versus your peer group?
- Sanjay Jindal:** See being a public sector, we have to go as per the guidelines of the government on our pay packages. And which we believe that are quite lucrative with respect to attracting the new talent. Number two is the retention of the talent that is also important. And if you see our attrition rate, it is less than 2% for last number of years. So with our policies, we are able to retain our talent as well.
- Raj Rishi:** Okay. Thanks a lot.



- Moderator:** Thank you. As there are no further questions, I now hand over the call to Ms. Bhoomika Nair from DAM Capital for closing comments. Over to you.
- Bhoomika Nair:** Yes. I would like to thank the management for giving us an opportunity to host the call. So wishing you all the very best, and thank you once again and to all the participants as well. Sir, any closing remarks from your side.
- Sanjay Jindal:** No, thanks, Bhoomika.
- Management:** I have the questions on the result part very low. So we thought investors are happy with the results. Okay. Thank you.
- Moderator:** On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.