ISGEC

ISGEC HEAVY ENGINEERING LTD.

A-4, Sector-24,
Noida - 201 301 (U.P.) India
(GST No.: 09AAACT5540K2Z4)

Tel.: +91-120-4085000 / 01 / 02
Fax: +91-120-2412250
E-mail: corpcomm@isgec.com
www.isgec.com

Date: **February 19, 2024**

HO-425-S

To
BSE Limited
Floor 25,
P J Towers, Dalal Street,
Mumbai – 400 001

Company Scrip Code: 533033

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Company Symbol: ISGEC

Dear Sir(s)/Madam(s),

Furnishing of Information in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Subject: **Transcript of the Conference Call on the financial performance of the Company for the quarter and nine-months ended December 31, 2023**

1. This is in continuation of our intimation dated February 05, 2024 and in compliance with Regulation 30 read with Part A of Schedule III and any other applicable regulation(s) of the Listing Regulations, please find enclosed herewith **Transcript of Conference Call organized on Wednesday, February 14, 2024 at 4:00 p.m. i.e., 16:00 hours (IST)** on the financial performance of the Company for the quarter and nine-months ended on December 31, 2023.

2. This intimation is also being uploaded on the website of the Company at www.isgec.com under **"Schedule of Analysts/Investors Meet"** section.

3. The above is for your information and records please.

Thanking you,

Yours truly,

For Isgec Heavy Engineering Limited

SACHIN SALUJA

Digitally signed by SACHIN SALUJA
Date: 2024.02.19 14:21:33 +05'30'

CS Sachin Saluja
Company Secretary & Compliance Officer
Membership No. A24269
Address: A-4, Sector-24, Noida-201301, Uttar Pradesh

For Isgec Heavy Engineering Limited

19/2/24

A-4, Sector-24 NOIDA

CS Sachin Saluja
Company Secretary & Compliance Officer
Membership No. A24269
Address: A-4, Sector-24, Noida-201301, Uttar Pradesh

Encl.: **As above**

“ISGEC Heavy Engineering Limited

Q3 FY24 Earnings Conference Call”

February 14, 2024

MANAGEMENT: **MR. ADITYA PURI – MANAGING DIRECTOR**
MR. KISHORE CHATNANI – WHOLE TIME DIRECTOR AND CHIEF FINANCIAL OFFICER
MR. SANJAY GULATI – WHOLE TIME DIRECTOR AND HEAD OF MANUFACTURING UNITS

ANALYST: **MR. MOHIT KUMAR – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY '24 Earnings Conference Call of ISGEC Heavy Engineering Limited 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 touch-tone 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, Muskan. Good evening. On behalf of ICICI Securities, I would like to welcome you all for the Q3 and 9M FY24 Earnings Conference Call of ISGEC Heavy Engineering Limited. From the management today, we have with us Mr. Aditya Puri, Managing Director; Mr. Kishore Chatnani, Whole Time Director and CFO; and Mr. Sanjay Gulati, Whole Time Director and Head of Manufacturing Units. Without further delay, I would hand over the call to management for brief opening remarks and will follow with by Q&A session. Over to you, sir.

Aditya Puri: Thank you, Mohit ji. Good afternoon, everyone, and thank you for joining us on our earnings conference call. I hope that you and your loved ones are all well and safe. We look forward to facilitating a constructive interaction. Our Q3 and 9M financial results were published yesterday. We've uploaded our presentation on BSE, NSE and our website, www.isgsec.com. You may also visit our website and follow us on social media platforms for regular updates about the company.

The standalone revenue for Q3 FY24 is INR 1,072 crores compared to INR 1,103 crores in Q3 FY23. The standalone profit before tax for Q3 FY24 is INR 60 crores and is 12% higher compared to INR 53 crores for Q3 FY23. The consolidated revenue of Q3 FY24 is INR 1,498 crores compared to INR 1,598 crores for Q3 FY23. The consolidated profit before tax for Q3 FY24 is 4% higher at INR 89 crores compared to INR 85 crores for Q3 FY23. In the standalone results, the profitability is better in the manufacturing segment.

9M financials, the standalone revenue for 9M FY24 is INR 3,350 crores compared to INR 3,261 crores for 9M FY23, which is higher by 3%. The standalone profit before tax for 9M FY24 is INR 207 crores compared to INR 150 crores for 9M FY23, that is higher by 38%.

The consolidated revenue for 9M FY24 is INR 4,373 crores compared to INR 4,363 crores for 9M FY23. The consolidated profit before tax for 9M FY24 is INR 252 crores compared to INR 164 crores for 9M FY23, that is higher by 53%. The standalone net borrowing as at 31/12/23 is INR 47 crores compared to INR 280 crores as at 31/12/22, that is lower by 83%.

The consolidated net borrowing as on 31/12/23 is INR 586 crores compared to INR 886 crores as at 31/12/22, that is lower by 34%. The consolidated order booking for Q3 FY24 is INR 1,365 crores compared to INR 1,388 crores for orders booked in Q3 of last year. The order in hand position is strong. Consolidated orders in hand as on 31st December 2023 is INR 8,584 crores out of the consolidated order book, 71% is for the project business and 29% is for the manufacturing businesses.

The order book includes INR 1,070 crores for international orders, which is about 12%. The order book includes the order book of ISGEC Hitachi Zosen, which is very good. It has INR 945 crores of orders as on 31st December 2023. The order book is well diversified across various sectors and customers.

The overall demand trend is encouraging, and the inquiry position continues to be robust. Export inquiries have also picked up.

Saraswati Sugar Mills, the sugar factory started crushing operations from 31st October 2023. Manufacturing of refined sugar also started. The plant has been operating at full capacity and our refined sugar has been well accepted in the market. The ethanol plant is also operating at full capacity of 160 KLPD. This year, the all India sugar production is likely to be lower, and therefore, the government has decided not to allow export of sugar from India this season.

In order to have more sugar available for domestic consumption, the government has decided to restrict the amount of sugar that can be diverted into ethanol by banning manufacture of ethanol from sugarcane juice and it has also restricted the amount of ethanol that can be made from B-heavy molasses. Mills have been advised to shift from B-heavy molasses to C-heavy molasses.

We will also be installing some additional plant and machinery in order to enable our plant to produce C- heavy molasses. This will require an investment of INR17 crores, which will be made from internal accruals.

The Philippines project, the construction of the Cavite Biofuel Ethanol projects in the Philippines has been completed. Full-scale trial production of ethanol from sugarcane has started from 30th January 2024. Certificate of accreditation has been received from the Department of Energy, Government of Philippines to operate the plant. Commercial production is expected to start later this month.

My colleagues and I will be happy to answer any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nikhil Abhyankar from ICICI Securities.

Nikhil Abhyankar: Sir, I just wanted to understand this recent ban that the government has put on using sugarcane juice for producing ethanol. How will it exactly impact overall industry? How long do you think will the government retain such a ban?

Aditya Puri: So the ban is on using sugarcane juice directly to make ethanol, also from B-heavy. B-heavy means that more ethanol can be produced. The government has done this because sugar prices are going up. Sugar -- the anticipated shortage of sugar and therefore, they wanted more cane juice to be used for making sugar larger than ethanol. So also, the government has increased the price of C-heavy ethanol this year by giving an incentive. They have increased I think about INR 6.70.

So we do not know whether this ban is going to continue. How long it's going to continue. It will depend upon sugarcane planting this year and anticipated sugar production for next year. If the sugar production is going to be adequate, they will probably remove this ban so that more ethanol can be produced.

Nikhil Abhyankar: Yes. And this capex of INR17 crores that you just mentioned to shift it from B- to C-heavy molasses. So basically, can you just elaborate on that? Like what exactly will it do? And how will it help us? Because if we shift to C molasses, will we not be able to revert back to B-heavy once the ban is removed?

Aditya Puri: No, we'll be able to, it will be fully flexible. We would make the investment because we don't know when the ban will go. But should the ban be lifted any time and we think that it's more profitable to make with B-heavy, there will not be any technical difficulty.

Nikhil Abhyankar: Okay. Understood. Sir, I have a few more questions, but I'll get back in the queue.

Moderator: The next question is from the line of Abhilasha from Quantum AMC.

Abhilasha: So I just wanted to get some colour on the order inflows. So I mean I've seen the segments where we are operating like say power or the manufacturing sector. There is a lot of activities happening in terms of overall capex going up and all. So what is it, like our order inflows have been lacklustre during the quarter?

How are we seeing the pipeline, which are the sectors we are seeing the traction going forward? Can you just give some kind of colour over the medium term? How do we see this number moving up?

Kishore Chatnani: So orders for us, I am sure you know it as well as I do or even better than I do. For capital goods, orders normally get clubbed. It’s not that every quarter is not uniform. So some orders, there is a lot of inquiries in the market. A lot of orders are under negotiation. So this particular quarter, the orders finalized maybe a little lower but that doesn't reflect anything.

Our order position, orders in hand position of INR 7,500 crores is very, very comfortable. We have enough orders in hand for, let's say, next 18, 19 months, and more orders are expected to be booked during the current quarter. So that's only numbers part, but inquiries are there from all the sectors, which we address and for all the products that we said that we make. So I know you mentioned the word lacklustre for this particular quarter, but the order booking for the 9M period is okay and the orders in hand is good.

Abhilasha: Okay. Sir, I'm not asking for any guidance or anything. But I think as things are moving, are we seeing this number to move upwards over a period of time, say, 1 year, 2 years?

Kishore Chatnani: Certainly, because a lot of investment is happening in India, as you also mentioned. And the inquiry position shows that there are going to be a lot of orders finalized and we hope to book our fair share of orders there.

Abhilasha: Okay. And my second question is like, again, on the margin. So quarter-on-quarter, we have seen decline in both the segments in manufacturing as well as EPC, the margin decline. So what is it on account of and how do we see the market? I know that Q4 will be the better quarter. So that is not comparable, but then in terms of, say, FY '25, where do we see these margin numbers heading?

Kishore Chatnani: So Q4 is going to be better as you rightly surmised. If you notice the work in progress increased in this particular quarter so that's showing that a lot of orders, particularly for the manufacturing segment are under manufacture and many of them are expected to be dispatched and the revenue booked during the current quarter. So margins are going to be looking fine for manufacturing in this quarter.

The margins on the EPC segment, yes, it is low 3.5% this quarter. But it is going to catch up to the same number of 4% - 4.5% for this current year. And for the next year, as we have been mentioning earlier, we hope that it will be around 5% - 5.5%.

Abhilasha: And sir, for manufacturing, do you want to give any number for the next year?

Kishore Chatnani: The idea is the same, 11% - 12%.

Moderator: The next question is from the line of Deepesh Agarwal from UTI AMC.

Deepesh Agarwal: My first question is if you look at your growth in 9M, so the growth has been actually is on the EPC plus project division is barely 4% Y-o-Y and at the company level is flat. So how do we think about growth because on the earlier participant also, the order inflow for the year as on 9M is not exciting, your order inflow is just 3% of your 9M revenue on these two divisions. How should we think about growth for the company?

Aditya Puri: See the order inflow or the orders that we have taken is also we take into account in the backlog of the orders and what is the order book that we can comfortably execute. So we many times refuse the orders also.

So, in capital goods, it really does not matter from quarter-to-quarter. Yes, if it prolongs over 9 months or 10 months, it's something significant. But sometimes customers delay orders, sometimes we do not want to take orders. So, three months is one quarter or two quarters, there's no indication of the trend. That's point number one.

And point number two is as a conscious decision what we told earlier also that we are expanding on the manufacturing segment, and we are seeing order book rising over there. We are seeing an increase in trend.

Deepesh Agarwal: Sir, what is our expectation on growth for manufacturing plus EPC this year and next year?

Kishore Chatnani: Normally, we don't mention any particular numbers. Particularly for the next year, I mean this year, nine months have gone. So, we are still hoping to see 8% - 9% growth over the last full year. For the next year, we are hoping for some growth, but we can't mention any particular number.

Deepesh Agarwal: Sure. Sir, the other is, can you update on the status of those legacy FGD orders where in the working capital conditions were stretched and the margin profile was relatively lower. What is the status given near completion?

Aditya Puri: So, these long-duration projects like FGD, as we've been telling in every meeting, they are coming to an end one by one and therefore you can see that's reflected in our borrowings, which should come down very sharply from, say, INR 280 crores to INR 47 crores.

Deepesh Agarwal: Sir, this is the other book position of this project?

Kishore Chatnani: The net borrowing has come down from INR 280 crores to INR 47 crores. So as Mr. Puri mentioned, these orders, particularly two large ones, are going to be completed within the year. A number of those milestone payments have been received and the balance are also expected to be received in this year. So, our net borrowing position is coming down. Our working capital utilization will also come down.

Deepesh Agarwal: Okay. Sure. The other question is recently there was a press release, you gave some corporate guarantees for the Philippines project. Can you give me some more specifics on this? Why there was a need for giving further guarantees etcetera?

Kishore Chatnani: So, it's a new business, new company. So obviously, the promoter is in India, even though the business is in Philippines. We have banks there who have lent out term loans. The plant is expected to start this month. So we require working capital for that. So the banks wanted that the parent company should provide a corporate guarantee to help secure the working capital.

That is typically common for new businesses. Even in India, whenever we have joint ventures, for example, new business is coming up, new companies coming up. Banks sometimes, many of the time -- most of the time, they ask for the promoter companies, the parent companies to give some support by way of a corporate guarantee.

Moderator: The next question is from the line of Ashwani Sharma from ICICI Securities. Please go ahead.

Ashwani Sharma: My first question is on, if you can give us numbers of your subsidiaries, Isgec Hitachi Zosen and Eagle Press, Q3 revenue number and 9M numbers for both the subsidiaries.

Kishore Chatnani: Q3 revenue numbers, okay? If you have any other questions, please ask while I look for that information.

Ashwani Sharma: The second question is on the retention of money. I'm sure the last quarter, you would have received some retention money. How much is spending now?

Kishore Chatnani: So we don't look for that number in that fashion. But there is retention money in our overall what is called retention money, it can be a milestone money or it can be a retention money. So that is close to about INR 1,000 crores out of all our receivables.

Ashwani Sharma: And any timeline that you'll be able to receive this money?

Kishore Chatnani: So for each project, there's a different timeline. But for those long duration projects, which we were talking about earlier, about the FGD, so there's about INR 400 crores which will come out this year. Some more will be coming out from the other projects as well.

Ashwani Sharma: So INR400 crores will come in FY'24 itself, yes?

Kishore Chatnani: This year means in the next 12 months.

Ashwani Sharma: Okay. Next 12 months. Fine. Yes.

Kishore Chatnani: On the revenue for ISGEC Hitachi Zosen this quarter, it is INR 208 crores and for the 9M ended December, it is INR 395 crores. And you want it for Eagle Press as well, is it?

Ashwani Sharma: Yes.

Kishore Chatnani: So Eagle Press this quarter, it's INR 12 crores, and for the 9M ended December, it is INR39 crores.

Ashwani Sharma: Sir, also if you could talk about how is the business outlook for these two companies, both Hitachi and Eagle Press. How's the inquiry level? How is the outlook going forward?

Aditya Puri: As far as the business is concerned, ISGEC Hitachi Zosen, as I mentioned in my opening remarks, has a very good order book at this point in time. The prospects are also very good, and we expect much better performance of ISGEC Hitachi Zosen. As far as Eagle Press is concerned, because of various reasons, the order booking has not been very good, but the financial year will end with a profit.

But order book as of now is a little bit of a concern there. We expect to book some good orders in the next few months. But in the last few months, the order booking has not been very good in Eagle.

Ashwani Sharma: Okay. Sir, as far as your overall order inflow, you did allude to be a large inquiry level. But then is there a challenge in terms of orders getting conversion -- conversions are not happening? Is there a challenge at the company level that you are facing?

Aditya Puri: So in certain sectors where people were to make big investments, there is not a challenge, but sometimes decisions do get deferred. But as I said, it's just one quarter. So one order that you don't take or one order that you were expecting gets deferred makes all the difference to the order bookings. So yes, I agree that the order booking has been lower, but it is of no significant concern.

Moderator: The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: My question is with respect to the current composition, I can see in the order book, refinery is roughly about 28% and petchem and chemical is about 16%. So collectively, 45% of the book is from these two large sectors.

In what sense do you get – there is a moderation of large orders getting tendered out in refinery, petchem at least for the next 12, 18 months. So just wanted to understand your sense with respect to, you know, if you could also highlight the pipeline and composition.

So we are hearing from other players that the power utility and coal thermal orders will be coming in a business on the large side. So just wanted to understand the strong area where there's a pipeline emerging. And any weak areas, you did highlight ethanol seeing a near-term challenge, just wanted to understand the overall outlook on the intake side.

Aditya Puri: So, the sector of refineries, we supply pressure vessels to them. We supply boilers to them. These are the two main equipment that we supply. And these equipment are also supplied to fertilizer plants in petrochemicals, which are, I would say, adjacencies to refineries. And as of now, last quarter, and this quarter, the order booking from this sector and the chemical sector for us has been pretty decent.

And there are still orders in the pipeline. And I think what you're talking about is specific to India, but there is some investment also happening abroad where we supply our pressure vessels and from where we are getting orders.

Amit Anwani: Right. Any colour you want to give on inquiry for nine months versus last nine months? Any double-digit and how is the growth for inquiries overall?

Kishore Chatnani: The inquiry position is good. We don't have any dearth of inquiries. And we are not trying to compare last year versus this year because seriousness of each inquiry, what's a budgetary inquiry, what's an inquiry for immediate conclusion, that differs at different points of time. But we have enough inquiries for all the business that we need.

Amit Anwani: Right. My next question is on the sugar ethanol side. Obviously, because of the prevailing reasons, we saw the decline. So what is the expectation now for Q4FY24 & Q1FY25?

Kishore Chatnani: Pardon me, sugar and ethanol?

Amit Anwani: Yes.

Kishore Chatnani: Yes. Okay. So, sugar this particular quarter, the revenue was less compared to the December 2022 quarter. Now in December 2022 quarter, there was export allowed from India. This year, of course, there's no export. And the allocation of quota -- sugar quota to be released by the government for our factory was higher in the last year, the same quarter. This year, it was lesser. So obviously, government decides that based on demand and supply, their assessment of demand and supply and the particular stock position of the mills.

So this year, the decline in revenue for sugar is largely because of the lower quota that was allocated and no exports allowed this year. So the next quarter is also going to be similar.

Again, in this quarter, there will be no export, but the domestic quota likely to be normal as it was last year. For the ethanol itself. So as Mr. Puri explained a while earlier, we have been making ethanol from B-heavy molasses. So this change in policy came in the middle of the season. So while the full production went on at full scale, the amount of ethanol allocated to the oil refineries for this quarter was 65% of normal.

So because the government allowed us to sell less of that ethanol, so revenue on ethanol is less. That is going to continue for some time for B-heavy until we shift to C-heavy and then for the season as a whole, then the values will be similar, the quantum of ethanol that we make will be the same as for the last year, last season. So we'll catch it up by the time the season finishes in May, we will catch that up.

Amit Anwani: Sure, sir. My next question is on the recent notifications on coal gasification. So any sense I am assuming that it will also be requiring heat exchangers and few other process equipment? Any sense, are we also tapping that market? And is it revenue that we get some order on coal gasification?

Aditya Puri: We are equipped to make pressure vessels with heat exchanges for coal gasification. So –as and when there are orders in the markets, we'll certainly be bidding for them.

Amit Anwani: Sure. Lastly, on the EPC margin, which is keeping 3% to 4%. Just wanted to understand what is the business model you are following that the margins are so low and any ramp-up maybe in medium term and to what level it can go if the things go right for you in EPC?

Aditya Puri: As Mr. Chatnani just explained that this year, the margins are going to remain roughly in this range. But next year, we are expecting the full year margin in the 5% - 5.5% range.

Amit Anwani: But sir, to what level it can go, so there is a maximum we can achieve is it?

Aditya Puri: I think for the next year, yes.

Amit Anwani: Okay. Thank you. Thanks for taking my questions.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: Thanks for the opportunity. So, we have started this Cavite biofuel -- we have started production over there. So can you just elaborate on what kind of plans do we have? And are we looking at monetizing part or full stake in this project?

Kishore Chatnani: So trial production has started. So we had mentioned earlier that we had done trials on molasses earlier. Now the plant has been completed. The trial on sugarcane, which is the feedstock. This is the season for sugarcane. So trial production on that has started. Commercial production is yet to start. We are hoping that we can start it by the end of this month. And regarding monetization at the moment, we are planning to run the plant, run the business, there's no other plan at the moment.

Nikhil Abhyankar: But maybe in the medium term, we will look at this like monetizing it?

Aditya Puri: Certainly, the idea is not to really to run it for a very long time. So whenever we get a decent price, decent way of exit, we will want to exit.

Nikhil Abhyankar: Okay. And sir, previously, you also mentioned about the FGD opportunity. So can you elaborate on that? Like what kind of opportunity do you envisage in the next couple of years? And how aggressively we will be participated in this opportunity?

Aditya Puri: So as far as FGD opportunities are concerned, there would be FGD opportunities that will come up. But we are very clear that we will take on an order only at very decent margins. And those projects, which had a decent cash flow. So if you are going to ask me are you going to book any FGD orders in the next three months or so. There are inquiries in the market, but we are going to be firm -- we have enough orders, we will be firm in our stand as far as margins and cash flows are concerned.

Nikhil Abhyankar: Understood. And sir, the next question is about coal gasification. So basically, currently, only NSG is doing a project of around 0.4 million tons. And so how will it exactly happen? I wanted to understand that because they will be rolling out the project to PMC contractor. So will we be directly talking to NSG for the order? Or will we tie up with the EPC contractor?

Aditya Puri: No, so in these sorts of businesses with EPC contractor may give the final order, but the equipment specifications are given by the process licensors. So it is routed through the EPC company and through the PMC. But ultimately, the licensor has to approve us, which we have no doubt that they will and then the EPC company sort of gives out either tenders or floats inquiries. And the order booking happens or doesn't happen . So we basically, as a company, have to approach all. So we have to be enlisted with the licensors for us to bid for the equipment. So we work with the customer, the licenses, the PMC as well as the EPC.

Nikhil Abhyankar: Okay. Understood. And you also mentioned about the refining segment opportunity. So I want to understand, say, for greenfield or brownfield expansion of 5 million tons, what exactly will be our opportunity size in it?

Aditya Puri: Sanjay, would you like to take this?

Sanjay Gulati: I won't have an exact number. Yes, but 6-million-ton refinery, which comes up would be enough of opportunity for Dahej and Yamunanagar to be booked for a whole year.

Nikhil Abhyankar: Okay. Understood sir. Sir, mostly that's all from my side. Thank you and all the very best.

Moderator: Thank you. The next question is from the line of Deepesh Agarwal from UTI AMC. Please go ahead.

Deepesh Agarwal: Sir, there is a lot of opportunity on the CBG size compared to biogas. So given we were already there in ethanol, are we looking opportunities out there from our machinery or EPC division?

Aditya Puri: Yes. We are evaluating.

Deepesh Agarwal: Do we have the technology with us?

Aditya Puri: Yes, we are talking to some people for technology, and we have some bit of technology. And so we will be able to put the package together.

Deepesh Agarwal: Okay. And so far, we have not tied up with anyone on the hydrogen side because we had an aspiration even out there.

Aditya Puri: No, we are not tied up with anyone on hydrogen side. We're looking for opportunities but the point is that market and the technology is also changing very rapidly. So we don't want to sort of commit without knowing, which technology is going to sell and which technology is going to be stable.

Sanjay Gulati: So we are not into the production of hydrogen, but the subsequent like green ammonia storage of the hydrogen. These are the areas that we are already in. So equipment for that.

Deepesh Agarwal: Any sense typically in a hydrogen plant, what would be our share of opportunity on our total capex?

Sanjay Gulati: It varies between how the person is planning to use his hydrogen. If he is planning to store hydrogen, there would be a large number of hydrogen bullets coming up. If you are planning to convert into ammonia. So it varies a lot depending on project-to-project substantially. But in any case, any green ammonia plant coming up or any hydrogen facility coming up would need our equipment.

Deepesh Agarwal: So far, we have not taken any order on this side, right?

Sanjay Gulati: We have done green ammonia. We have supplied for blue ammonia so far, not green ammonia exactly, but we supplied for blue ammonia plant. We are currently executing all this for blue ammonia plants. We are bidding for number of green ammonia plants as well overseas. Equipment for green ammonia and blue ammonia plants overseas.

Deepesh Agarwal: Sir, the other question is, we are seeing a strong thermal capex cycle at utility scaling in the country. So ISGEC, though we are operating more on the capex side, do we benefit out of this larger thermal capex cycle by selling some of our components, etcetera?

Aditya Puri: Yes, we do because we manufacture castings for those turbines. And we could look actually also do material handling for these large projects. And so the large big projects are typically done by BHEL and L&T and if their shops are full, they may give us some orders for pressure parts to be delivered.

Deepesh Agarwal: Sir, last question from my side. So on the oil and gas side, some of the earlier participant also asked, there is a strong capex happening in Middle East. So do we have a sufficient tie-ups, etcetera with the EPC players out there to benefit from this opportunity because we have not seen this oil and gas order book or numbers for us actually growing very well.

Aditya Puri: Sanjay, would you like to answer that?

Sanjay Gulati: So we are participating in the bridge to oil and gas in the Middle East. Recently we were awarded one UAE project, but that's come in this quarter. So we are on the vendor list of most of the majors like ADNOC and Qatar Gas and...

Aditya Puri: We are on the list.

Sanjay Gulati: We are on the vendor list of most of the companies in Middle East. So we do receive inquiries from the EPCs and so on.

Deepesh Agarwal: Sure. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Manish Goyal from Thinqwise Wealth Managers.

Manish Goyal: Yes. Hello, thank you so much. I have couple of questions. Sir on Hitachi JV side, you did mention the revenues and a very strong order book. If you can also share what were the margins in the Hitachi JV. And going forward, can we expect that the JV margins also to be in line with the manufacturing margins of 10% to 11%.

Aditya Puri: So the margins may not be 10% to 11%, but they will be substantially better than what the JV has been showing, the margins that were there earlier, the margins would be better for JV.

Manish Goyal: Okay. So maybe what was it in first 9 months, sir?

Kishore Chatnani: First 9 months, the figure is not margin, but profit before tax, which I readily have. Profit before tax is about INR 19 crores on a revenue of INR 395 crores.

Manish Goyal: Okay. Okay. As compared to last year, 9 months?

Kishore Chatnani: Last year, 9 months, it was zero profit. It was nil profit. so it's much better than last year.

Manish Goyal: Sure. Definitely. Okay. And right now, what I see is that the order book outstanding has increased in exports and Hitachi order book has increased. So should we imply that a lot of orders was Hitachi has got are from International? Or maybe if you can give us a breakup of Hitachi JV order book of INR 945 gone up quite well.

Kishore Chatnani: I don't have that readily. I mean how much is book, maybe Sanjay. Sanjay if you remember I think you speak out.

Sanjay Gulati: Not exactly, but it's close to 50-50 that is half of the orders are from domestic and half of them from overseas for Isgec Hitachi Zosen JV.

Manish Goyal: The pending order book?

Sanjay Gulati: That's right.

Manish Goyal: Okay. Okay. Also, sir, if you can share about now the Philippines plant is completely ready and up for running. Maybe if you can share what is now total investment into that plant, both in terms of equity and debt, how do we see revenues and profits in FY '25 because now we will capitalize the plant, so we'll have impact in interest and depreciation. So if you can do some indication sir?

Kishore Chatnani: We have mentioned the numbers earlier. I don't have them readily. But the plant is expected to start commercial production by the end of this month. And this when we will really capitalize, and we will have the exact numbers. I don’t have the exact numbers as of now.

Manish Goyal: Right, sir. Okay. So no, I just want to get a sense that for next year once this plant is running in full production. Hopefully, once it starts, it will be probably at scaled up production. So next full year, we can see full production and it will probably not have any negative impacts on the PBT level. That is what I'm trying to get assess sir.

Kishore Chatnani: It will not have a negative impact on the PBT level. That is for sure.

Manish Goyal: Right sir, okay. Thank you so much sir.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Aditya Puri: Thank you. Thank you very much, and we look forward to meeting you again after the March year end results are out. Thank you, and all the best.

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

(This document has been edited for readability purpose.)