इंजीनियर्स इंडिया लिमिटेड
(भारत सरकार का उपक्रम)
एक नवरत्न कम्पनी
ENGINEERS INDIA LIMITED
(A Govt. of India Undertaking)
A Navratna Company
पंजीकृत कार्यालय : इंजीनियर्स इंडिया भवन, 1, भीकाएजी कामा प्लेस, नई दिल्ली-110 066 भारत
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कंपनी सचिवालय/ COMPANY SECRETARIAT

सं.सचिव/No. Secy/906/9/10 14.11.2022

The BSE Limited **Phiroze Jeejeebhoy Towers** **Dalal Street, Fort** **Mumbai – 400 023**	**The National Stock Exchange of India Limited** **Exchange Plaza, 5th Floor** **Bandra Kurla Complex** **Bandra (East), Mumbai-400051**
Scrip Code-532178	**Symbol-ENGINERSIN**

विषय/Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Update on meeting with Analyst/Institutional Investors

प्रिय महोदय/महोदया,
Dear Sir/Madam,

This is further to our letter dated 7th November, 2022 intimating the Exchanges regarding Schedule of Earning Call Post declaration of second quarter and half year ending on 30.09.2022 Financial Results for the Financial Year 2022-23 which was held on 10th November, 2022, in terms of Regulation 30 of SEBI (LODR) Regulations, 2015.

In this regard, please find enclosed herewith the transcript of Earning Conference Call held on 10th November, 2022 with several funds/individual investors.

The said information is also available on the website of the Company at https://engineersindia.com/investors/reports-results/.

कृप्या उपरोक्त आपकी जानकारी एवं रिकोर्ड के लिए है।
The above is for your kind information & records please.

धन्यवाद/Thanking you,

भवदीय/Very truly yours,

NARENDRA KUMAR

Digitally signed by NARENDRA KUMAR
DN: c=IN, st=Delhi, 2.5.4.20=a20e15ab5c30908fab8b5fbf4b72869870b48b0e162b23df31d6a03977cb5a7d, postalCode=110093, street=Flat No 626 Janta Flat Near Nutan Vidya Mandir School Gtb Enclave Nand Nagri North East Delhi, pseudonym=13d6c0960dc217fae3c87f0be8d09b2c, serialNumber=da8430993904ece9ed629ad1a8f604b42e4cc642f2e97cd51d1000c7101d88f0, o=Personal, cn=NARENDRA KUMAR
Date: 2022.11.14 14:10:23 +05'30'

नरेंद्र कुमार/Narendra Kumar
अनुपालन अधिकारी/Compliance officer

"Engineers India Limited Q2 FY-23 Earnings Conference Call"

November 10, 2022

MANAGEMENT: **MR. SANJAY JINDAL – DIRECTOR (FINANCE).**
MR. SUVENDU PADHI – COMPANY SECRETARY & IR.
MR. R.P BATRA – EXECUTIVE DIRECTOR F&A & IR.
MR. SUNIL SAXENA, EXECUTIVE DIRECTOR TECHNICAL AND IR.
MR. AMANPREET SINGH CHOPRA, GENERAL MANAGER, CMD OFFICE & IR.
MR. VIVEK MEHTA – GENERAL MANAGER MARKETING AN&D IR.
MS. NEHA NARULA – SENIOR MANAGER COMPANY SECRETARY & IR.

Management: Good afternoon.

Kunal: Sir. I'll just quickly introduce. Good afternoon participants welcome to the Engineers India Q2 FY23 Earning Call. From the management today we have Mr. Sanjay Jindal, who is the Director Finance; Mr. Suvendu Padhi, Company Secretary & IR, Mr. R.P Batra, Executive Director F&A and IR; Mr. Sunil Saxena, Executive Director Technical and IR; Mr. Amanpreet Singh Chopra, General Manager, CMD Office and IR; Mr. Vivek Mehta, General Manager Marketing and IR and Ms. Neha Narula, Senior Manager Company Secretary and IR. Sir, I will request to give us some opening remarks post which we will open the floor for a Q&A session.

Management: Okay, sure. Good afternoon everybody. We have declared our half year ended result for the financial year 22-23 on 9th November 2022. With respect to financial performance for the half year ended 30th September 2022 the company has registered turnover of Rs.1587 crore in comparison to 1383 crore for the last half year ended with an increase of 15%. In the current quarter, the company has achieved a turnover of Rs.346 crore in the consultancy and engineering segments and 436 crore in the turnkey business segment. There is increase in other income primarily due to dividend income earned by the company on the investment made in no Numaligarh Refinery Limited and its subsidiaries CIL.

During the current quarter the company has profit before tax of 102 crore in comparison to 68 crore in the last quarter, vis-à-vis 170 crore for the current half year and 205 crore for the previous half years ended. With the increase in profits, EPS has increased to Rs.1.51 per share for the current quarter in comparison to the 0.90 per share in the last quarter and Rs.2.41 per share for the current half year ended and Rs.2.67 per share for the last half year.

Management: Now, you can start questions.

Kunal: Sure, sir. Thank you so much. We have the first question from Mr. Sanket Kapoor. Please unmute and ask your question.

Sanket Kapoor: Sir, firstly if you could mention what was the dividend from Numaligarh for the second quarter, how much we have received as dividend out of the 65 crore other income which we have booked for the quarter?

Management: In this quarter we have received a dividend of 35 crore and Numaligarh Refinery have declared dividend of Rs.11, Rs.6 was interim for the current year and Rs.5 for the last final year, final dividend of the last year and total dividend is 35 out of which 3 crore pertains to CIL and balance 32 crore from Numaligarh Refinery Limited. And let me give you good news also, yesterday there was AGM in Numaligarh Refinery Limited and they have declared bonus of 1:1 share.

Sanket Kapoor: Okay. Sir out of this total 93 crore which we have received for the first half what would be attributable to Numaligarh then?

Management: 93.

Management: Numaligarh Refinery we have received total 35 crore as a dividend. Mr. Jindal, Director Finance told that, we have received Rs.11 per share as dividend, out of that five is the final dividend for the last financial year and 6 is the current year financial year interim dividend. We are having a 3.21 crore equity shares and multiply by 11 it works out to be around 35 crore.

Sanket Kapoor: Okay. So, out of this 93 crore, 35 crore is from this Numaligarh Refinery itself and the balance part sir?

Management: Balance from the, basically we are having the deposit of around 1100 crore. So, we are earning interest from there. Majorly that part is contributed by the, balance is contributed by the deposit interest rate plus certain foreign exchange variation is also there plus we have given certain extra space for the rent that part also contributed to the other income, majorly it's a dividend plus interest income.

Sanket Kapoor: And sir, what is the outlook for our Ramagundam Fertilizers unit, how is that performing because on a quarter-on-quarter basis, the share of profit and loss from the JV we again posted a loss of 10 crore for this quarter.

Management: Mr. Kapoor actually this plant was shut down in the month of September and it was under schedule shutdown for the preventive maintenance as in the fertilizer industry, there are scheduled maintenance for the plant which could not be taken for a longer period. So, it was finally decided to have shut down in the month of September. So, practically there was no production in the month of September and now the production has already started in the third quarter. So, we are expecting a good profit in the third quarter.

Sanket Kapoor: And sir taking into account post this shutdown, this was a planned maintenance shutdown?

Management: This was planned shutdown.

Sanket Kapoor: Yes. So, going ahead what will be the efficiencies we are going to benefit from the shutdown and how is it production going to shape up?

Management: After shutdown we are expecting 100% production at 100% capacity and this plant is going to be dedicated to the nation by the honorable Prime Minister of India on the 12th November itself.

Sanket Kapoor: Okay sir. And sir on the subsidy part, since we are only manufacturing urea. So, we are seeing in other fertilizer companies also that there is a pileup of subsidy that is there is a delay in subsidy release. So, can you quantify how is the delay in subsidy going to affect the performance for our this company going ahead?

Management: Actually, RFCL is a new company so there is no pile up in its balance sheet that the subsidy account there is any pile up. So, recently you saw that government increased the subsidiary amount as well in the budget so that our subsidy pile up can get cleared. So, for the current financial year we are not worried about the subsidy part.

Sanket Kapoor: If we see on the coal business so how are you seeing H2 getting planned in terms of execution and in terms of our margin provides especially for our main business that is a consultancy engineering project business, which type of business outlook you are seeing going ahead?

Management: Definitely we are running 95% from our core sector, and this turnover from the core sector is from the domestic market as well as from the foreign market and recently we have got PMC job from the new territory that is Guiana, so we are expanding geographically also. And we are getting strength in Middle East region also we are trying to get more business in that region. And recently we are trying to get in Saudi Arabia also. So, we are focusing on the core strength definitely we are focusing and we are expanding into new geography also. So, we are very confident on the core sector and we still maintain that we continued one good profit, good segment profit from the engineering consultancy sector.

Sanket Kapoor: Sir going ahead for H2 sir can you give any ballpark number what kind of execution are we going to do in terms of the turnkey project and the consultancy business or a business growth idea for H2 compare the last H2 with this year H2 what kind of growth can we anticipate?

Management: We have already seen growth in our turnover in the first half year we have already turnover increase of more than 15% and on the annual basis we are also expecting growth in the annual turnover by 15%. And we are targeting the profit of 340 crore which was over last year figure out. So, we are very hopeful to touch all these figures.

Sanket Kapoor: Okay. So, last year we had a PAT of 343, this year also we are anticipating?

Management: This year also we are optimistic about that magic figure and we are trying hard to achieve that figure. And we are sure we will achieve that figure because we are working with the our clients for the chaged orders and we are working with our clients for the new orders also. And we are very optimistic to achieve that.

Sanket Kapoor: Sir, lastly taking into account the shareholder value creation idea, sir we can understand that there is lesser interest in EPC consultancy firm and especially being backed by government also having the sovereignty also we are not getting the right valuations, we are having cash and bank balance in books, we are having a strong order book, good execution skills, good track record, but still the capital market is not providing any, it not giving the right P ratio of the right valuation. So, what are the other steps which the management can contemplate in terms of buyback or other ways by which you can increase your shareholder value as that has remained depressed over a longer period of time.

Management: First of all, I must say we are already paying good dividend to our shareholders. And in the last 10 years we have already paid around a 950% dividend to our shareholders. In addition to that recent buyback was done in the financial year 20 and 21 and in the current year we are not targeting any kind of buyback share again.

Sanket Kapoor: But dividend distribution?

Management: By way of dividend we are rewarding our shareholders already so, I don't think shareholder must be worried about the dividend in the Engineers India Limited we have good track record of dividend in the company.

Kunal: Thank you. The next question is from Mr. Priyesh. Priyesh go ahead and unmute and ask your question.

Priyesh: I just needed clarification regarding you mentioned that we are expecting growth of 15%, with a profitability of around 340 crores which is based on the standalone level or consolidate sir?

Management: It is standalone basis.

Kunal: The next question is from Nimesh Maheshwari. Please unmute and ask your question.

Nimesh Maheshwari: My question is related to order book. So, we have seen a de-growth in Q-o-Q basis on consultancy as well as turnkey. So, what is your view on that side?

Management: Growth on the turnover part you are asking?

Nimesh Maheshwari: It's complete order book. So, the numbers are like 4793 crores, which go on to 4599 crores, -- **15:29** order book. Yes, so the split of consultancy, I am talking about.

Management: Actually, yes our consultancy order book was 4029 crore on 31st March 22 and it is reduced to 3779 because, some part of the order book we have executed in the first half and we have got new orders also and we are working with our clients for the new orders and we hope that the order book will be strong at the end of financial year and definitely our financial year order book will be strong.

Nimesh Maheshwari: Okay. So, how much you are expecting?

Management: In this order book, we are going to target around 4000 crores as an order book as the total order under this project, under this scenario, under this financial year out of which we consider that round 600 should be on the consultancy and balance we will try from the EPC or LSTK basis, we are targeting various OB projects and EPC projects, but primary focus is on the consultancy services wherein we see around 1600 and balance we will try to achieve and secure through the OB which we are pursuing with various clients.

Nimesh Maheshwari: So, you are targeting around, so currently it is, the cumulative order book is 8431 crores?

Management: He is saying that we are targeting new order to the tune of around 4000 crore during the current fiscal, out of that around 1516 crores crore from the consultancy segment and balance in the LSTK OB segment.

Nimesh Maheshwari: Okay, so 4000 new addition?

Management: Yes, we are targeting that during the current fiscal.

Management: We are working towards this let's hope for the best we meet it.

Management: So, far we have received the order of 515 crore and around 800 crore.

Management: Yesterday we have reached 886 crores, we had recent addition of Guiana job which is a major job which we have received outside Indian territory, it is received yesterday, day before yesterday only, yesterday evening only it has been declared. So, that's our major achievement and now we'll be targeting more projects in that territory also.

Nimesh Maheshwari: Okay. So, first half is then total new business security 565?

Management: As of yesterday it is more than 800 crore.

Management: For the first half definitely whatever you are saying is correct. But as of date, we are saying that we have received order more than 800 crore, out of that around 250 crore in the EPC segment and balance in the consultancy segment.

Nimesh Maheshwari: Got it sir. Thank you so much, and the other question is related to our split of revenue. So, in the first quarter we said that our LSTK revenue is higher, that is the reason of the fall in the profits. But, in this quarter also we have seen that the consulting revenue is a bit lower from even the previous quarter. So, what is the reason why we are not getting the consulting revenue higher side and what is your view on that side?

Management: Yes, the major difference is on account of change order, because, in the previous year and in the first half year we were having change order to the tune of 60 crore out of which 50 crore was attributed to the net profit. But in this financial year we are finalizing our change order with the clients and it is in the pipeline we are expecting to realize it soon and whenever our change order realizes it major portion will contribute to profit since we have already incurred the expenditure. So, this is the reason because as you know project industry is a cyclic industry and there may be a fluctuation from the first quarter to second quarter. But on the annual basis we are expecting to achieve our all the targets.

Nimesh Maheshwari: Sir, can you explain a little bit more why the consulting revenues are not catching up, because if we can see that, in FY20, FY20 the old numbers in all quarters are higher than 350. So, what is the reason we are unable to catch up that?

Management: As Mr. Jindal told that normally, we used to receive the change order during every quarter that range from 20 to 30 crore. So, during the first half year of this financial year, we have not received any change order from our client, although we have submitted our change order that are under finalization, that's why there is no incremental revenue in comparison to the last financial year. So, going forward, we are expecting that certain change order will materialize with our clients and we expect to receive those change order and that will straightaway go into the turnover and maximum portion will contribute to the profit. So, as such there is an incremental revenue there, but due to non-receipt of change order that is not showing in our results basically.

Nimesh Maheshwari: Got it sir. So, one more question on the guidance side, you are guiding about 300 to 350 crores of PAT. So, is it on standalone side or console side?

Management: Yes, Mr. Jindal already told that that is on the standalone basis.

Nimesh Maheshwari: Okay. And the RFCL JV what we are expecting is it profitable in the upcoming half year or some other stabilization issues will remain there?

Management: No, all the stabilization issues has been already addressed and the plant was under plant shutdown in the month of September. So, there is some loss in the second quarter, in the third quarter this plant is already under operation and it is working at more than 80% capacity and soon it will manufacture at the 100% capacity and this plant is going to be dedicated to the nation by our honorable Prime Minister on 12th November itself. So, we are very hopeful about the profit in the third quarter itself.

Nimesh Maheshwari: So, sir how much profit we are expecting from these all JVs and the Numaligarh Refinery, he RFCL and other JVs. How much PAT we can expect in the next half year?

Management: In the NRL project we are getting dividend and we have already received a dividend of about 35 crore from the Numaligarh Refinery and right now we do not have any figure about the RFCL project and so I cannot comment on the RFCL profitability at this moment because the plant is under operation and I can assure you that this time there will not be a loss in the RFCL project.

Kunal: Thank you Nimesh. Next question is from Ashwini Sharma. Ashwini please unmute, go ahead and ask your question. Priyesh, please unmute and ask your question.

Priyesh: So, you just have mentioned that we are targeting around 40 billion of order inflow in financial 23, can you explain what kind of order inflows are we getting in consultancy as well as in project segment, and also what kind of order pipeline are we seeing in financial year 24 as well in consultancy and in EPC?

Management: Hi, this is Vivek I will try to take that answer. Gentlemen, you know that there are a number of instances post COVID, pre COVID there were a lot of projects were on hold, post COVID a lot of investments are coming in, government is also pushing a lot of investments. So, we have been working on various projects, which are there in the refining sector as well as in the petro chemical sector, various petchem projects which we envisage in the course towards the end of this financial year or in the next financial year, wherein we would be targeting either PMC EP services or the EPC services. So, there are a lot of projects are lined up and we have worked on also on those projects DFR. So, we know that for sure that these projects are viable. So, these are there, some projects are there of the IOCL, some projects are thereof BORL, BPCL, ONGC has lined up future projects, there are a few private clients also setting up various petrochemical complexes. So, we are all engaged with all these clients and focusing on those projects. So, some of them will realize in this year or some of them will go towards the next year. Basically we are in the, in some of these proposals we are in the process of negotiation also with them. So, we see that there are positive things ahead.

Priyesh: Thank you. So, can you quantify the order pipeline for the same that you just mentioned?

Management: Order pipeline, we are targeting around 4000 crore from the overall business out of which around 1600 or 1700 maybe from the consultancy and balance we will pull out from the OC EPC. So, that's the target right now we have kept and we can always improve the situation as and when we get new jobs. We are working towards it, we are putting very strategically we're trying to get the working with the clients. And one of the success is the in the new territory we have recently been awarded a major assignment and you must have heard about various petrochemical assignments have been awarded in the last year with us. So, let's hope for the best we are working towards it.

Kunal: Thank you. The next question is from Amit Tanwani. Amit go ahead and ask your question.

Amit Tanwani: My question is with regards to green hydrogen we have been talking about green hydrogen in past couple of quarters. And there was some pilot which was going out with one of the OMCs so any development on the green hydrogen side and your thoughts on PILs investment strategy or CAPEX on green hydrogen for next couple of years?

Management: Mr. Amanpreet will reply this part.

Amanpreet Singh Chopra: So, on a green hydrogen side, there are a couple of projects that we are already executing. And moving forward, we are undertaking a lot of studies with our clients, because these guidelines for having a green hydrogen, percentage of green hydrogen in the process plants. So, we are engaging with our clients to see that what major interventions that we can have together both on the technology side and both on the business side, so that they can achieve their green hydrogen targets. So, as you know that this is a very nascent phenomena and we as a technology company are working not only with the clients, but also with the technology providers across the globe, we are engaging with them, so that we can have some discussions so that the technology can be implemented in our process plants. So, on all these aspects we are working very closely with our clients and our technology providers.

Management: I would like to add on this like right now, we are already executing three or four assignments one is with GAIL wherein we are working on the feasibility of injection of the gas in the 5% or some percentage of the hydrogen in the existing gas network. One we are studying with respect to one of the areas which is being done by NSIDC studying that zone and studying the viability of the hydrogen projects in that zone that study we have completed. Another is we are doing it for one of the clients like Adani, for the private sector wherein we are working on the study basically it's a detail engineering and study as well as engineering for the transportation of hydrogen line and we are in discussion with various clients on these kinds of scenarios like green ammonia, green urea, transportation of the hydrogen, hydrogen power plants, balance of plants of hydrogen. So, on various proposals we are working including the public sector clients also.

Management: So, would like to add, because, this green hydrogen is at a very nascent stage of development in the country. So, the ecosystem has to be developed for the execution part and as we are very deeply into this particular green hydrogen right from the start, we are expecting that one of the opportunities that will be coming in this particular domain will be at the frontrunner to grab those opportunities.

Amit Tanwani: Okay. So, sir any thoughts like we will be doing green hydrogen EPC or manufacturing of products required for green hydrogen manufacturing or we are going to do built on operate?

Management: Actually all these, whatever we say that this is a very nascent all these projects are in very nascent stage hardly any project has come in a big way, in a commercial way. So, we will just get involved in the initial studies and acquaint ourselves with the technology because this is a new area even technologies are limited and the exposure to the technology is very important for execution or any other project means if you take any of the assignment as an EPC you have to understand the complete know how like in refinery we know everything, but hydrogen is a new area we are learning their technologies by way of getting involved in the initial studies, engaging with the licensers. So, initially maybe in this year we will be focusing on the studies and the engineering services, in maybe next financial year we will try and see that if something work comes and we are able to go for that and how much risk we can absorb.

Kunal: Thank you Amit. The next question is from Ashna. Ashna, please unmute and go ahead and ask your question.

Ashna: Sir, you mentioned certain projects like from IOCL and ONGC where you are expecting certain orders to come in. So, could you please talk a little bit more further as to what is the scope of work that we are looking at these orders and also if you could share some potential size of the key major orders as to what are the large orders and what is the scope of work over there?

Management: The scope of work primarily is either the PMC or EPCM services these are mostly the hybrid projects wherein some of the units are executed on the project management mode and some of the units are executed on EPCM mode. We have bided those and we are still waiting for the offers have been submitted and let's see, let's hope for the best that it will come to us. So, some of them are in range of 4600, 3000, 5000 right now in these range, in course to come towards the end of this financial year or next financial year there will be larger projects we are expecting from all these oil companies, wherein the investment would be higher and again we'll be our first prima facie focusing on the KMC EPCM. And maybe and if it's found it suitable we can also go for the EPC,

Ashna: Sir what would be as in for FY23 you mentioned an order intake of around 4000 crores and over the next year or next two years 24-25 what would be that ballpark number?

Management: Let's say this is around 4000 then we can perceive that it could be in the range of 4500 to 5500. We will gradually improve and we'll keep on improving these figures. Let's say around 4500 to 5000 we can anticipate in the next year.

Management: Mainly we are getting our 5000 crore in next two years each year. On a yearly basis, we are targeting around 5000 crore addition in the order book.

Ashna: Okay sir. And sir for FY23 in the execution terms, what would be the proportion of consultancy to EPC?

Management: And it will be around 45% to 55%, 45% would be on account of consultancy job and 55% turnover would be contributed by turnkey segment.

Ashna: Okay. Sir any further details you want to give about the Guana project that we've won day before yesterday in terms of margin profile that being an export order, so where would be the margins lying in relate in terms to our domestic consultancy order?

Management: Margin will be in the line of the domestic consultancy rather more than the domestic consultancy so there'll be a good margin in that particular project.

Ashna: And sir in our target maybe for FY23 or 24 either you can give what is the export like orders like the one we got from Guana that we are targeting?

Management: Yes, we are targeting few orders, but right now we cannot disclose what will be the percentage and what will be the quantum of those orders.

Ashna: Okay. Sir one last question from my side, Barmer currently around what we were building around 55% of the ordering has been done. So, in addition to the large 4000 crore kind of an EPC order that we are already executing, are we expecting any follow on order from that?

Management: In case of HRL we are working on some of the change orders, we are expecting something in the next financial year, we cannot tell you the value right now, but we are working towards that there is some change order we are envisaging a good value would be there.

Management: Yes, this is a very big refinery so change order would be materialized over a period of time. So, going forward maybe in next financial year or 24-25 we may get some change order to that, but it's a very big refinery so, the settlement of change order also will take time.

Ashna: Okay. And that would be largely on the EPC mode?

Management: No, it can be both basically we are doing the PMC as well as the EPC so change order can be on both accounts.

Management: In the Barmer refinery we are working under both methods, we are working as EPCM and we are working as turnkey contractor also. And we are respecting change order in the both segments. As told earlier we are closely working with our clients for the change orders and Barmer refinery is one of them.

Ashna: Okay, sir. And sir any update on the Ratnagiri refinery project, is it being revived or any update on that front?

Management: It is still in the process, and unless we get a concrete information we cannot say anything because, our teams are working on the EIS they have been changing location number of times, so nobody can say better, by when it will be done.

Kunal: Sir, I have a question. My question is pertaining to the 5000 crore top line that we were targeting over the next one or two years. So, just wanted to get your views on, are we on track to achieve that and also if you can speak about the non-oil and gas initiatives that we are taking, and what is the share of non-oil and gas initiatives that we target over the next two, three years?

Management: Going on the 5000 crore we are working towards it, mostly it could be like what we see is refinery sector is still going to prevail, the demand is going to increase and we anticipate there's a lot of demand in petrochemical refinery as well as most of the refineries are going towards a petrochemical. So, we are working on list of the projects as mostly all the refineries in petrochemicals have thought about going to petrochemicals. So, those projects are already lined up, because most of the projects we have worked on the DFRs also. So, we can see that there is a probability that these projects would come, may not be this year towards the end of this year or next year. So, those projects are there for and those have been accounted for calculating this 5000 crore. Going towards the other sectors, it's always been traditionally we have been getting around to 15% to 20% from the other sectors. In the other sectors that we are working in the sunrise sectors and one is hydrogen told you we have started getting the jobs, we have worked in coal gasification recently we have been awarded one assignments on Neyveli Lignite corporation for coal gasification project for the pre-project activities. Similarly, from the coal field COAL INDIA we have received one of the gasification. So, we are also working towards the coal gasification then next is, we are also going towards the waste to ethanol and waste to ethanol projects in steel sector also, we are getting engaged with few of the clients and trying to explore that possibility that we can get into that segments. So, these are the new segments, which wherein we are there, apart from that we know that we are already there in the infrastructure, infrastructure we are working on various data center projects and we are anticipating various data center projects in the next financial year. There is one project with respect to international market development in Haryana, there is a project from horticulture, there is SBI data center, so a lot of projects of this sort are there are various institutional building projects wherein we have worked earlier are going for the phase two of their expansions, some addition of the hostels and cities we are also targeting those projects. We have been into airport last year we have been awarded the airport in the study for the airport in in greater Noida. Similarly using that as a leverage for we are targeting for the other similar kinds of projects in the future.

Kunal: Sure, sir thank you. We have one more question from Mr. Deepak. Deepak please unmute and ask your question.

Deepak: Sir, I have a couple of questions regarding your execution. First of all, I just wanted to know the quantum of this change order what you mentioned is it somewhere around 60 crores you said?

Management: No, that was in the last financial year, rather last half year of last financial year that we received during the year ended, half year ended September 21.

Deepak: So, this year how much of the change order you are expected to receive?

Management: We have already submitted the change order to our client, unless and until it is finalized by the client we cannot disclose because we are not also sure how much client will pass, definitely our figure is bigger than 60 crore, but I cannot ensure you what kind of figure it will be finally.

Deepak: Okay, it's bigger than 60 crores but you are expecting it should be close to 60 crores?

Management: I am not saying like this, I have said figure of 60 crore was in the first half year of the financial year 21-22. The 60 crore figure is of financial year 21-22 first half year, our profits was higher because of change orders to the tune of 60 crore, but this thing I have not quoted for this year.

And for this year we are closely working with our clients for our change orders and I cannot commit any figure because our change order and under process and I cannot comment on behalf of client how much they will pass.

Deepak: Okay. And sir regarding your execution in PMC what I see that from FY14 bottom of 1500 crores of order work. Your PMC order book has successfully increased and it has reached to somewhere around 5000 crores now, but your revenues are not picking up in that way like your revenue in that year of FY14 was somewhere around 1200 crores and it has reached to only about somewhere around 1400, 1450 crores so actually execution in PMC is coming down. So, is there any fundamental reason behind that?

Management: No, there is no fundamental reason for that, basically these are long gestation project with the project schedule of three to four years. So, whatever is the order book that is executed over a period of three to four year in that also during the first year the execution is between 5% to 10%, in the second and third year the maximum execution takes place and in the fourth year the balance is being executed. So, if you consider by order book of 4500 crore, so that will be executed over a period of three and a half year or four year. So, taking that into consideration that our order book is around 4600 as of date so that will be executed on a period of around three and a half year to four year. So, taking that into consideration our revenue in-line with the period for that particular project. So, going forward with the increase in the order intake definitely our order book will improve and the revenue will also improve.

Deepak: Okay. And sir in your LSTK your margin is also structurally come down like it used to be somewhere around 10%, 12% and it has come down to like 2%, 3%. Now, so going forward also will it reverse to an extent or it will be in this range only 2%, 3%.

Management: The margin is expected to take into consideration the nature of the jobs what we are doing as of now, basically these are offset and utility project. And these are the cost plus project, we are not taking any risk in case there is an increase in the plant and machinery content cost that will be passed on to basically client. So, our margins and risk are protected so, taking that into consideration we are expecting the margin in the tune of 3% to 4% only, but in case after the completion of the project in case any warranty, guarantee we are also making provision for the warranty, guarantee in case warranty, guarantee does not come then the margin will improve in that particular quarter or that particular financial year. Going forward we are expecting based on the current order book the margin shall be in the range of 3% to 4% only, but in the completion of that project when the defect liability period is over we may get extra margin.

Deepak: Okay. And one last question sir, in this PMC like cost of margin was somewhere around 18% to 19%. But I believe it is because of some cost increase in some projects, which you are saying that you are claim to the customer. So, in the second half we can expect that your margin in the PMC will normalize to somewhere around 28% for the year?

Management: We cannot say the percentage, we will definitely try to improve that in case certain change orders are materialized that will contribute substantially to the profitability and the turnover of the company. We are already taken up with the client for the change order that are under finalization, if those changes are finalized during the next half year definitely there will be improvement in the margin as well as that of the more will improve in comparison to the first half.

Kunal: Thank you. The next question is from Ashna. Ashna, go ahead and ask you your question.

Ashna: Sir, I just wanted to understand what is the addressable market for coal gasification today that is there in India, so currently we are executing a consultancy project with Neyveli. So, apart from Neyveli who are the other players that today are investing in the same space?

Management: No, you must have heard about the recent MoUs between the Coal India and Indian Oil, GAIL, BHEL as well as NLC and BHEL all of them are going for these coal gasification projects apart from that JSPL is also going for the coal gasification. So, we see as per the information the surface coal gasification would have an investment of somewhere around 35,000 crores in the due course and ministries are also pushing towards this and various studies have been done on this. So, we see a good chances that many of these projects would realize.

Ashna: And sir this 35,000 crore is over a period of what roughly?

Management: Four, five years, six years and the project is installed.

Ashna: Okay, sir. And sir if you are going to speak about the waste to ethanol on this, in terms of addressable market?

Management: We are trying to engage with some of these companies with respect to this and initially we had done few DFRs also, we are just trying to see that whether it can be implemented in some of the steel plants. So, we are trying to engage with one of the licensors and then trying to get in touch with the steel companies. We are working towards it, we have not got successful in this but we are working towards it. So, we are hopeful that we might be successful in the due course.

Ashna: Sir, addressable market if you could speak about for ways to ethanol or that's in initial stage?

Management: That's in initial stage let's not take the names of the companies, we will let you know in due course if something happening.

Kunal: Thank you Ashna. Nimish, go ahead and ask your question please.

Nimish: I just want a view on the EBITDA margin?

Management: EBITDA margin we have already told that going forward in the next half year we are going to improve the margins in comparison to whatever we have in the first half taking into consideration the better execution, as well as the change order which are being pending with the work. So, taking that into consideration we expect to improve EBITDA in the next half.

Nimish: And one more thing I just want to ask, in the P&L there is a construction material, what does it include and why there is an increase in this quarter because if we can see in the previous year, second quarter, that is only 47 and it increased to 164 crore. So, I just want to understand what is the construction material includes and why it is increased?

Management: Yes, basically it is dependent on the turnkey turnover, it's a part of the cost of the turnkey segment, in case there is an increase in the turnover in the EPC segment, the corresponding cost will also increase. You can see the last financial year the EPC turnover as well like the EPC cost. So, with the increase in the turnover in the EPC segment, turnkey segment there will be increase in the cost, that is directly proportional to the increase in the EPC.

Nimish: But, in the last call you said about technical assistance is the key relation have been….

Management: You have to take into consideration both the component one is the subcontracting, other is the construction material, technical system/subcontract plus construction material equipment, the two cost are directly proportional to the EPC turnover. In one year one may be less other will be more depending on the cycle of the execution of that particular project.

Nimish: Okay, got it. Is there any doubtful debts and is there any provision in this quarter?

Management: Definitely there are provisions as per the IndAS we are making the provision depending upon basically the period of the outstanding debts, those provisions are made as per the IndAS and are reviewed at every quarter during the current quarter also we are having provision of around two to three crore, not a material in comparison to the last financial year you just see our debt position that is almost as of 31st, March 22 whatever the debt right now also we are having the same debt. So, the provision is less in comparison to the last quarter for the doubtful debt, but that is a very scientific way in accordance with that we are making the provisions.

Nimish: Got it. Is there any other investment opportunity which company is thinking because we have a lot of cash in our balance sheet so is there any opportunity which are in the discussion?

Management: See, we are looking on couple of opportunities, but this is not the right time where we can disclose this. There are a few things that are going on, it has not reached that stage where it can be declared.

Nimish: Okay, so is it related to government projects or any other projects?

Management: It's both.

Kunal: We have sir last question from Ashna. Ashna, go ahead and ask your question. She has moved out of the question queue. So, we don't have any further questions. Sir, would you like to give any closing comments.

Management: No, you can ask your questions first.

Kunal: Sir, we don't have any more questions in the queue.

Management: Thank you Mr. Kunal and we are very sure we will achieve our targeted figure in the balance half year and we will achieve our target.

Kunal: Thank you so much for the opportunity. Thank you so much, and best of luck, sir.

Management: Okay, thank you Kunal.

Kunal: Thank you.