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Scrip Code: 544046	Symbol: INOXINDIA

**Subject: Transcript of Conference Call with the Investors / Analysts.**

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on Friday, 8<sup>th</sup> November, 2024. A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same is also uploaded on the Website of the Company.

You are requested to take the same on your record.

Thanking you.

Yours faithfully,

**For INOX India Limited**



Kamlesh Shinde  
**Company Secretary & Compliance Officer**



“INOX India Limited  
Q2 FY25 Earnings Conference Call”  
November 08, 2024



**MANAGEMENT:** **MR. DEEPAK ACHARYA – CHIEF EXECUTIVE OFFICER  
– INOX INDIA LIMITED**  
**MR. PAVAN LOGAR – CHIEF FINANCIAL OFFICER –  
INOX INDIA LIMITED**  
**MR. SUNIL LAVATI – INVESTOR RELATIONS – INOX  
INDIA LIMITED**

**MODERATOR:** **MR. MOHIT KUMAR – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to INOX India Q2 FY25 Earnings Conference call hosted by ICICI Securities. 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 Mr. Mohit Kumar from ICICI Securities. Thank you and over to you sir.

**Mohit Kumar:** Thank you Del. Good evening. On behalf of ICICI Securities, I welcome you all to the Q2 FY25 Earnings Call of INOX India. Today we have with us from the management, Mr. Deepak Acharya, CEO, Mr. Pavan Logar, CFO and Mr. Sunil Lavati, Investor Relations. We'll begin with opening remarks from the management followed by Q&A. Thank you and over to you sir.

**Deepak Acharya:** Yes, very good evening everyone. I welcome you all to the Earnings Call for our Second Quarter and Half Year ended September 30, 2024. I'm sure you all had a great festive week. On behalf of entire INOX India team, I extend best wishes to all of you and your family members. I hope you all have gone through the results, investor presentation and press release which are available on the exchanges as well as on our website. Before discussing our financial and operational numbers for the second quarter and half year, I would like to touch upon few macro numbers as well as the industry update to set the context.

My colleague and CFO of the company Pavan Logar would then take you through the financials in detail before we open the forum for questions and answers. India is on the transformative journey towards becoming a 7 trillion economy by the end of this decade. This growth is driven by significant advancement in digital and physical infrastructure which are attracting multinational corporations in manufacturing and services strengthening our economic landscape.

Our country's growth rate pegged ahead of most major economies in the world despite the global headwinds not only underscores the resilience of our country's economy, but highlights its position as an economic catalyst at the global level for decades to come. A critical area fuelling this growth is the energy sector. With India relying on imports for about 85% of its oil and gas needs, the government has prioritized expanding domestic production to reduce these discrepancies.

Initiatives like opening over 1 million square kilometers of exploration through the Open Acreage Licensing Program highlight these efforts. Also the 10th round of bidding for oil and gas assets is set for the early next year. The country's energy mix is also witnessing a double-digit growth in the installed capacity of renewable energy sources. For INOX India, leader in LNG and cryogenic solutions this transformation brings vast opportunities. India's emphasis on LNG as a cleaner energy source aligns perfectly with INOX expertise.

As a key player in LNG storage, transportation and re-gasification system, INOX is well positioned to support this energy transition both within India and internationally. The government aims to increase the share of natural gas to 15% of our energy mix by 2030, which

opens up extensive possibilities for INOX to provide solutions that meet the growing demand for natural gas infrastructure. Moreover, India is championing LNG as a sustainable alternative for heavy-duty vehicles.

By 2030, the goal is for one-third of our long-haul truck fleet to run on LNG, reducing emissions and cutting fuel costs. To facilitate this shift, measures like IOCL, BPCL, HPCL are setting up LNG fuelling stations along the high-traffic routes, including the Golden Quadrilateral. With 1,000 stations planned in the next few years, INOX cryogenic technology from LNG storage tanks to terminals is in central to establishing this infrastructure.

INOX India is also set to play a role in globally scaling hydrogen value chain. Our products and solutions will be critical components in every aspect of the value chain, right from creation to consumption. With newer markets across the globe coming into the fray, looking to build applications for hydrogen as a clean energy source, we are also evolving our processes and supply chain to cater to anticipated surge.

As we expand our energy and transport sector, INOX India stands ready to play a crucial role in building a cleaner, more sustainable India, delivering advanced solutions and align with the nation's vision of growth and resilience. I am also delighted to inform you that INOX India has received the prestigious ET Energy Award not in one but two categories.

EPC Company Award for commanding energy, procurement and construction, companies that have excelled in delivering high-quality projects and services in the energy sector, and the Equipment Manufacturing Award recognizing manufacturers of equipment and technology solutions that have demonstrated excellent innovation in the energy sector.

Now I would like to inform update on our company's Q2 and half-yearly 2025 performance.

Let me begin with our largest business segment, industrial gas solutions.

The inflow of orders in industrial gas vertical during the Q2 FY25 is very good, resulting into overall order booking of INR262 crore which is almost 84% higher than our Q1 FY25. We have received several orders for standard equipment from domestic gas majors as well as private players. We also received orders for special cryogenic transport equipment for ethylene oxide for one of the largest petrochemical companies in India.

Orders have been received for bulk quantity IMO tanks received from one of the largest oil field companies in South America. We have received industrial gas trailer orders from Middle East region. Large value orders for engineering package system from Far East region and domestic customers have been also received. We have secured bulk storage tank for largest solar project and also dispatched large size ammonia tank to Middle East region. We are witnessing a sustained business for disposable cylinders in North America and domestic market.

We have successfully completed DOT audit for disposable cylinders and liquid cylinders. For the full year, we are confident of achieving targeted revenue for the segment that we have already guided you earlier.

Now I would like to throw some light on the performance of our LNG business segment.

Order book for the Q2 FY25 stands INR98 crore which is higher than Q1 FY25 by almost 23%. We have observed substantial growth in RFQs for LNG business from domestic as well as international market. Received repeat orders for LCNG station and LNG semi-trailers from CGD companies. We have successfully commissioned LNG fuelling station for BPCL in Adani Total.

Automotive LNG fuel tank supply to OEM manufacturers in India is growing rapidly and we have approved our products and also received orders for LNG fuel tanks from all the four major OEM manufacturers in India. We also received orders for 990 LNG fuel tanks from South America. We have received large order of LNG semi-trailers from South America. We have also received big orders for supply of LNG storage tanks and regasification units from major energy companies in South America.

With success of Caribbean LNG commissioning of mini LNG terminal at Antigua for supply of LNG to 40 Megawatt Power Plant. We are hopeful for receiving similar projects in coming future. I shall now talk about the business performance of our cryo-scientific segment. We have successfully installed cryolines and warmlines on the plant bridge at ITER site. We have successfully repaired vacuum vessel thermal panels and dispatched them to ITER site. The same was well appreciated by the ITER organization in France.

We have successfully completed and dispatched T Branch components for WUST project. We have received new orders from ITER for intermediate wall box for MCTB. We have received orders from CERN for HTS cryostats. We are in discussion for big science projects for FAIR Germany. With consistent performance and timely delivery at ITER site of cryolines, INOX India has become one of the most reliable supplier for European research projects in cryogenic space.

Let me talk about our youngest business segment that is the steel kegs and container business.

Our state-of-the-art Savli facility for keg manufacturing is fully geared up to cater the requirements of domestic and international market and have developed more than 25 variants of kegs required for the Europe and US market. We have dispatched more than 11,000 kegs to breweries in India, United States, Belgium, Germany and Brazil.

I am happy to share that audits for major breweries such as AbinBev and Heineken is planned in Q3 FY25. The South America market for beverage kegs looks very promising and we are geared to service that market as well. We have received positive feedback from most of the customers and breweries for the sample kegs provided to them for their approval. Active RFQs for more than 1.5 lakh kegs received from potential customers from India, Australia, Belgium, USA, Norway and Spain. We are hopeful to get major breakthrough for supply of kegs to breweries in Q3 FY25.

Let me share the quarterly business numbers to you now.

Order backlog as on 30th September 2024 is INR1,178 crore with 54% order from industrial gas, 25% order from LNG and 21% orders from the cryo-scientific division. Our exports comprise around 53% of the total order backlog. In terms of segmentation 59% of income has come from IG, 19% income has come from LNG and 18% from cryo-scientific and 4% from other businesses. Total order inflow during Q2 was INR366 crore comprising 72% from IG, 26% from LNG and 2% from cryo-scientific segment.

I would like to thank you all for your patient hearing and I now hand over to Mr. Pavan Logar our CFO who will share the financial numbers in detail with you. Thank you so much.

**Pavan Logar:**

Thank you Deepak and good evening everyone. I hope you all had a good festive week. I shall summarize financials for the quarter and half year ended on 30th September. Let me share the numbers for Q2 and H1. The total income for Q2 was INR320 crore which grew by around 21%. The half-yearly income stood at INR622 crore grown by 6.9% on Y-o-Y basis. The EBITDA for Q2 was up by 17.7% stood to INR77.3 crore. The H1 EBITDA grew by 5% at around INR153 crore. Employee expenses has arisen by 16.7% to INR27.3 crore from INR23.4 crore due to Savli unit started in September 23.

Other expenses have arisen by 25% to INR75 crore from INR60 crore due to higher job work charges for ITER France repair orders for which free materials supplied by ITER. Our quarterly PAT grew by 10% to INR50.1 crore and decreased by 1.9% to INR101.3 crore in H1 level due to higher tax expenses because of removal of indexation benefit on LTCCG by India budget 24.

The total debt as on Q2 FY25 is almost nil which provides us adequate room to raise debt in future. The company has comfortable net cash position of INR191 crore as on 30th September '24. That concludes my update on the financial highlights of the company.

I shall now request the moderator to open the floor for question and answer session. Thank you.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question is from the line of Sameer who is an Individual Investor. Please go ahead.

**Sameer:**

Good evening. My question is that the results are very good and in future when we hope to get the dividend from the company?

**Pavan Logar:**

Dividend actually is to be decided by the Board of Directors at the year-end only, not at present. But yes, definitely we have cash available which is INR191 crore. So, we will definitely consider dividend. We are a dividend paying company all through these years. It will be decided by the board, definitely.

**Sameer:**

Okay, thank you very much.

**Moderator:**

Thank you. The next question is from the line of Ankur Sharma from HDFC Life. Please go ahead.

- Ankur Sharma:** Hi, sir. Good evening. Thanks for your time. A couple of questions. One was, I remember right in Q1, we had seen decline in top line and that was attributed to some container shortages because of the red sea issue, higher paid costs, etc. So, all of that, if you can update us, how are things on that front? Have these issues kind of settled down or if not how are we kind of managing it and is there also a component of higher freight costs sitting in other opex?
- Deepak Acharya:** Yes, the Red Sea issue is still continuing, but its severity is little reduced. And we are finding that we are getting containers now, there is no issue. Earlier, the freight cost was very high, now it has reduced also, but not it has come to the original level. So, still there are issues, but with proper planning, we are managing the show and we are confident that it will not impact our sales or revenue this year.
- Ankur Sharma:** Okay. And, sir, if you could just remind us, what kind of top line and margins are you kind of targeting for the full year, FY25?
- Deepak Acharya:** Can you repeat?
- Ankur Sharma:** Sir, if you could just remind us, what would be your sales and margin guidance? What would be your top line guidance for FY25 and also what would be your targeted margin guidance at the EBITDA level?
- Deepak Acharya:** So, whatever figures we have provided you earlier for the year end, we are 100% sure that we will achieve those figures which is almost like a growth of 20% over the last year. And our margin will be also in the same fashion between 21% to 25% EBITDA level and around 13% to 17% PAT level.
- Ankur Sharma:** Okay. And, sir, on the cash flow which seems to be negative for the first half, if you could just help us what is driving that? How do you see full year operating cash flow? Do you expect an improvement going forward?
- Pavan Logar:** Actually, we are already expanding our new unit and we already expanded about INR 68 crore worth of value in this year for capex because a lot of expansions are going on, but still we are still having the cash in hand of INR191 crore and our order book is already increasing a lot. And to cope up with this order book, definitely our working capital will also definitely increase by some value, but not much. So, we will be cash positive only in the year.
- Ankur Sharma:** So, I was just in more to the operating cash flow. So, you expect that would improve as you maybe bring down your inventory and debtors that's what you indicated?
- Pavan Logar:** Operating cash flow will definitely improve and because of the capex only this has been little bit funds available has been decreased, but which will be recovered and INR100 crores worth of capex we are incurring in this year. So, that will definitely reduce the cash flow to that extent, but because of the earning, it will be again recovered. Earning of 24-25 will be there.
- Ankur Sharma:** Okay, sir. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Abhinav from ICICI Securities. Please go ahead.
- Abhinav:** Good evening. Thank you for the opportunity. My first question is in the beer keg segment order inflow as you said is expected in Q3, has we seen any interest in the month of October that has just passed by?
- Deepak Acharya:** Yes. The beer keg business, what we have seen is normally the season starts normally from January to July. This is a typical season where there is a peak. And the inquiries start flowing in from maybe October, November, December and we have seen that the market which was slightly sluggish in the initial period because that was a lull period, but now we are sending a lot of inquiries.
- RFQs are coming in and whatever breweries we have supplied so far, as a sample to Indian breweries as well as outside in the US and Europe, everywhere the product is approved. So, we don't find any difficulty from quality and other aspects point of view. Just we are waiting for their final confirmations and I am hopeful this Q3 will substantially and Q4 will be flooded with orders.
- Abhinav:** And what will be the contribution to the revenues in FY25 from this segment?
- Deepak Acharya:** We are expecting around INR50 crores to INR60 crores business from the keg for this year till March.
- Abhinav:** Okay. And on a whole, sir, in the first half, revenue growth was at about 7%. Can we achieve a growth of 15% in FY25 as a whole? What will be our target for FY25 revenue growth?
- Deepak Acharya:** In the past, you must have seen we are almost 21% growth is there. Coming third quarter and fourth quarter we are also improving. We have very good order book and we have expanded our facility, we have improved our production capacities. So, we are quite hopeful by end of the year we will achieve these targets.
- Abhinav:** And a significant order that we won yesterday, is that part of the current order book?
- Deepak Acharya:** Significant?
- Abhinav:** The order that we won regarding the liquid energy storage tanks. So, is that part of the current order book? .
- Pavan Logar:** No. The order book which we have shown you is on 30th September.
- Abhinav:** Understood. And what will be the value of this particular order, potential value?
- Deepak Acharya:** This order will be around something around 50 Crore plus.
- Abhinav:** Sir one last question. The other income for this quarter is high. What is that on account of?



- Pavan Logar:** The other income is actually we have this cash flow of INR190 crore which is actually, we took this mutual funds with us. That is a debt mutual funds. And the earning which we are getting is very, very high than last year. So, that's why our other income is increasing.
- Abhinav:** Okay. And for the next two quarters, what is the estimate on the other income part?
- Pavan Logar:** Similar only because Indian market is doing very well. And debt market is also doing very well and since April only, we are getting very good margins in these mutual funds.
- Abhinav:** So, we expect the cash levels to remain the same as well?
- Pavan Logar:** Yes.
- Abhinav:** Fine. Thank you.
- Moderator:** Thank you. The next question is on the line of Bimal Sampat, who is an Individual Investor. Please go ahead.
- Bimal Sampat:** Yes. So, my first question was asked by the previous participant about the order size of that. And what is the addressable market for this kind of product, which we got from England yesterday?
- Deepak Acharya:** Yes, this is perhaps the first order in the world I can say. This is a very special technology for green energy. And I think this is the first, but there are so many applications which can come up because here what they are doing is they are liquefying the air to liquid air. And when the power is not available, then they will expand this and run the generators and convert it into a green energy for 60 megawatt project.
- So, if this is successful, there are so many projects which are lined up now. So, we are hopeful that once we complete this project by 2026, there will be plenty of opportunities for similar projects as everybody is thinking of green energy in coming years. So, this is a very typical example and first of its kind order for us.
- Bimal Sampat:** Okay. And second question is about this. You said 1000 LNG pumps are coming up by 2030, correct?
- Deepak Acharya:** Yes.
- Bimal Sampat:** So, what is, I mean, for each pump, what is the quantum of equipment which will go in?
- Deepak Acharya:** It depends on the size of the pump which you are putting, but approximate value for the fuelling station is from INR3 crore to INR5 crore.
- Bimal Sampat:** INR3 crore to INR5 crore. Okay. And at present, what is our market share in this?
- Deepak Acharya:** Our market share is almost 65% to 70% in this.
- Bimal Sampat:** Okay. In future, you hope to have the same market share?

- Pavan Logar:** We wish to have.
- Bimal Sampat:** Okay. Thank you sir.
- Moderator:** Thank you. The next question is from the line of Dhruv Shah from Dalal & Broacha. Please go ahead.
- Dhruv Shah:** Yes. Thank you for the opportunity. So, just continuing on the previous participant question, on the LNG station, out of the 1,000 stations that have been planned by the government, how many as on date have been constructed?
- Deepak Acharya:** Total, to our knowledge around 50 plus stations are in - already have started and 30 more are in line now. So, depending on the progress maybe another 6 months to 8 months another 30 will be added, but 50 have already started working now.
- Dhruv Shah:** And any number that you can give like how many can come up in the next 3 years?
- Deepak Acharya:** Next 3 years should come around 400 to 500 minimum.
- Dhruv Shah:** 400 to 500. And out of that we would be doing with respect to 60% market share 240 to 250 odd stations?
- Deepak Acharya:** As of today, we are doing around 60% to 65%. Going forward, let us see when the lot of opportunities are there. Many people try to come into the market, but we will because of our early start and our product quality being the best and we manufacture the entire equipment, people are inclined to come to INOX India.
- Dhruv Shah:** So, what would be our margins in constructing these stations EBITDA margin?
- Deepak Acharya:** Pardon?
- Dhruv Shah:** What would be our EBITDA margins in constructing one station?
- Deepak Acharya:** EBITDA margin, we don't look at the EBITDA margin station-wise. We from all our products, we convert that into EBITDA margin which is ranging from 21% to 25% on an average.
- Dhruv Shah:** Okay, And sir my next question was so if you exclude the other income, which has been quite significant this quarter, have you seen margin dip across EBITDA margins and PAT margins? Any specific reason for this dip?
- Pavan Logar:** Yes. There is a specific reason this year's budget which the government of India has actually, especially these mutual funds, all these mutual funds are long-term with us. And suddenly the government has changed their policy and now the tax is applicable and the indexation benefit has been gone out. So, there is no indexation benefit and now we have to pay the tax on the total income which we already accrued on these mutual funds at the rate of 14.3% and due to that, we have...

**Dhruv Shah:** My question was with respect to your operating margin. So, removing your other income component, we have seen a margin. So, your EBITDA margins have dipped by around 200 basis points on a Y-o-Y basis. So, any particular reason for this dip?

**Pavan Logar:** No, EBITDA margin always goes with the range. It depends on order-to-order. So, it's a range. It cannot be the same every time. It must be in the range only. So, 1% or 2% is here and there. It will always be there.

**Dhruv Shah:** Right sir. And just if you can throw some light on the LNG truck fleet, we have a target of one third of the country's fleet to be dependent on LNG. What is the state of that as of now?

**Deepak Acharya:** Yeah, this is a very nice question. And let me tell you that INOX India is working with these OEM manufacturers for the last 1.5 years now. So, we are now qualified with almost all four OEM manufacturers in India and if you see, recently Tata has inaugurated their LNG trucks in Ahmadabad and they are expecting a good number of trucks even in that video and when I was also present during the corporate presentation of Tata.

They are saying 1 million trucks they will sell by 2035. That is such an ambitious project a target Tata has taken. Similarly, Eicher Volvo, similarly Ashok Leyland and Blue Energy. These are the four major players and we are approved by all of them and we are just waiting for them and even we have recently supplied to South America to Scania trucks. And we are getting good number of inquiries and our product is getting established. People were just waiting for the fuel stations.

So, almost 50 fuel stations are available. And during one fill with a 450 liter tank, it goes to almost 600 kilometers, 700 kilometers whereas, 990 liter type of tank can go to 1200 kilometers. So, the market is picking up. We are seeing a lot of traction into this product. And people are very bullish. The performance of the engine, the efficiency, the theft rate, everything has improved. And the pollution has also drastically reduced. So, all the benefits are there with this LNG. Availability of LNG is also good nowadays.

So, all this I think there is potential that in coming years we will see many trucks on the road with LNG as a fuel.

**Dhruv Shah:** Thank you. And just if I can squeeze in one last question. So, in cryogenic equipment, what would be our market share in India and globally? If you have any numbers on that?

**Deepak Acharya:** For cryogenic tank business, we have almost like 60% plus market share and on the global basis, we have almost less than 10% I can say.

**Dhruv Shah:** Less than 10%.

**Deepak Acharya:** Yes.

**Dhruv Shah:** And who would be the largest player globally?

- Deepak Acharya:** Largest player Chart from USA and another one is Chinese called Cimc Enric. These are the two major players which we have competition with.
- Dhruv Shah:** Okay. Thank you so much, sir.
- Deepak Acharya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjay Shah from Pranishta. Please go ahead.
- Sanjay Shah:** A couple of quick questions. One, are we seeing any traction in the semiconductor industry? That's one. And second, just given this kind of cutting edge work that you do in a variety of different industries, what would be your 3 year to 5 year vision in terms of top line? If you could just elaborate on this too?
- Deepak Acharya:** You're asking a very nice question on the semiconductor industry. As semiconductor industry is growing very fast, recently three or four projects have declared one in Ahmadabad, one in Mumbai and in Chennai and Odisha. So almost every project is more than INR50,000 crore. So we find a lot of opportunities for this because we have recently supplied equipment to Micron and Foxconn. And way back around a decade back, we have supplied similar equipment to Singapore as well.
- A lot of piping work is also involved, which requires very clean piping. The storage has to be very clean and our parent company also provides the industrial gases to them. So we find that the semiconductor industry can be really helpful in improving our business going forward.
- Sanjay Shah:** Thank you. And what would be, I mean, just given everything that's happening and the kind of industries in which you are involved, what would be your 3 year to 5 year vision or outlook for revenue?
- Deepak Acharya:** So we are growing at around 20% and if everything goes well like green energy, hydrogen, nuclear, semiconductor, I think the sky is the limit, but we are trying to see how we can really cater to these requirements. But we are into the areas where very few have dared to trade before.
- Sanjay Shah:** So that's fair. Thank you. That will be useful.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Deepak Acharya:** Thank you all of you for attending this call. I hope we have answered most of the questions. If something is still you want to ask, you can send a mail to us and we'll reply. Thank you so much for attending this call. Thank you so much.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.