Date: 21st February 2025

Listing Compliance Department

BSE Limited Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400001 Scrip Code: **544198**	**The National Stock Exchange of India Ltd.** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Symbol: **DEEDEV**

Sub: Submission of Transcript of Earnings Conference Call for the Quarter and Nine Months ended 31st December, 2024

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed the transcript of Earnings Conference Call with investors/analysts held on Monday, 17th February, 2025 to discuss the Unaudited Financial Results of the Company for the Quarter and Nine Months ended December 31, 2024.

The above information is also available on the website of the Company at www.deepiping.com.

This is for your information and record please.

Yours faithfully,

For **DEE Development Engineers Limited**

RANJAN KUMAR SARANGI
Digitally signed by RANJAN KUMAR SARANGI
Date: 2025.02.21 17:48:05 +05'30'

Ranjan Kumar Sarangi
Company Secretary and Compliance Officer
Membership No.: F8604
Address: Unit 1, Prithla - Tatarpur Road, Village Tatarpur
Dist. Palwal, Faridabad, Haryana – 121 102

"DEE Development Engineers Limited

Q3 FY '25 Earnings Conference Call"

February 17, 2025

MANAGEMENT: MR. KRISHAN LALIT BANSAL – CHAIRMAN AND MANAGING DIRECTOR – DEE DEVELOPMENT ENGINEERS LIMITED
MR. PANKAJ AGARWAL – CHIEF OPERATING OFFICER – DEE DEVELOPMENT ENGINEERS LIMITED
MR. SAMEER AGARWAL – CHIEF FINANCIAL OFFICER – DEE DEVELOPMENT ENGINEERS LIMITED

MODERATOR: MR. VAIBHAV SHAH – EQUIRUS SECURITIES
MR. SANJEEV SANCHETI – HEAD, INVESTOR RELATIONS – UIRTUS LLP

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of DEE Development Engineers Limited, hosted by Equirus Securities Private Limited. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Shah from Equirus Securities. Thank you, and over to you, sir.

Vaibhav Shah: Yes. Hi. Good morning, everyone. Thank you very much for joining in to the 3Q FY '25 Earnings Call of DEE Development Engineers Limited. I will now hand over the call to Mr. Sanjeev Sancheti, Head, Investor Relations. Thank you, and over to you, sir.

Sanjeev Sancheti: Thank you, Vaibhav. Good morning, everyone. It is a pleasure to welcome you all to today's call. We are delighted to have the senior management of DEE Development Engineers Limited with us. Joining me today are Mr. Krishan Lalit Bansal, Chairman and Managing Director; Mr. Pankaj Agarwal, Chief Operating Officer; and Mr. Sameer Agarwal, Chief Financial Officer.

Before we begin, I would like to draw your attention to the safe harbor statement included in our earnings update presentation, which is available on both the BSE and NSE website. With that, I now invite Mr. Krishan Lalit Bansal: to share his opening remarks. Mr. Bansal, over to you.

Krishan Lalit Bansal: Thank you so much, Sanjeev ji. Good morning, everyone, and a warm welcome to all of you. Thank you for joining us today for Q3 FY '25 investor call of DEE Development Engineers Limited. I will take you through the business and operational highlights for the quarter.

Before we begin our discussion on the financial results and operational highlights for Q3 and the first 9 months of FY '25, I would like to express our heartfelt appreciation to our shareholders, analysts and stakeholders for being with us today. Your unwavering support and engagement remain instrumental, as we navigate the opportunities and challenges in our industry.

We recognize that the company's financial performance this quarter has been challenging with operating income declining by 22.7% year-on-year to INR162 crores. For the first 9 months of FY '25, operating income stood at INR541 crores, reflecting a slight decrease of 0.8% year-on-year. The degrowth or slow growth in the revenue are due to the following factors.

Firstly, and most importantly, the Palwal facility remained underutilized. This unit was allocated for a INR139 crores order from a leading Indian oil and gas company for the industry's first propane dehydrogenation plant that's called PDH plant. As this was a pioneering project, a 6-month delay in getting drawings and material approvals from the customer impacted the execution time lines.

Originally awarded in October '23, the project was expected to be completed by March 31st, 2025, with a large chunk of revenue coming in Q3 of FY '25. This, however, is now expected to be completed by June 2025 and post -- and part of the revenue will be shifted to the next financial year.

Secondly, an international order valued at over INR51 crores experienced delays due to late revision in the material specifications by the customer, pushing the execution from Q3 FY '25 to Q4 of FY '25.

Thirdly, there has been a delay in the execution of INR60 crores worth of orders from Assam plant. This delay is primarily due to the late delivery of drawings from the client. Additionally, this being our first year of operation in Northeast, it took us longer than anticipated to stabilize operations. However, with -- however, the plant now having been stabilized, we expect to fully utilize the facility in FY '26.

Lastly, the commissioning of the new Anjar facility 2 was delayed by over 6 months. The expansion of 9,000 metric ton was successfully commissioned towards the end of January 2025, taking the total capacity to 15,000 metric tons. The delay was primarily caused by unprecedented rains in the Kutch region and the unavailability of the construction materials, specifically Coarse Aggregate due to a dispute between the mine owners and the state government.

The above not only resulted in slippage of our revenue, but also significantly impacted our profitability, which led to the company incurring a loss of INR13 crores in Q3 FY '25. The reasons for this are as follows:

Lean manufacturing at the new Anjar facility 2 got delayed, resulting in significant higher material handling cost than originally envisaged; working capital increased significantly due to increased inventory caused by delay in clearance of drawings by our customers; reduced gross profit due to lower revenue; negative operating leverage resulting in higher fixed overheads.

However, with the commissioning of the new plant, problems at customers' end getting sorted. We are back on track.

We are on track to increase capacity by an additional 15,000 metric ton per annum by October 2025, taking total capacity to 30,000 metric tons. We are also pleased to announce that our high-wall seamless thickness pipe plant is progressing as planned. We remain on schedule to commence commercial production by January 2026.

We are committed to continuously optimize our operations and capitalize on market opportunities. Our primary focus remains on maintaining capital discipline, investing in cutting-edge technologies and upholding sustainable business practices. In light of the current market uncertainties, we will carefully monitor economic trends and adjust our strategy to ensure long-term value creation for all stakeholders.

Now, I would like to hand over the call to our CFO, Mr. Sameer Agarwal.

Sameer Agarwal: Thank you, sir. Very good morning, everyone, and thank you for joining the quarter 3 FY '25 earnings call. We would like to guide our stakeholders by sharing our growth targets. We aim to achieve a top line of around INR1,100 crores in FY '26 with an EBITDA margin in the range of 19% to 20%.

The anticipated margin expansion from 9M FY '25 onwards is attributed to operational leverage and the commissioning of our new Anjar facility 2. This facility will drive cost savings, as it will primarily serve the oil and gas sector, while our Palwal facility will keep focus on meeting the growing demand in the power sector. Additionally, the Anjar facility proximity to Kandla port will reduce logistics costs significantly, as it will be fully dedicated to the oil and gas sector.

Thank you, all. Now I open the floor for question-and-answers. Thank you, all.

Moderator: Thank you very much. The first question is from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: December is about INR1,400 crores. So by when do you think this order will be...

Moderator: I'm sorry to interrupt you sir. Your voice is breaking. Can you please repeat your question?

Saumil Shah: Yes, one second. Yes. Sir, our order book as on 31st December is about INR1,400 crores. So by when do you think this order book will be fully executed?

Krishan Lalit Bansal: Normally, our cycle is between 6 months to 18 months for the order book to get executed. And we have a clear-cut target of almost around INR1,150 crores in this coming fiscal year.

Saumil Shah: INR1,150 crores from the current order book?

Krishan Lalit Bansal: Yes.

Saumil Shah: Plus the new orders which we will get, that also would be somewhat executed in the coming year.

Krishan Lalit Bansal: That's right. That's right. That's right.

Saumil Shah: So by -- so in the -- I mean, opening remarks, I think we mentioned INR1,100 crores revenue target guidance for FY '26?

Sameer Agarwal: Yes.

Saumil Shah: Okay. Because you are saying INR1,150 crores will execute from the current order and plus, we'll get new orders, which would be somewhat executed in FY '26. It should be more than INR1,150 crores, right?

Sameer Agarwal: Sorry, can you repeat actually your voice -- hello?

Saumil Shah: Yes. Hello. Yes. Because in the opening remarks, you said INR1,100 crores FY '26 guidance of revenue, and now you are saying INR1,150 crores will be executed from the current order book, and plus, we are getting to get some new orders, which somewhat would be executed in FY '26. So -- much more.

Sameer Agarwal: No, sir. No, no, no, sir. The total revenue expecting we are from FY '26 shall be INR1,100 crores, which will include the existing order book execution, as well as some of the new orders, which we will be executing during the fiscal '26.

Saumil Shah: Okay. And I mean, have we reduced our revenue guidance? Because in one of the interviews, we heard that we are guiding -- we were guiding for a INR1,300 crores revenue guidance for FY '26?

Sameer Agarwal: No, sir. This is the guidance which we are giving first time. And this is INR1,100 crores after Q3. And as in Q2 earnings call time, we declared that we shall be giving the guidance for FY '26. So this is the guidance.

Saumil Shah: Okay. That I mean, we know that. But in one of the interviews, I think we heard management saying INR1,300 crores revenue guidance by FY '26 anyways. And sir, I mean, the margins what we are expecting is 19% to 20% on this INR1,100 crores?

Sameer Agarwal: Yes.

Saumil Shah: Okay. Okay. And sir, I mean, one of the -- this propane dehydrogenation plant because of the delay, I mean, how can we -- it affect our revenue? So we didn't have other orders in hand?

Krishan Lalit Bansal: Sir, I mean what you have to consider is that these are very, very large orders, and we have to plan them almost 6 months in advance that we have to execute it and keep our capacity available for that. If you have to switch over to immediately next order, it will be very, very small orders, which we did definitely, but it cannot fulfil the gap, which is INR139 crores worth of order can create because it's not possible that we shall have all the matching material.

We shall have all the drawings for those particular projects, which are in the queue well in advance. So that's the real issue behind it because -- and moreover, let us say, we had that plant. And again, the drawings are not there, we shall neither be able to this project, neither we will be able to do the other project. So we had to keep waiting for the drawings getting cleared.

In the meantime, what we did is that we kept on manufacturing the material, which was required for this project. But the revenue conversion started only when the drawings for the final thing started coming in. It is not that we just kept waiting doing nothing.

But we kept on producing a lot of raw material, which was required for that particular project in our factory and that is reflecting in our WIP that we were doing continuously work on that. But it was not getting converted into revenue because we couldn't ship it out to the customer because of drawings availability. That is the reason for that. It's not that we are just sitting idle on that.

Saumil Shah: Okay. So have we received the drawings in the current quarter and...

Krishan Lalit Bansal: Now all things are cleared. Now all things are cleared. In Q4, we are pushing it very hard. We shall be earning substantial revenue in Q4, and we should be finishing this job in Q1.

Saumil Shah: Okay. Okay. So even in this current quarter, we won't be able to expect the full revenue of this project?

Krishan Lalit Bansal: Not full revenue, sir, not full revenue, not full revenue.

Saumil Shah: And any guidance for Q4 of this financial year? What would be -- I mean, revenue guidance, so that we can understand FY '25, what we can grow over FY '24?

Sameer Agarwal: So around INR260 crores to INR270 crores of revenue we shall be generating.

Saumil Shah: INR260 crores to INR270 crores.

Sameer Agarwal: Yes.

Saumil Shah: And EBITDA margins.

Sameer Agarwal: So EBITDA margin shall be in the range of overall on an average basis in the range of 15%, 16%.

Saumil Shah: On a full year basis.

Sameer Agarwal: Yes.

Saumil Shah: Full year basis.

Moderator: The next question is from the line of Shivani Parikh an Individual Investor. As there's no response, we'll move on to the next question. It's from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Sir, you just mentioned overall yearly basis, we are expecting 15% to 16% EBITDA margin. Is my understanding correct?

Sameer Agarwal: Yes.

Saumil Shah: Because currently, I think if I am -- if I were to look at, I mean, for FY -- I mean, Q4 of this year, we need to cross 19%, 20% EBITDA margin, only then we can reach to an average of 15%, 16%.

Sameer Agarwal: Yes, that would be there. That would be there.

Krishan Lalit Bansal: So what we were trying to say is on an average basis for the full year, sir, at least.

Saumil Shah: So for the current -- so from this quarter onwards, I think we can reach a 19%, 20% EBITDA margins?

Krishan Lalit Bansal: That's right. That's right. That's right.

Saumil Shah: Okay. Okay. And by -- and till what margins we can -- I mean, expand this as our revenue increases, till where we can go and increase our EBITDA margins?

Sameer Agarwal: So since we know that this would be the capacity utilization first time in fiscal '26, so that will -- this year will give us the full view of how things are going in terms of whatever savings, which we have estimated during the expansion of this facility. So hoping whatever settings it take to achieve that. And we are fully on track to achieve this number.

Saumil Shah: Okay. And by when we can expect the project commissioning of the new this pipe plant?

Sameer Agarwal: So that will be starting with effect from 1st January 2026 in operation.

Saumil Shah: Operations would be from 1st January '26. So any revenue from that project will be only, I mean, by -- maybe by FY '27?

Sameer Agarwal: Yes. Sir, just wanted to clarify, this is a backward integration for our power sector jobs. So we will be utilizing the final output of pipe plant, as a raw material for our -- for catering our power sector jobs. So definitely, the profitability shall come in the total turnover part. Rest, it will come as a raw material cost.

Saumil Shah: Okay. So how much more revenue we can expect from this? I mean, this is a completely -- as you said, it's not a new project completely.

Sameer Agarwal: So it's a new project first time we are setting up. And to manufacture the high-wall thickness pipe plant, we shall be procuring the raw material. So I mean, to say once we will convert that raw material into pipe, pipe shall become a raw material for catering our power sector jobs. So I mean to say that the leverage, which we will earn by conversion the raw material to pipe shall be added to our top line.

Saumil Shah: Okay. And how much -- I mean, how much spend we are doing spending on this project?

Sameer Agarwal: **Sir** INR90 crores.

Saumil Shah: Okay. So I mean we are having 2 projects ongoing. I mean because there is one more -- I mean, intimation of INR260 crores investment, initial INR150 crores. And so, what is that project?

Sameer Agarwal: So sir, it is a second phase of our new Anjar facility expansion. So till now, we have already commissioned the installed capacity of 15,000 metric tons. Going forward, in 9 months, we shall be adding another 15,000 metric tons of capacity in our process piping solution domain.

Saumil Shah: And we'll be spending around INR90 crores on that?

Sameer Agarwal: No, we will be spending around INR55 crores because some part of the expansion has already been shown under the capital work in progress.

Saumil Shah: Okay. And how much asset turnover we can expect on this project?

Sameer Agarwal: Pardon, on process piping?

Saumil Shah: No, no, on the asset turnover, I mean, the spend what we are doing.

Sanjeev Sancheti: Asset turnover on the expansion, another 15,000 metric ton expansion, what we are doing, what is the asset turnover? That means how many times will it convert into revenue?

Saumil Shah: Yes, correct.

Sanjeev Sancheti: And if the cost is INR70 crores, then let's assume, then what will be the turnover out of that at a full capacity?

Sameer Agarwal : Yes. So around INR200 crores of revenue if we sell the pipes, as a raw material to any other customer, then INR200 crores of top line we are expecting from that pipe plant. So the asset turnover is roughly around 2x initially in the first fiscal.

Sanjeev Sancheti: So there are 2 questions -- I think, Sameer ji, you need to clarify this because everybody will get confused. There are 2 projects going on. One is for the pipe, where you are increasing the capacity and the second is the backward integration. I think you need to just explain because people will get confused. So please explain very clearly and separately.

Sameer Agarwal: So the high-wall thickness pipe plant shall be the raw material for our power sector jobs. So we are expecting to generate a raw material of around INR200 crores in the first fiscal post setting up of a plant, as revenue, that we will be utilizing to cater the power sector jobs. I hope I'm clear now.

Saumil Shah: So basically, I'll just summarize from the pipe plant on a full capacity utilization, we can generate INR200 crores of revenue, right?

Sameer Agarwal: Correct.

Saumil Shah: And the backward integration, which we are doing on that, what is the max capacity -- max revenue potential?

Sameer Agarwal: So as far as the power sector jobs are concerned, we shall be executing it from the Palwal facility. And we have a total capacity to execute jobs between INR800 crores to INR1,000 crores of power sector jobs from this plant.

Krishan Lalit Bansal: Sir, I will put it in some different way that when both the facilities are operational, which we are saying that by 1st of January or by let us say, 31st of December '25, capability shall be that we shall be able to execute almost around INR2,500 crores worth of orders. I'm saying it will be our capability to do that.

Saumil Shah: Okay. At our full capacity.

Krishan Lalit Bansal: At full capacity.

Saumil Shah: I just wanted to -- got that. Yes -- and -- yes. And what is the current debt position on the books?

Sameer Agarwal: INR390 crores.

Saumil Shah: This is gross debt, INR390 crores.

Sameer Agarwal: Yes.

Saumil Shah: And net debt?

Sameer Agarwal: So net debt is around INR120 crores.

Saumil Shah: INR120 crores net debt?

Sameer Agarwal: Yes.

Saumil Shah: After reducing cash balance and all.

Sameer Agarwal: Yes.

Moderator: The next question is from the line of Kamlesh Jain from Lotus Asset Managers.

Kamlesh Jain: Sir, just to go back on your guidance for the year. So for the quarter, like you are saying INR260 crores to INR265 crores -- INR260 crores to INR270 crores. That is a 9% growth over last year. And despite the fact that we are expecting one international order to get executed in this particular quarter, and even on next year, like, say, FY '26, we are guiding INR1,100 crores.

And on one CNBC channel, Mr. Bansal has guided that we would be doing roughly around INR1,300 crores despite the fact that a lot of orders getting postponed to FY '26. So why we have cut down the guidance, and that is there in the media, like say, it's a video there. So I just want to know about the reasons.

And secondly, like say, the delay in execution of some of the orders impact so much that our revenue declines by roughly around 23% year-over-year. And I do understand that there has been some delay on the part of a client. But when we are having such a large order book, then there is no like scope of error for getting revenue down so much year-over-year basis, even quarter-over-quarter basis.

Krishan Lalit Bansal: Sir, for that I will -- we have to say that quarter-on-quarter revenues can vary in our type of business. This has been a historical trend also that sometimes Q1 is lean, sometimes Q2 is lean, sometimes Q3 is lean. But normally, we are able to compensate by the end of Q4, whatever we had been projecting. And this is what has been our historical background.

But in this particular case, since this order was of very large volume and a very, very specialized materials were required in this and as I told earlier that it was not that we were just idling, we were not doing anything. We were converting the raw material, which was just placed into pipes first and then manufacturing fittings out of that. And then only assembly portion was left out, which was dependent on the availability of the drawings. And the moment the availability of the drawings started, we started executing it on the next day itself.

That's why we are saying that we have already builtin some portion, but substantial portion is getting booked in Q4 of this particular year. So definitely, there is a slippage of almost a quarter as far as the execution of this job is concerned, but it is from conversion point of view, it is very small. But from revenue point of view, it is very, very large. Hope I'm clear to tell you what I'm trying to say. And if you have something more on this, please ask me, I will be able to respond to that.

Kamlesh Jain: I do appreciate that. But like sir, even on -- like we are having an order book of roughly around -- if you see this particular quarter of roughly around INR1,400 crores. And even on the guidance, I just want to know that what level of confidence do we have because majority of the orders, like even for power, it would be from BHEL, then in oil and gas, it would be largely from major PSU companies. So if the execution slips on their part, then how confident are we on our guidance as well?

Krishan Lalit Bansal: Sir, again, I'm saying since this was first of its kind project, that's why it got delayed. Otherwise, once if we are talking of normal power plant jobs or normal oil and gas jobs, we are fully equipped to handle such sort of emergencies. But since this was first of its kind, we were also not very much aware that what could be the pitfalls in this particular job.

So that's why it was not possible for us to replace this job with something else. And moreover, again, I will repeat it. It is not that we were just idling. We were just a little under utilization of our capacity, but we were trying to convert the basic raw material into the usable raw material for our job.

Kamlesh Jain: And lastly, net debt figure, can you provide the figure, including short-term borrowings and everything, not the term debt?

Sameer Agarwal: Sir, it's INR260 crores and INR130 crores.

Kamlesh Jain: Does it include the short-term borrowings, everything?

Sameer Agarwal: Everything.

Moderator: The next question is from the line of Shrikesh, an Individual Investor.

Shrikesh: Yes. Sir, it's regarding our BHEL orders. I mean, are we finding any inquiries coming? Like when do we find the inquiries coming like this quarter, next quarter or something like that?

Krishan Lalit Bansal: Sir, we are expecting a -- the formal inquiry in the month of April. So that's what we have been discussing. I mean, very, very closely with all those people, who are to do this job. And now they have promised that the inquiry will be available with us in April. Earlier, they had said between February and March, but now they have said it will be given in the month of April and maybe another 3 months to decide the first order.

Shrikesh: Okay. Got it, sir. Sir, the next question is regarding the broad outlook on the oil and gas sector. So like there's a lot of enthusiasm in the upstream sector. So are we finding any like that kind of enthusiasm even in the downstream sector because we generally cater to downstream sector. That's a broad based?

Krishan Lalit Bansal: Sir, our forte is only on the downstream side only as of now. We are not on the upstream side. So -- and since huge lot of volume and huge lot of opportunities are available in the downstream side of the project. So we should like to concentrate on that only because we have the infrastructure for that. We have the capabilities for that.

But we are talking to practically everybody. You must be aware that Reliance is coming up with huge facilities with almost 4 million Dia inch of spools, which will be coming from them. We are talking to Air Products. We are talking to Linde. We are talking to Adani Petrochemicals also. We are talking to Nayara also

These Adani, Nayara and Reliance is the first time we are talking to them on such massive scale, I'm saying. Earlier, we have been doing small, small jobs for Reliance, but we had never worked with Adani, we had never worked with Nayara and all those people are now very keen to get these jobs done in the workshop, and we are in the forefront of it.

Kamlesh Jain: Got it, sir. So my apologies for this kind of question, sir, like 4 years, 5 years, 10 years down the line, how do we see our -- like the promoter group giving the management to second-generation promoter group, I mean, to handle the company, sir. So are we going to pass it down to the second generation or third generation? Or are we going to manage the company with a qualified business resources? So how is the succession plan going forward? Like it might be any time, which is like 5 years, 10 years down the line. I mean, how are we looking at?

Krishan Lalit Bansal: No, no, no. Perfectly fine question, sir. I'm happy that you have asked this question. Let me tell you that we, I will -- principally, I will say that we are already a professionally managed company. I mean major functions are handled by all professionals only. We have departmental heads in all disciplines of our company.

We have CEO. We have CFO. They are all professional people, and we have people for strategy. We have people for accounts, we have people for projects, all at Vice President level or Assistant -- Associate Vice President level, General Manager level. Huge lot of management bandwidth is already available with us.

However, if you ask specifically, this is how it's going to run. We also have a group trust to manage that in future that also has been formed. But at the same time, my second generation, my co-daughters are fully involved in the business. They are assisting me in taking this company forward.

Moderator: The next question is from the line of Aashna from HDFC Asset Management.

Aashna: Sir, I understand that we are giving right now that the guidance that around INR250 crores of execution is likely to come in Q4 and some INR1,100 crores of execution is likely to come in '26. Is my understanding correct?

Sameer Agarwal: Correct.

Aashna: Yes. So in this project, now that you are saying that all the issues have now been cleared and it's fully back on execution. For the projects that we are expecting that around now INR1,400 crores, INR1,500 crores of execution that might come from today till FY '26. Are there any further such orders where we see that say a similar risk could arise? Or do we have a visibility -- clear visibility that this is an assured revenue to a large extent, which is likely to come.

Krishan Lalit Bansal: Ma'am, as of now, whatever order finance is there, they are -- I will put it like that. There is no more of routine orders, which we had been doing earlier. And there is no -- nothing very new in this, which was there in this particular case because the project, which we are talking is it has huge sizes. It has a very special metallurgy.

And the licensor involvement was there in everything. Since EIL was also doing it. EIL is also doing it for the first time. So they were also dependent fully on all each and every approval from their further licensor. That's why it happened. But the present order book, which we are saying is more of a routine job.

So we are not seeing any such challenge that shall come in the coming year. And we are quite confident, and we shall be giving you proper information and other things on maybe quarter wise -- quarter basis right in the beginning of third quarter, and we can have some sort of a call in between also.

Aashna: Understood, sir, and appreciate that. And just to take the clarity now that we have now commissioned our Palwal facility, so we are dedicating our oil and gas execution to Anjar, if I understand, and Palwal will be dedicated to thermal orders now.

Krishan Lalit Bansal: That's right. That Palwal is already commissioned. I mean, that's our older plant, and we shall be dedicating it primarily to the power sector jobs. And the new plant, which we call it as Anjar 2 plant shall be dedicated to the oil and gas plant. And again, I would like to tell you that for Anjar plant, the full revenue for the year is already booked from just one customer.

So that revenue is assured that -- since we have an order from Dow for almost around INR350 crores on job work basis and another INR100 crores have been added for the material portion. So that shall get executed from that plant. And you can say very well that we have the more than full order book just for that plant.

Aashna: Understood, sir. And so, with that, is the understanding correct that the margins should start materially improving now given that you have a dedicated facility for process industries?

Krishan Lalit Bansal: Right from Q1. Yes. Right from Q1.

Aashna: Right from Q1. So Q4 will get an impact of spilling over of Q3, and that is where we will get a better operating leverage. But actual...

Krishan Lalit Bansal: Yes. That's correct.

Aashna: Okay. So what remains the guidance from '26 onwards for our EBITDA margin?

Sameer Agarwal: So ma'am, we are giving guidance till fiscal 2026. And in the coming 6 months' time, we shall also be giving the guidance for next year.

Aashna: Yes, sir. So what is that '26, we are expecting 17%, 18% margin, right?

Sameer Agarwal: Sorry. In '26...

Aashna: What is the EBITDA margin guidance that we're giving? I wanted to clarify that.

Sameer Agarwal: 19% to 20% in fiscal '26. Yes.

Aashna: Okay. Understood. And sir, one last question, like you mentioned that thermal orders inquiries will start coming from April. So by when should we expect them to materialize to actual orders? And again, the execution, if you could talk about that, what would be the time line of that?

And so, if the inquiries will start then per from a -- if you could give some guidance as to gigawatt terms, how much would it be to begin with? Because BHEL is sitting on a very large order book. So for us, how will that translate to in terms of orders, if you could talk about that?

Krishan Lalit Bansal: Ma'am, as I told you, the first inquiry we are expecting in the month of April, and we expect that by June, they will be finalizing the order. And we shall take at least 6 to 7 months' time for the first shipment to happen. So the -- I mean, billing will start in Q4 of the coming fiscal, but that should be major billing, I can only tell you that.

Aashna: Okay. So '26 execution will again largely be dependent on oil and gas and the second half only, we can expect some execution for thermal to begin?

Krishan Lalit Bansal: That's right because we already have that order book for the coming year. So we are not dependent upon these orders. So whatever guidance we are giving, we already have much more order book for that. So there should not be any risk in executing those orders. And if let us say something gets built in quarter 4, it will be just a sort of a bonus or an addition to whatever we are trying to save.

Aashna: Got it, sir. And sir, one last question. In '26, how do we see the order intake panning out? Or if you could talk about the pipeline that we are bidding for right now, barring these thermal orders that we already know?

Krishan Lalit Bansal: Pankaj, if you can respond to this?

Pankaj Agarwal: Yes, sure. Thanks, ma'am, for this question. We have a great pipeline available with us. We are talking about INR1,700 crores, like which is the -- which I can say it's a low-hanging fruit for us. Those are like in discussion with the customer. But this is including the power business, which we are expecting from BHEL and L&T both.

Aashna: Okay. So how much would you be attributing to thermal in this INR1,700 crores?

Pankaj Agarwal: We are expecting around INR600 crores from the power sector. INR600 to INR700 crores.

Aashna: Okay. This is for FY '26.

Pankaj Agarwal: Yes.

Sameer Agarwal: Intake.

Pankaj Agarwal: Order intake.

Krishan Lalit Bansal: Order intake and it will get executed in Q4 and subsequent time.

Moderator: The next question is from the line of Jignesh from Diva Capital.

Jignesh: Sorry, sir, I missed the earlier part. But as per the FY '26 execution that you are planning, any major delays that you expect or these are steady state orders that you would be able to execute timely along with any -- without any margin impact?

Krishan Lalit Bansal: We already tried to explain that. The order book, which we have, and which is being planned for execution in the coming financial year, they are all routine orders, and we are not expecting any challenge in that, and our margins shall remain intact in those.

Jignesh: Right. And any chances of that thermal getting delayed by 1 quarter or you see that for Q1, at least we'll get some hint whether we are starting to get any orders.

Krishan Lalit Bansal: Q1, we should be surely getting something, sir. Q1, we should be surely getting something. And as a matter of fact, one small order, we are already L1. So we are not right now declaring that, but we are already L1 in one of the orders from BHEL.

Jignesh: Okay. Sir because if you see in the power sector, there has been kind of slowdown in terms of solar project. So I'm not aware whether I think this thermal would have been bidded out the thermal PPA. So any slowdown you are expecting in thermal, or it is as per the government's plans?

Krishan Lalit Bansal: No, absolutely. No, sir. Absolutely, no. Every day, BHEL is getting 1 order or 2 orders every day, I'm saying. And again, I will just like to again inform you that it is not that we are just dependent right now on BHEL or L&T only. We are talking with lot many customers in the international market, where this power sector is growing everywhere.

We are talking to a few very new customers, who are going to put up their plant in Saudi and Middle East for thermal only I'm saying. So it is not that we are just dependent upon BHEL and L&T. So there are huge opportunities available in the -- with the other private sector players also in the international market.

Jignesh: And sir, finally A suggestion like the kind of results that we have seen this quarter, it would be helpful if we, as investors are given some kind of guidance earlier so that we can avoid such shocks?

Krishan Lalit Bansal: Sir, it is our mistake. I mean I have no -- I'm sorry for this thing that since we are absolutely new in this field, we were not knowing pretty well that this is how it has to be handled. Otherwise, we are -- I mean, I can assure you from my side that we are one of the most transparent companies.

So we shall -- now we have come to know that now how much I mean bad feeling it has generated in the investor community. And I will make sure that everybody has the right information at the right time, even if it is plus or even if it is minus. It is my assurance to you. And it's my 100% conviction that we are 100% on track and we are bound to give the value for your money.

Moderator: The next question is from the line of Kamlesh Jain from Lotus Asset Managers.

Kamlesh Jain: A question for Sameer, Ji. Sir, if I see your presentation slide, where it is mentioned that net debt is INR425-odd crores -- so while a replay to question, you had that INR130 crores of net debt. So just wanted to know on that because, yes --

Sameer Agarwal: So basically, I told you INR260 crores is our working capital and INR125 crores to INR130 crores is our term debt. That is the -- for our fixed assets.

Kamlesh Jain: So net debt is -- now net debt is INR425 crores.

Sameer Agarwal: That includes some M&A exchange and other things. So that is part of our creditors. We take part of our creditors. As in my understanding, otherwise, you can say if we take that thing in term debt, then it will increase. Otherwise, it will be under the creditors. So this is -- and only the matter of understanding.

Kamlesh Jain: Sir, I am asking just about...

Sanjeev Sancheti: No, let me -- let me clarify -- let me clarify. The net debt is INR425 crores. That's -- it includes the INR21 crores of lease liability. And Sameer ji, this is how the net debt is read. It has to be the common space. It's not what we think it should be read as.

Sameer Agarwal: That I have not included. That's fine.

Sanjeev Sancheti: So it is INR425 crores, which includes INR21 crores of lease liability.

Moderator: The next question is from the line of Subesh Singh, an Individual Investor.

Subesh Singh: I'm a simple investor. So my question is also rather simple. I appreciate Chairman Sir's assurances to the investors. But sir, a simple question is that this event that has happened, is there any possibility of it repeating again suddenly like this has happened? Is there any possibility of it repeating again in future? It's a simple question...

Krishan Lalit Bansal: I will emphatically said no.

Subesh Singh: Okay, sir. We take it, sir. Second question, sir, we have given a guidance of 3 to 5 years -- threefold increase in our revenue in 3 to 5 years. Do we stand by it?

Krishan Lalit Bansal: Yes, we stand by that.

Subesh Singh: Okay, sir. Sir, last question, third question, last question is we have seen that we have incurred the expenses, but revenue was not realized. So will that happen in Q4 as well?

Krishan Lalit Bansal: No, Q4, we will realize the revenue.

Moderator: The next question is from the line of Shivanshu Gupta, an Individual Investor.

Shivanshu Gupta: Sir, my question is regarding the tariffs in the U.S. like given the push towards oil sector and energy sector there. So like you as a company, I know capitalize on those opportunities. So in terms of exports of, let's say, steel pipes and what all material that you use in your pipe infrastructure, so what impact do you see from tariffs in the country?

Krishan Lalit Bansal: Sir, I will not be able to comment fully on that. But whatever information I have or whatever way we have been working with the U.S. companies because some tariffs are already in place -- are already in place, it has never impacted our business. It has never impacted our business. But I really cannot say you for sure that it will not have any impact in future.

Shivanshu Gupta: Okay. And sir, what about the competitors in your sector, like the kind of competitors that you compete with, those are international customers with similar margins or similar order book. How do you comment if the tariffs were to impact?

Krishan Lalit Bansal: I mean, I don't think we shall be impacted with that. Our -- we are -- since we are following the best cost country or the low-cost country profile. So our labor cost is definitely much cheaper than other people's labor cost. And we win because of our economy only because of our competitive prices only.

Moderator: Thank you. Ladies and gentlemen, this will be our last question. It's from the line of Vaibhav Shah: from Equirus Securities.

Vaibhav Shah: So my first question is what has been the overall quantum of order intake for the 9M FY '25 and for the 3Q? And what is the bifurcation of this order intake between, let's say, power, oil and gas and process industries?

Sameer Agarwal: Pankaj sir, can you throw a light on that?

Pankaj Agarwal: Come again, please? I didn't get the question.

Vaibhav Shah: So sir, what is the -- our overall order intake for 9M FY '25 and for the 3Q? And what is the bifurcation between end user industries that is power, oil and gas and process industries?

Pankaj Agarwal: I just said that we are expecting around INR1,700 crores orders in the coming financial year. And out of that around say INR600 crores to INR700 crores will be from the power sector. And remaining will be from oil and gas sector.

Vaibhav Shah: Sir, this is regarding the historical for the 9M FY '25 and for the quarter, 3Q?

Pankaj Agarwal: Same there because we are expecting this power business from 2 major customers like BHEL and L&T. And BHEL, we are expecting somewhere in June, as Mr. Bansal said. And from August, September, we are expecting from L&T, large order book.

Vaibhav Shah: Sir, second question is regarding the -- our mix between sale of products and job works. How it would fare in our outstanding order book?

Pankaj Agarwal: I'm sorry, I don't have the data right now with me. But it would be around INR300 crores orders like for the job work and remaining is with material now.

Vaibhav Shah: Okay. So sir, I just wanted to have more clarity on my first question. So sir, I was just asking about the -- our overall order intake. So what is our historical split for, let's say, for first 9 months of FY '25 between power, oil and gas and process industries. Order intake for 9M FY '25?

Pankaj Agarwal: You mean first 9 months?

Vaibhav Shah: Yes.

Pankaj Agarwal: It would be around 60%, 70% order will be booked within 9 months. And ratio, as I said that we are expecting a major order book from power sector now from BHEL in June, which will be the first quarter and August like from some other customers. So it would be around…

Vaibhav Shah: Sir, basis on the historical order intake for first 9 months...

Krishan Lalit Bansal: I think sir, we shall share you the data. He may not be having -- he is asking for the order intake from April to December this year or April to February this year at least.

Pankaj Agarwal: I don't have the data available with me right now, but we'll share with you, sir.

Sameer Agarwal: Wanted to clarify, Vaibhav Ji, so by and large orders, which we have booked during the fiscal '25 are from oil and gas sector.**Sameer Agarwal:**So major orders are the PDH order -- sorry, the...

Sameer Agarwal: Dow order and Numaligarh order, which is basically cumulative to INR700 crores of order book. Besides that, we have other miscellaneous orders and around INR150-odd crores are from power sector where for the export orders.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Sameer Agarwal: So thank you, everyone, for joining us, and we are hoping to do whatever we have promised, and we are really thankful to -- for all the stakeholders keeping trust in our company and handholding us an unwavering support throughout our period. Thank you so very much.

Krishan Lalit Bansal: Thank you. Thank you so much. So again, one closing remark again from my side that we are fully committed to the growth of the company. We are fully committed to ensure that the value of the stakeholders is met, and there shouldn't be any doubt. And we really apologize for whatever has happened for Q3 and we shall ensure, or we shall assure all of you that you will have the timely information in case of any such eventuality in the coming future, which we do not foresee at all, but still we shall be keeping you abreast of all the developments, which are happening in our company. Thank you so much.

Moderator: Thank you. On behalf of Equirus Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.