"Engineers India Limited

Q4 & FY'25 Earnings Conference Call"

June 03, 2024

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

Moderator: Ladies and gentlemen, good day, and welcome to the Engineers India Limited Q4 and FY '25 Earnings Conference Call, 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, ma'am.

Bhoomika Nair: Thanks, Manav. Good afternoon, everyone and a very warm welcome to Engineers India Limited Q4 FY '25 Earnings Call, hosted by DAM Capital Advisors.

On the call today, we have the management represented by; Mr. Sanjay Jindal, Director Finance; Mr. Suvendu Padhi, Company Secretary and Investor Relations; Mr. R.P. Batra, Executive Director, F&A and Investor Relations; Mr. Amanpreet Singh Chopra, Senior General Manager; C&MD Office and Investor Relations; Mr. Vivek Midha, Senior General Manager, Marketing Business Development and Investor Relations; and Ms. Neha Narula, Senior Manager, Company Secretary and Investor Relations.

At this point, I'll hand over the call to Mr. Jindal for his initial remarks, post which we'll open the floor for Q&A. Thank you, and over to you, sir.

EIL: Thank you, Bhoomika. Good evening, everybody, and a warm welcome to all the investors for this week. We have declared our annual results for the financial year '24, '25 on 29th May 2025. Company's order book position has reached its all-time high in financial year '24, '25 and stands at INR11,700 crores as on 31st March 2025 as compared to INR7,823 crores as on 31st March 2024. Order inflow in EIL has increased significantly to INR8,214 crores in financial year '24, '25 as compared to the order inflow of INR3,400 crores in financial year '23, '24.

In the stand-alone information in the fourth quarter, the company has achieved a turnover of INR991 crores in comparison to INR750 crores in quarter ended 31st December 2024, showing an increase of around 32% on quarter-on-quarter basis, which are not from consultancy and engineering segment amounting to INR522 crores and INR449 crores in Turnkey segment.

During the fourth quarter ended 31st March 2025, the company recorded profit before tax of INR325 crores and profit after tax of INR243 crores in comparison to INR118 crores and INR88 crores, respectively, during the previous quarter of financial year '24, '25, showing an increase of 175% increase in PBT and 170% -- 76% increase in PAT.

With respect to financial performance for the year ended 31st March 2025, on stand-alone basis, the company achieved the highest PAT in the last 10 years. The profit after tax increased by 30% to the INR465 crores to -- in comparison to profit of INR357 crores in the last year. Operating margin during the financial year '24, '25 increased to 15% as against 8% in financial year '23, '24.

EBITDA of the company as on 31st March 2025 stood at INR659 crores in comparison to INR508 crores as on 31 March 2025. EBITDA have increased from 15% to 21%. During the year ended 31st March '25, the company had reached a turnover of INR3,028 crores. The turnover from consultancy and engineering segment stood at INR1,678 crores, and from Turnkey segment was INR1,350 crores.

During the year '24, '25, the foreign turnover increased by 32% to INR371 crores as against INR281 crores in financial year '23, '24 mainly from UAE, Nigeria and Kuwait regions. The company is maintaining a very healthy earning per share of INR8.28. Last year, it was INR6.35.

On a consolidated basis, the company earned a profit of INR580 crores for the year ended 31st March '25, in comparison to INR445 crores and during the last financial year '23, '24. Therefore, there is an increase of 130% in the consolidated profit on year-on-year basis. EIL share of property in RFCL has increased to INR108 crores in financial year '24, '25 from INR85 crores in financial year '23. '24. That is an increase in margin 27%.

The profit of EIL's subsidiary have increased to INR20 crores in financial year '24, '25 as against INR12 crores in financial year '23, '24. So this is some of the highlights from our side. Thank you, Bhoomika.

Moderator: Sir, should we begin the question-and-answer session?

EIL: Yes.

Moderator: Thank you. We have our first question from the line of Manish Ostwal from Nirmal Bang Securities.

Manish Ostwal: Thank you for the opportunity and very good set of numbers for the quarter and for the full year. I have a couple of questions on -- first, on the -- one of the slides where we mentioned that we foray into the defense space in the 2025 so what capability we have built there and what kind of business we can see for Engineers India from F '26 over the medium term in that segment?

EIL: With respect to the defense, first, you should know that as you are aware that we are an oil and gas company. We have extensive experience of core hydrocarbon and which is equally complex area. So scale-wise, we have no issues with us. So we had tied up with -- this year, we had tied up with Munitions India Limited, and we had signed an MOU with them. Thereafter, we have got some assignment from them also. We are executing one of the T&T project for them.

We are eying for more projects in this segment, including we are exploring the private segment wherever this opportunity comes we'll be tying up with them. So experience wise, we are ready for this because engineering is our core experience, and we can -- we are fully capable of handling any of this time. So this is one of the segments which we are keeping it as a potential segment for expanding our business horizon.

Manish Ostwal: So can you secure some orders in current financial year, sir?

EIL: We will try. This financial year has started, we will be targeting a few of the projects -- that will be -- end of this and the last quarter.

Manish Ostwal: Yes. Now coming to the current financial performance. So sir, last year, we have INR7,800 crores of order book and the current year, we saw an order inflow of almost INR8,200 crores, and we delivered a revenue of INR3,200 crores for this year and the margin of both the segments have improved consultancy as well as turnkey projects.

So the question is, one is based -- and compared to the last year order book, we have a 30% -- 38% execution of the opening order book. So given by the trend of the order book mix, what kind of execution we can anticipate for the current financial year?

And how we should think of the margin in both the categories like consultancy as well Turnkey because even Turnkey project margins during the quarter and the full year is much higher than what we guided to the market. So can you comment on, one is the growth aspect? The second is the profitability trajectory based on the current order book that we have?

EIL: Order book. We have -- first thing is that the order book, you must have seen that we have currently booked an order book of INR11,717 crores. So now these are the new orders which have recently booked, and there was a little bit decline in the turnover because many of the old projects, which were under execution have been on the closure of it because given the mega projects, which have a typical time line of 4 to 5 years -- 3 to 4 years.

So now as you must have seen in the last year, we have got the 2 mega petrochemical complexes project and many other projects which are getting initiated. So again, the time cycle is 3 to 4 years. The billing would start in this financial year. So naturally, we'll start earning and adding to the revenue and turnover would increase in that regards.

And with respect to the profit margins, we are going to maintain the similar profit margins so we are quite capable of.

EIL: As regard margin is concerned. Our margins in the consultancy segment, and LSTK segments are intact. Earlier, we have given the range of 5% to 7% in the LSTK, and in the consultancy business, it is 25%. And this year, we could achieve the higher margin because of the -- some change orders, we could finalize with our clients for which expenses have been already booked our profit and loss.

So in the company like EIL, where revenue comes from the implementation of project change order is also important part and it depends when the change orders are finalized. So a lot of change orders have been finalized in this financial year.

Manish Ostwal: And lastly, sir, order inflow against INR8,200 crores of order inflow where -- what kind of order inflow we can anticipate given the outlook for various segments in your presentation. So whether we can sustain the current -- year order inflow or we can do better for current financial year?

EIL: We can assess to sustain the existing order value. We will -- the order inflow, what we have got in this financial year we will try to sustain the same and we'll further grow from the existing order book -- sorry, order inflow. For your information, as of today, we have already booked INR1,300 crores worth of business. And then the second year is -- in the second market, sir. So we are working towards it. And hopefully, it will be -- our performance will be better than the past months.

Moderator: We have our next question from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Sir, my question is a note #4 and note #5. I think you are -- you mentioned that there is this impact of INR112 crores for the variable consideration, right? And note #5 says that we have also retained INR82 crores write-back. My question is, for the quarter, is it fair to say that the total impact on the profit is around INR112 crores plus INR82 crores, which is closer to around INR214 crores -- sorry, INR194 crores?

EIL: Yes, INR112 crores is our change order we could finalize with our clients. And against this change order, we have already incurred expenditure -- since we have already incurred the expenditure, therefore, it was a part of -- it was something as part of the turnover.

Like I have already told in the company like EIL, where projects are implemented, and some of the works are always done, which is beyond the scope for which change order is always finalized by the clients. And generally, it takes 3 times. Expenditure is incurred first and then the revenue comes. So under this scenario, we have got 2 major change orders, for which, change order value is INR112 crores.

And INR82 crores reversal is -- pertains to our guarantee and warranty. You know whenever a project is built, there is also a provision for the guarantee and warranty of the project. So we keep continuing to make provisions of the guarantee and warranty and whenever our defect clarity period is over, and there is no guarantee and warranty is balance, then that provision is reversed. And this is the accounting procedure. So there is a reversal of INR82 crores, for which we have got this client permission to reverse there is no guarantee and warranty on this account.

Mohit Kumar: Understood, sir. My related question is, sir you just -- in the note of 4, you are saying profit from operations for the quarter and the year. Does it mean that this is an impact on the profit after tax or profit before tax?

EIL: Profit for operation is always profit before tax. It is excluding the...

Mohit Kumar: So there is taxation impact, right, which I need to consider...

EIL: It is excluding the other income.

Mohit Kumar: Okay. Understood, sir. My second question is on the consultancy. I think we had a very fabulous last year, which was INR4,000 crores, I think some INR4,000-odd crores in the entire fiscal, which I think one of the best years in terms of the -- INR4,500 crores, I think, which is one of the best in the last several years. Do you think is it possible to replicate this in FY '26, especially of consultancy order inflow given what we see in the macro? Or do you think there was some dip in this order inflow in F '26?

EIL: With respect of the order inflow in the consultancy segment it would remain, it should be in the same range we should try that because we keep on bidding for the multiple projects altogether which are our core consultancy and we have already, like the projects like Paradip and all which are under execution and the Phase 2 is expected to come in towards the end of this financial year.

So we'll be able to -- which is a major component of the project. So this kind of many -- first is these will be awarded projects and another is like we are bidding for a number of the projects. So we hope that the consultancy would also be of the significant contribution in the total order book and the total order inflow.

Mohit Kumar: Of course, got it. How do you think about this international order pipeline in the consultancy? How is it shaping up compared to last year?

EIL: Like what you have seen it in last year that it is INR1,000 crores. So we are working towards it because earlier we were strengthening our Abu Dhabi office, which has done quite well. And it is improving its performance. We are targeting the large value project. So hopefully, this order inflow will further increase or it will remain the same rate.

In fact, we already have in this financial year, we already booked INR380 crores worth of projects from Middle East from Kuwait. So you can see that we are moving ahead with the same pace. So we can reach to the target what has been said...

Moderator: We have our next question from the line of Nidhi Shah from ICICI Securities.

Nidhi Shah: So my first question is on the order inflow for Turnkey. So at Q3, we mentioned that the 9-month order inflow is INR39 billion. And now for this quarter, we have mentioned that it is INR36 billion. So what is the order inflow for this quarter, has any order got canceled?

EIL: I think it was not the cancellation -- let me tell you what happened is there was one of the assignments which was awarded to us on a go ahead basis, go ahead basis is a kind of concept they will give you a letter to proceed with the work and then pending settlement of the order. So by the time the year-end closes, it was not a -- formal award was not received. So that's how we have to -- in books, we had to return it. But now it is about to be settled and then again, it will come back to the order inflow. So that's how you must have seen...

Nidhi Shah: Just sir, my understanding there is what is the order inflow for this quarter for Q4, sorry? And then in which quarter and how much adjustment would I have to make for this order that has...

EIL: We'll get to know, ma'am. We'll get to know about this when this would be settled. The order inflow as of now, I told you, around INR1,800 crores -- sorry, INR1,300 crores we have already received out of which LSTK is around -- LSTK segment is around INR800 crores, out of INR1,300 crores so quarter is still going on. So we will have to wait for...

Nidhi Shah: No, I meant, for Q4 turnkey...

EIL: Let me check. Q4 order inflow was something around -- sorry it was turnover. Checking it, it's not available in hand, we'll share it with you later, okay? You can get it separately...

Nidhi Shah: Okay. Just lastly, is the order that was delayed, what is the value of that one?

EIL: It was around INR300 or something crores. I don't have the exact value with me, around INR300 crores. The differential you would see is the same one, which will come back later on.

Moderator: We have our next question from the line of Majid Ahmed from Pinpoint Asset Management.

Majid Ahmed: Sir, I just want to understand that like going forward, what would be the mix for FY '26 and '27, sir for consulting and turnkey?

EIL: Order inflow could remain in the same range. Consultancy would be a little bit more than the LSTK so always remain in the range of 50%, 55%, 55%, 60% is consultancy and balance is LSTK. So prepare the -- we will keep the margin healthy in that range itself. Generally remains in the same range or so...

Majid Ahmed: So 55% in consultancy and 45% in the turnkey?

EIL: But that does not mean that we restrict it. We have to get every business. It depends at the end what kind of number gets settled, depends. But there is no hard and fast rule for us. This is the trend generally. This is generally a trend we are talking about.

Majid Ahmed: Okay, general trend. Okay, sir.

EIL: But this is the final outcome -- trend of final outcome.

Majid Ahmed: Okay. Sir, secondly, what type of capex are you looking for this coming year FY '25 to '26.

EIL: Capex is the routine in nature around the building for the renovations asset. So there is no major capex is in pipeline.

Majid Ahmed: Okay, sir. And going forward, how much is the orders are you bidding for like any order pipeline that you are bidding for -- going on...

EIL: Many bids are keep on going. So those are confidential in nature, cannot be disclosed. The end result would come towards the end of the financial year. We'll keep on updating you with respect to the business. I've already updated you that we have secured this much business. We keep on updating in the every meeting.

Moderator: We have our next question from the line of Harsha from REDA Holdings.

Harsha: Congratulations on fantastic numbers. Sir, my question is, now if I look at the order inflows, the last 5 years, we have clearly seen a very strong uptick in terms of order inflow almost from INR1,500 crores in FY '21 to INR8,000 crores this year. But at the same time, when I look at the revenue, last 5 years, we have almost been stagnant at around INR3,000 crores, INR3,200 crores.

Now in some of the previous calls, we have reiterated that there is aspiration to grow to INR5,000 crores top line or maybe even INR7,000 crores over the next, say, maybe 4, 5, 6 years. So just want to understand in terms of execution, what is going to change in the next 5 years that we are being optimistic in terms of, say, double-digit kind of a growth to grow from INR3,000 crores to maybe INR7,000 crores. So what is going to change in terms of execution?

EIL: Look, last -- for the last 4 years, our order book was in the range of INR7,000 crores to INR8,000 crores. And whenever a project is awarded to EIL, its turnover goes for 3 to 4 years. Suppose I get the project of INR100, then it comes ended turnover for the 3, 4 years. So therefore, with the INR7,000 crores to INR8,000 crores order book, our turnover was flat somewhere in the range of INR3,000 crores to INR3,500 crores.

So now it is the first time our order book has crossed the barrier of INR10,000 crores. Now it is INR11,700 crores, and we are sure that we will continue with this kind of order book. And definitely with this order book with the project execution, our turnovers will continue to rise. And we are expecting at least 15% -- 15% to 20% jump in the turnover of this year. But again, this depend upon the -- how the project execution goes.

Harsha: Okay. Okay. Understood. And sir, out of the INR11,700 crores order book we have. Out of this, how much would be our international order book? And also how much out of this INR11,000-odd crores would be from nonoil and gas segment because they're also looking to enter a lot of new sunrise centers. So as of now, what is the orders from non-oil and gas sector? And how big you expect these to become over the next 3 to 5 years?

EIL: See order book from foreign consultancy is INR2,000. Around INR2,000 crores.

Harsha: Okay. Okay.

EIL: And non around 30%, 35% is from the non-oil and gas segment.

Harsha: Okay. And sir, in non-oil and gas, which would be the major contributor to the order book?

EIL: The major contributor then you have chemicals, you have non-ferrous metallurgy, you have power, you have clean energy, all those sources, we can get the business.

Harsha: And going ahead...

EIL: The hydrocarbon and the non-hydrocarbon.

Harsha: Okay. And the non-oil and gas, which is around 30% to 35%, will it continue to remain at same level going ahead? Or will that portion of business increase?

EIL: So the portion may increase because we are quite a bit focusing on the infrastructures. It has been increasing continuously. So we see that, that is also going to increase.

Harsha: Okay. And the margins are similar in non-oil and gas?

EIL: Yes. About the margins are on the basis of the -- on the type of bidding we have. It is on consultancy and LSTK. For the consultancy and LSTK would remain in the same range, which has been told to us like 24% and 26% depending on which mode we get the assignment.

Moderator: We have our next question from the line of Kaushal Sharma from Equinox Capital Ventures.

Kaushal Sharma: So my question is on your margin side, if we see your past performance. So we are in the range of 27% to 28% in the consultancy and Turnkey, we are 3% to 6%. And suddenly, we got a jump of around 30% in Consultancy and 8% in Turnkey. So what was the key growth drivers of such a good performance in the margin? And will this margin be sustainable in the future like 2 to 3 years?

And the second question is on working capital, like our debtor days have like improved around INR400 crores negative in our cash flow. So what is the normalized debtor days in our business? And how long will it take to realize these debtor days?

And my third question is on our industry side, sir, what kind of opportunity are we looking in our industry like the overall market? And what CAGRs are we expecting to grow in next 2 to 3 years in our industry?

EIL: First of all, let us talk about the margin. Our -- as we said, our normal margin is 25% in the Consultancy business segment profit and LSTK it is 5% to 7%. But this time, we could achieve the higher margin because some of the long pending change orders we could finalize with our clients. And with the impact of these change orders, our margins are on higher side. But definitely, for the future, we are targeting in the normal range of 25% and 5% to 7% in LSTK business.

As regard your payment cycle, our payment terms with the clients are 30 days only, but we are able to receive within 1 to 2 months' time from our client. It is not more than 45 days generally.

Kaushal Sharma: Not more than 45 days, right sir?

EIL: Yes.

Kaushal Sharma: Not more than 45 days. It is the normal trade cycle, right sir? Yes. So I'm just saying that 45 days is the normal trade receivables cycle, right, in our business?

EIL: Generally, our payment terms are 30 days, and most of the payments we are receiving in 30 days. On an average, it comes to around 40 days.

Kaushal Sharma: 40 days. And sir, if you talk about it on the industry side, what is the market opportunity...

EIL: You can take 45 days safely. No issue.

Kaushal Sharma: Pardon, sir.

EIL: You can take 45 days safely.

Kaushal Sharma: No, I'm -- yes, so I got it, sir. My question is on our industry side like Consultancy business and the Turnkey business, how much market size currently and how -- what CAGR are we expecting going forward 2 to 3 years down the line?

EIL: This was specific -- it's a very big market. Whichever segment you go, it's a big market, whether we are going in oil and gas, you're going infrastructure, you're going into the ferrous, non-ferrous metallurgy segment. So all these are the markets. So there is no specific size of the market as such. You can see the -- you can track the investments which are coming in the hydrocarbon segment.

You can see the investments coming up in the infrastructure segment. You can see the investments in the steel segment, non-ferrous segment. All these segments, we have a lot of potential and government of India is putting a lot of focus and pushing growth in these segments so naturally, whenever there is a growth and new projects will come, we will also bid and we get the business. So that's the market for us.

Kaushal Sharma: And sir, what is our current order book pipeline in our book and our success ratio in that?

EIL: Success ratio, you can say around 25% to 30%, 35% competitive scenario.

Kaushal Sharma: And what is the current order pipeline?

EIL: We can't tell you the order pipeline. We already told you that the order which we have already received is around INR1,300 crores as of now, first 2 months. We reached the target of the existing business inflow, which we have received in this year and will be further growing in that segment.

Moderator: We have our next question from the line of Amit Anwani from PL Capital.

Amit Anwani: First of all, congratulations to the whole team for a very good set of numbers. And my first question is, sir, on the overseas consultancy, we have done a phenomenal job this year, roughly about INR1,000-plus crores order intake, order book is sitting at about INR2,800 crores. I think all-time high if I see past 8, 9, 10 years. And you have been talking about setting up office in Kingdom of Saudi Arabia.

I wanted to understand, are we looking higher inflow numbers from overseas market in FY '26, '27, and by setting up office there, are we going to deal further, what is the addressable market, let's say, in Kingdom of Saudi Arabia and since a lot of engineering companies are talking big about capex happening in Kingdom. So I wanted to understand our outlook in overseas where we have been positive for FY '25? And are we targeting better number for FY '26? And what is the addressable market competition, win rate? Any idea if you would like to give?

EIL: With respect to the international market targeting that our focus to international market has been increasing, this year it is around 13%. We are targeting towards it. We are trying to increase it to more on this segment, like the 13% we will try to cross that 13% segment, 13% of the total order inflow like to increase that.

And accordingly, we are focusing on the -- specifically, on the Middle East. Middle East, we are strengthening our Middle East office in Abu Dhabi, which is catering to the other terrains like Kuwait, Bahrain, Oman, and other nearby countries. At the same time, we are setting up the

Saudi office. The current major contribution has been from the Abu Dhabi office, which has done a wonderful job and increase their business from there.

So we are -- we have improved our categorization in those countries because these countries are very systematic in nature. You have to improve, you have to stay there for a long time, you have to perform. That's how you are upgraded in the categories and then you allowed to bid for the large value projects.

So as of now, with the consistent focus on this, we have been able to go to the larger category project and we are continuously bidding for this. So we are hopeful that in -- when we are bidding for the larger category projects, we are successful, then this order value will further grow.

With respect to the Saudi, Saudi is one of the biggest market in the Middle East. The maximum capex investment comes in Saudi. So there's huge potential for them. And there's a lot of demand for the good engineering company. However, this will take -- this is still in the nascent stage. We are setting up the office.

It takes some time to settle down, register yourselves, establish head office and panel with yourselves with all the companies and manage all the resources, then you will start getting the business. So there is a lead time in getting the business, but it will be a very good -- when it is established, we are start running, we will be targeting very good business from them. So that is our anticipation. So that's the answer from my side.

Amit Anwani: Sir, what is the win rate? And typically, if you're bidding the project in Saudi?

EIL: We can't -- Saudi, we are not working as of now. We are just entering...

Amit Anwani: Okay. Okay. The other Middle East geographies, what is the win rate?

EIL: Despite a good rate, it's very difficult to tell what is our win rate because the number of bids are there. You are there with the -- we are there as a panel consultant. We have a number of frame agreements going on into which we have competition with 3 or 4 major consultants. So win rate is good. Very difficult to tell the numbers as such.

Amit Anwani: Right. With respect to order inflow prospects, we have been highlighting that we got very good orders from past 2 financial years and focus is to have more than INR5,000 crores annual order intake run rate. So are we sticking to that for FY '26, '27?

EIL: Yes, very much.

Amit Anwani: Okay. Any, sir, orders which you would like to highlight where we are L1 or maybe past 12, 18 months order and order value if possible for you to highlight in oil and gas?

EIL: I mean, right now, many of the projects are in the bidding stage. So it's very difficult to tell you at this point of time because this is the competition time. So let's hope for the best, we will keep you updated in the subsequent meetings as far as the result comes. As of now, for your information, we have INR1,300 crores worth of business we have booked as of now, as of May. So we're keeping the pace up. We'll keep you updated on this in the subsequent meeting.

Amit Anwani: Sure. Sir, one clarification on the change order. You said roughly about, I think, INR112 crores -- INR128 crores revenue and INR112 crores for FY '25. What is the change order you talked about, there is one more change order for FY '26 also. What is the value of that change order?

EIL: We have talked about the change order, which we have received in the financial year, '24, '25. And it is a continuous process because EIL is involved in the execution of a mega project for the scope of -- which is not part of scope of work, we get change order from our clients time to time. So in this financial year, we could get the change order of the INR112 crores, which have been accounted in the financial account. Change order plans increase in the contract value -- original awarded value.

Amit Anwani: So that largely flows through to the profits, right?

EIL: Largely flows through profit because expenditure has been already incurred by us. That's why it is mostly -- it represents the profit portion only in case work has been already executed.

Amit Anwani: Right. So lastly, on other income, which has been keeping roughly about INR160 crores from past 3 years. What is the dividend income from NRL? And outlook, why other income is keeping same? Will it be same for next financial year as well, for this financial year, I would say FY '26?

EIL: In this financial year, we got the dividend of INR12 crores to INR13 crores from the NRL, and we are expecting the same level of other income in the coming next year.

Moderator: We have our next question from the line of Patanjali Jha an Individual Investor.

Patanjali Jha: And in my view, very heartening results, looks like going back into the former self where the margins have improved dramatically. And hopefully, the gaining momentum along with your unprecedented order book. My questions are primarily 2. One, Aramco seems to have now shown it's very keen interest to come to India with a figure -- a realistic figure of INR25,000 crores investment with BPCL in Andhra and with ONGC in Gujarat, of which the Andhra one is gaining momentum and is at a higher stage of fruition.

So for us, any refinery within the country, especially with the public sector undertaking, we only think of Engineers India, not because it's a public sector undertaking, but very competent and with a certain degree of monopoly in the segment. So his take on that. That is the first question.

EIL: With respect to these 2 refineries, we understand that the Aramco is...

Patanjali Jha: Yes, yes, yes. The likelihood of...

EIL: This is likely -- this is a capex situation that both sides have to agree. We have no comments on that. We will only anticipate that this project should come fast and we'll have another 2 opportunities to bid for it, because nowadays when you are saying there is some monopoly, there is some monopoly as of now because all these jobs we have won is under strict competition. There is no advantage of being public -- we get the jobs now. So we are ready that these are the 2 big complexes and it would be a sizable job when they are realized, we will be very much keen in bidding for business times to come. Let's hope for the best it comes.

EIL: And I would like to add to this, we are getting job on nomination basis because, first, we are technical competitive -- technically competitive. Second, we are cost competitive also.

Patanjali Jha: That, in fact, you are competent and that is how you get it. There is nothing to do with the degree of monopoly in terms of -- agree with that. One more related question in the area of your core competence in the African continent.

Our country now has enormous goodwill, be it Guyana, Suriname, be it so much of that without naming the current this thing, the arrangement that they have, some of these companies, they found atrocious in terms of -- they found them with the wrong numbers, there have been inflated numbers in order to get their share of royalty. And to them, especially in the case of Guyana, the company had the audacity to say that it was a totally mistake, that ran into several million dollars.

EIL: What is it all about the company? We just want to understand that. You're not clear about your question...

Patanjali Jha: In Guyana, they have some agreement with the multinational company. I'll not name it. And they found that the profit-sharing royalty all that. That was a fantastic sign. And there, that company was inflating the numbers of expenditure and stuff like that. That's what I'm trying to say. And it ran into hundreds of millions of dollars -- totally mistake. Anyway, so this is to talk of the character and the integrity of the other company.

I guess that backdrop, when you are the entity of great integrity and our country having such a great relations with them. You have already some track and some of the projects going there in Nigeria and Guyana if I remember correctly, what is our -- if that is the future this thing which has the maximum fined, so that is my question.

EIL: They have their own ways of working, but we are very much clear what -- where we have to work and our dealings are very crystal clear.

Patanjali Jha: I'm saying that against that backdrop of -- people of doubtful integrity and how a company being so correct and confident so...

EIL: We have been able to make success in that because, again, Guyana proposed project fee, which we have got is under competition from the other company, international competition. In Nigeria again, it was again a competition even though the investor was private, but we had gone for the competition, and that's how we got the assignment and we have been engaged and we have completed -- and completed our commitment for the work.

Patanjali Jha: So going forward, what is your take that -- with such a massive fine and with our competence and what is the outlook and what is the outlook of the company...

EIL: We have already proven our mettle there. We have already proven our mettle there. We have been -- we are working in Nigeria for the other clients, also one of the LNG projects which we are doing. This is only on the basis of experience one another private sector, public petchem was coming.

So we are also involved in that initial stages of work. Similarly, in China also, we'll be targeting the future that they'll be having the future phase of that project and the other project -- the oil has come, they will further be utilized for processing of it and the downstream facility would come.

So being there, so we'll target those projects with our competence and the experience. So that's the present outlook.

Patanjali Jha: Great to hear that. And we have great hopes that you would have as a company fair share of your work coming from...

EIL: Let's hope for the best.

Patanjali Jha: Also -- yes, a small question also of the renewals, which your C&MD talks about with great passion and it's about the tidal energy and the platform is being constructed over the nuclear or the 2G, especially the 2G, what is the progress in Numaligarh refinery?

EIL: On the Numaligarh refinery, commissioning activity has started. So as you are aware this is the first bamboo based refinery in the country, which has been taken from black scale to a commercial scale. So that is going on well. For the -- on the renewable side and on the offshore wind sites that there is a conceptualization has already been taken place. And we're into process of making a business case for the clients to take it forward.

Patanjali Jha: Yes. And what is the addressable size of the business, which is on the land side, it's much smaller turbines. And there are companies with huge market share. So I'm told that the oceanic thing is 5x bigger than this. So if we are there and if it is the beginning of -- size of the market.

EIL: Yes. Exactly because the market size is huge, and it's a nascent market that we are trying to enter. And once -- as we are aware of the offshore platforms, both process platforms and government platforms quite well. So once we enter the market, we are entering a good way and we hope to have a good pie of business in this market as well.

Patanjali Jha: So all the very best. I mean we have great hopes for you to perform even better and excellent set of numbers from the [inaudible 0:48:57] be intact.

Moderator: We have our next question from the line of Sumeet Rohra from Smartsun Capital.

Sumeet Rohra: Sir, I'll just keep it very brief. So with the order book visibility, which you have in hand today and with the robust order flow, which you're expecting like last financial year. So now can we basically say that we can basically expect this 15% to 20% revenue growth which you expect for current year to be a recurring phenomenon? And can we now basically expect that Engineers India is now basically well on the growth path? That's my first part, sir.

And secondly, sir, the thing is that if revenue is going to grow 15% to 20%, our PAT margin has been about 18% the last financial year. So do you think that operating leverage can also kick in because of the fact that revenue growth does kick in. So what's the PAT margin which you basically expect for current financial year?

Lastly, for my last question is basically this energy transition, which is basically getting momentum around the world and with the green energy not been as lucrative as earlier planned and peak oil being far ahead compared to what it was anticipated in the very short term.

What do you think could be the order momentum, particularly from the Middle East because of the fact that you're opening offices in Dubai and Saudi as well, which you've highlighted earlier? So do you actually think that with green energy being stalled, et cetera, et cetera. Do you think that order momentum on this side of the conventional business can actually accelerate?

EIL: Let me tell me first about the order book position. As we have told earlier, our order book was ranging in the INR8,000 crores. Now it has increased to INR11,700 crores. And definitely, with the execution, our turnoff will rise, and we will put all efforts to take it increase -- by increase of 15% to 20%.

Definitely, we are also targeting. But how much PAT will be there, we cannot tell right now because we have already told our margins in the consultancy segment is around 25% business segment. And in the LSTK job, it is 5% to 7%. So definitely, our bottom line is also going to improve. But how much that we cannot tell you right now...

Sumeet Rohra: Okay. But sir, I mean I assume that basically, what you have reported in the last financial year should actually be kind of where we can build on from, correct? I mean, is that understanding correct?

EIL: Yes exactly. That we will put all of us to keep that base.

Sumeet Rohra: Okay. Wonderful. And sir, secondly, if you can now basically talk a bit about because a couple of years back, it was so anticipated that peak oil is basically very near. And all of it is not very true, right? So you will see good growth in the conventional business as well. So do you think that this INR8,000 cores, INR8,500 crores order inflow which we got actually can -- actually accelerate quite sharply from here?

EIL: This is going to be there because you see that many of the companies are again going back to the hydrocarbon or the coal or all that business. The recent trends, you must have seen the companies like many companies, you must have seen they're going away from the hydrocarbon, rig hydrogen and all those because the profitability in that segment and the cost competitiveness of those things. And hydrocarbon is being boosted internationally also.

In any case, that doesn't matter, India is going to have a tremendous demand for the hydrocarbon and with the kind of population we have. And definitely, there is clean energy has also been a good contributor. But the way we -- our demand is growing with respect to all these hydrocarbon actually you'll have to have those facilities till the time this is going to go, we will be also having projects of like the petrochemical segment and in the downstream segment. It will be less of a gasoline but more of a petchem segment.

So we don't see any major difference in the hydrocarbon business from all these segments. So that is going to be there for at least next decade or so.

Moderator: We have a follow-up question from the line of Manish Ostwal from Nirmal Bang Securities.

Manish Ostwal: Sir, I have one question on the JV profit, which we report on a consolidated level. So can you tell us the -- in terms of activity in that JV property and how we should think profitability trending for at a consolidated financial level?

EIL: Actually, that JV is Ramagundam Fertilizers and Chemicals Limited, that is engaged in the manufacturing of urea -- ammonia and urea. And in this financial year, our share for the profit is INR107 crores against the previous year share of INR85 crores. Our share in the RFCL is 26%. So our 26% is INR107 crores. That is included in the bottom on consolidated basis.

Moderator: We have another follow-up question from the line of Amit Anwani from PL Capital.

Amit Anwani: Again, a question on consultancy overseas. Is it fair to assume that the consultancy overseas will have better margin than consultancy domestic?

EIL: Consultancy overseas, if you see an average of 24% to 25% will be maintained. But you can -- and one may say that consultancy in overseas will have a little bit more margin than the Indian segment. But it again depends on which territory we are working with the competition we have in that segment, it all depends.

Amit Anwani: Right. And second question is that 35% is non-oil and gas in the order book currently, if I heard it right. So cumulatively, if we see the order prospects for FY '26, '27, can we assume that this 35% non-oil and gas can become 40%, 50%, will it increase? There's a much higher pipeline on non-oil and gas as well?

EIL: It would remain in the same range, 35%, 40%.

Moderator: We have our next question from line of Yash Hegde from DAM Capital.

Yash Hegde: And congratulations on a great set of results. So my only question was could you give a bit of an outlook on both NRL and RFCL and talk in terms of what kind of investments are we looking at in both of them for FY '26 and the dividend that we expect to receive from NRL and also when do we expect RFCL to start paying dividends?

EIL: As far as dividend is concerned, last year -- in the current year, we have got the dividend of INR12 crores from the NRL and RFCL is still to declare -- still to start declaring dividend, and we are expecting that in the current year, RFCL may declare some dividend for the investor.

Yash Hegde: As far as the investment...

EIL: NRL we have already completed the investment.

EIL: In the NRL, we have already completed all the investment cycle, and there is no further planned investment in the RFCL as well as NRL, we have already subscribed to the right issue of NRL that has been completed.

Moderator: The next question is from the line of Patanjali Jha an individual investor.

Patanjali Jha: Yes, this 2G bamboo-based clean energy in the Northeast, you would be perhaps the first in the world to be executing this?

EIL: That's fine. You are right.

Patanjali Jha: And I know. I follow that part of renewable energy my friend, I understand that very well. So that's a huge because you will be creating so much of employment for the farmers income, I really, really congratulate you on that. And if successful do you see participating in more such projects of 2G along with other partners.

EIL: We hope so sir because this is our first plant, and this is our pilot plant also, you can say which will be given a platform to quote further and to owners to put more plants like this.

Patanjali Jha: Because it is not only the income and profit for the company. It is one of the biggest service to humanity and to mother earth. I wish you to be very successful in this and set up many more such projects across the country along with partners, of course.

Moderator: We have our next question from the line of Janardhan Rao from ShareTrend Research.

Janardhan Rao: Congratulations for sterling performance of company. But in the markets, there is lots to be improved because companies like NBCC Limited and [inaudible 0:60:46] enjoying the PE ratio of above 55 and 56. Your company's stock is getting only around 22 PE ratio. What steps your company is taking to improve the market perception?

EIL: Sir, we are giving good results to improve the concept of our investors, and through you we are requesting our customer to give PE of 55 to EIL also and that is all our request.

Janardhan Rao: No, no. Frequent media interactions are required sir to improve the perceptions about the stock because public companies in the banking side, Canara bank doing wonders. In the PSU stable, your company is doing wonders on the results front, but market is not recognizing the performances. That is what I want to emphasize.

EIL: Definitely we are making awareness to our investors, mutual funds and other investors also that's why our company had done press meet also, so that our investor can be aware about our progress path because this is the first time where our order book is all time high. So definitely, this order book will help us to get more turnover in the future, more turnover and more bottom line profit. And we will continue to get the orders in the coming years also. So definitely EIL...

Moderator: Yes, sir. He got disconnected. That was the last question for today. And I now hand the conference over to the management for closing comments.

EIL: Thank you very much.

EIL: Thank you everyone for the participation.

Moderator: Thank you. On behalf of DAM Capital Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.