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Uploaded on BSE Limited
Website: http://listing.bseindia.com

Ho-425-S Dated: 30.11.2020

Manager – Department of Corporate Services,
Bombay Stock Exchange Ltd.,
Registered Office: Floor 25,
P J Towers, Dalal Street,
Mumbai 400 001

Dear Sir/Madam,

Furnishing of Information as per
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Scrip Code : 533033, Scrip Id: ISGEC

Sub: Transcript of the Earnings Conference call with analysts and investors relating to Financial Performance of the Company for the quarter ended on September 30, 2020

1. This is further to our letter bearing Ref no.Ho-425-S dated November 4th, 2020, wherein we had given an intimation regarding Investor Conference Call organised by the Company on November 11, 2020 at 16:00 hours (IST) to discuss the financial performance of the Company for the quarter ended September 30, 2020.

2. In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of earning conference call held with analysts and investors.

3. The above information is also available on the website of the Company www.isgec.com.

4. The above is for your information and records, please.

Thanking you,

Yours faithfully,
For Isgec Heavy Engineering Limited

SUDERSHAN KUMAR KHORANA Digitally signed by SUDERSHAN KUMAR KHORANA Date: 2020.11.30 17:35:51 +05'30'

(S.K. Khorana)
Executive Director & Company Secretary
Contact Number: 9810188045

Encl: as above

"ISGEC Heavy Engineering Limited Q2 FY2021 Earnings Conference Call"

November 11, 2020

ANALYST:	**MR. RENJITH SIVARAM – ICICI SECURITIES LIMITED**
MANAGEMENT:	**MR. ADITYA PURI– MANAGING DIRECTOR**
	MR. S. K KHORANA – EXECUTIVE DIRECTOR & COMPANY SECRETARY
	MR. KISHORE CHATNANI - CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to ISGEC Heavy Engineering Limited Q2 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Renjith Sivaram from ICICI Securities. Thank you and over to you Sir!

Renjith Sivaram: Good afternoon all. I welcome you to discuss the Q2 FY2021 results conference call of ISGEC Heavy Engineering Limited. We have the management of the company represented by Mr. Aditya Puri, Managing Director. Mr. S.K. Khorana- Executive Director and Company Sectary and Mr. Kishore Chatnani, CFO. So, we will start with a brief outlook by Mr. Puri and then we can go for question and answers session. Over to you Sir!

Aditya Puri: 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. This is our fourth investor conference call. I look forward to a fruitful interaction.

Many of you are familiar with our business. We are a diversified heavy engineering company engaged in manufacturing and project businesses. We manufacture process plant equipment, presses and iron and steel castings. We do turnkey projects for setting up boilers, power plants, sugar plants, distilleries, factories, and bulk material handling facilities. We also developed strength in construction. We address the requirements of wide spectrum of industries namely power, fertiliser, sugar industry, distilleries, oil and gas, automobile components, steel, cement, chemicals, railways, space. We are number one and number two in almost all our product lines in the country. Our presence across multiple industries in geographies helps us to spread any sectorial or geographical risks.

Let me now talk about our consolidated financial results for the quarter. We are happy that operations and revenue has largely recovered though there is a shortfall in revenues in this quarter as well. Profits and profitability have been much better. The consolidated revenue for Q2 of FY2021 is Rs. 1,351 Crores compared to Rs. 1,435 Crores for Q2 of FY2020. For H1 of FY 2021 are consolidated revenue is at Rs. 2,426 Crores compared to Rs. 2,639 Crores for H1 of FY2020.

The consolidated EBITDA for Q2 of FY2021 at Rs. 147 Crores is 77% higher compared to Rs. 83 Crores for Q2 of FY2020. H1 of FY 2021 our consolidated EBITDA is at Rs. 244 Crores compared to Rs.164 Crores of H1 of FY 2020. The H1 EBITDA margins improved at 385 basis points driven by savings in employee cost and reduction in travel expenses due to lockdown and increase use of technology solutions in ISGEC Heavy Engineering Limited, higher sales in Saraswati sugar mills and better results from Eagle presses.

The consolidated profit after tax for Q2 of 2021 at Rs. 78 Crores is 73% higher than Rs. 45 Crores of Q2 2020. For H1 of FY 2021, our consolidated profit after tax was Rs.120 Crores compared to Rs.74 Crores for H1 of FY2020. We expect the revenues to be normal from Q3 onwards.

I will talk about the order bookings. The consolidated order bookings for H1 is Rs. 1,922 Crores. The orders in hand on September 30, 2020 are Rs. 6,761 Crores against Rs. 6,935 Crores on March 31, 2020. The order book position continues to be satisfactory. Of our consolidated order book about 77% is for the flagship business and 23% for the product business. So, order book includes Rs. 1,358 Crores of export orders which is about 20%.

Order booking for ISGEC Hitachi Zosen is also good. It booked orders for over Rs. 150 Crores in Q2 of FY 2021 and has orders in hand worth Rs. 600 Crores. Overall demand trends are encouraging. In October 2020 we have booked further orders at about Rs. 1,000 Crores. While more orders have been finalised at PSU sector companies, enquiry position from both PSU and private sectors is good. More orders from PSU from sectors such as railways, coal, power, water, process industry and material handling are expected to be finalised. In addition, orders for air pollution control equipment in FGD which are mandated for compliance due to environmental norms are also expected to be finalised. This will compensate for any possible slowdown from the private sector.

All our factories are working at full capacity and there are no labour issues now. Project sites are running normally though there are still some manpower shortages. Offices are now working with about 65% workforces in offices and the rest are working from their homes. Issues related to vendor supplies, logistics and ports have now been largely resolved.

Salary cut imposed earlier continues though we have restored the salary cut to junior employees at levels of manager and below. Due to the COVID-19 the economic activities in some of our overseas markets have been disrupted and order finalisation is slow. It will take some time for these to pick up at full pace but we are very optimistic about our positioning in the market and we are present in multiple segments and geographies, robust balance sheets, state-of-the-art infra and manufacturing capabilities, technology partnerships and right quality of people will continue to focus on increasing of our shareholders wealth and strengthen our financial matrix.

Our efforts to sell CPBI Philippines and related companies have been continuous. However, discussions have been slow since the onset of COVID-19 pandemic. We are arranging for financing to start completion of the project and at the same time will continue to look for buyers. We feel buyers will get more comfort if the plant construction is progressing. We will be happy to answer your questions.

Moderator: Thank you very much. We will now begin the question and answers session. The first question is from the line of Sudhir Beda from Right Time Consultancy. Please go ahead.

Sudhir Beda: Sir, there are three question from my side. First, the increase in the margin due to reduction in other expenses, is it sustainable? Number two, your business has a large inventory and large receivables because large part of the businesses are from PSUs and government bodies, so that is the reason why our ROE is hovering, even after the good result is just 12.5%, so how do you plan to rationalise your receivables going forward? And the third, GE Power has recently announced its exit in the FGD business or any coal related business and FGD has a huge opportunity. So, you will have a great advantage I believe, so can you throw some colour on it?

Aditya Puri: As far as the FGD business is concerned, there are opportunities. Private sector is also now investing in FGDs and I agree there are people who do not want to have anything to do with coal, so if people are leaving the FGD business because of their conviction that they do not want to do anything with coal or because the Chinese are not being encouraged to participate in these tenders, it would increase our market share.

Your question about receivables is true, the payment terms of the PSUs are such that we cannot do anything about it, but at least the payment is assured. If we had not concentrated on the PSU sector two things would have been very different for ISGEC right now, because the investment in the private sector is slow and we had seen the investment in the private slowing down for a couple of years and that is why we did decide to do more government orders, to gear ourselves towards doing more government orders as well as doing orders which are sort of mandated by the government, environmental control measures that the companies will be forced to invest and you had one question which I missed out.

Sudhir Beda: Is it that the gross margin, our EBITDA margins has because of the reduction in expenses, is it sustainable or margin will come down going forward?

Aditya Puri: If it comes down it may come down by 1% but I am not seeing any major reduction beyond that.

Sudhir Beda: That means if our shares of the private sectors will go up then only our receivables days will come down, is it right or those days will not come down otherwise?

Aditya Puri: It may not come down otherwise because the government sector payment terms are such and majority in the private sector are not investing right now.

Moderator: Thank you very much. The next question is from the line of Mulesh Savla from M M Savla Consultancy. Please go ahead.

Mulesh Savla: Sir, I see that our capital work in progress is almost at the level of our existing assets, so right now we are having turnover of about Rs.5,000 Crore to Rs.6,000 Crore a year. What is the timeline by which our capital work-in-progress will get over and what effect will it have on our top line.

Kishore Chatnani: What you see in the consolidated financial statements, may be 95% or more of that capital work-in-progress relates to the plant and the construction in Philippines, Cavite Biofuels Producers Inc. so that is the business which we had acquired, if you have been following us, which will require a course of settlement in the courts.

Mulesh Savla: So, when is it expected to get over and what is the kind of topline that we expect from such investment?

Aditya Puri: The capital work-in-progress is suspended right now because of the COVID situation in the Philippines. COVID has improved over there, so from the moment that we start working over there, the plant would go into operation within about 12 months.

Mulesh Savla: So, once we start there after we need 12 months to complete that and thereafter will be able to get some turnover out of it?

Aditya Puri: Correct.

Mulesh Savla: I also had the concern about the receivables, but I think you explained well to the previous gentleman. You mentioned that due to Chinese impact are we getting some good traction from the customers?

Aditya Puri: I was talking specifically about FGD business. NTPC is not allowing any imports from China, so virtually Chinese bidders would be out of it. other people in the private sector are also not that inclined towards China because they do not know in a project when import would stop because it takes 36 months for the FGD project to happen. As far as the other products are concerned, some of those who used to import from China are enquiring, but whether this fructify into the orders is not something which I can say because as I said in my last call also, that as far as the private sector is concerned, imports from China will only stop if the duties are raised or there is a ban on imports from China. Otherwise the private sector will continue to import from China because it is competitive, you are in competition with me, I am importing from China, you will get disadvantage so you will also import from China.

Mulesh Savla: Right and when I just look at our valuation so I was just thinking is it not fair to think about issuing bonus to the investors by using our huge reserves available, there by increasing the liquidity in the market also thinking of listing our share on NSE and then probably if required you may think of buyback of shares also because I am sure you must be thinking that that the intrinsic value of our shares is much better than what it is quoted in the market right now. So just from the investors friendly point of view, is there anything in the minds of top management and promoters to think on any of those lines?

Aditya Puri: I can only say I have listened to you, that is all I can say.

Moderator: Thank you. The next question is from the line of Sneha Lohia from Axis Bank. Please go ahead.

Sneha Lohia: Sir, my question is again on the Philippines project, so you have been trying to find some banker over there to complete the project, so how has the progress been on that front and secondly what is the intention of the management on the project, whether you want to continue that project in your books or you want to offload that to some other buyer?

Aditya Puri: So, we have been talking to bankers as soon as the COVID situation improves we will go to the Philippines and I am sure things move after that. As far as what our intention is, if we run the plant also, we have done our calculations and cash flows and profitability so those are also very reasonable and good. But ultimately we may not want to run a plant in a foreign country and we would like to offload it but today the plant is not complete and there is COVID so we think it will be much better for us to complete the plant I mean in the process of completion of plant, we do feel that we will get a buyer.

Sneha Lohia: Right. One more thing, presently we know that since the plant is not complete and there is a good amount of work that has already been done on the project. What would be the per quarter or per month cost estimate that you are incurring on the project there?

Aditya Puri: So, we are incurring some administrative costs and I think we were about Rs. 3.5 Crores a quarter, I think, Kishore?

Kishore Chatnani: Yes, that is right. That is for salary of some people, insurance, plant, and maintenance and upkeep.

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

Deepesh Agarwal: Good evening gentlemen. What is the capacity of the Philippines plant, is it from 130 KLPD?

Aditya Puri: Yes. 120 to 130.

Deepesh Agarwal: Okay, what gives us the confidence on the economic viability of this project, the reason being when I see the CWIP of this project, it could be possibly to the extent of Rs. 650 Crores and when I see a typical cost of putting up such Ethanol Project in India that would be to the extent of 1 Crores to 1.5 Crores per KLPD that is roughly say Rs. 150 Crores to Rs. 200 Crores for such size plant. So how is the math different in India versus Philippines which gives an economic viability to this project.

Aditya Puri: There are certain things that give us economic viability. One thing is that in Philippines actual blending is happening with petrol. By law mandate if it is happening it is 10%. The second thing is there is another law in the Philippines which says that, the import of ethanol cannot happen as long as the domestic suppliers are willing to comply, so there is a huge demand-supply gap for ethanol because this ethanol is being imported but it is under a license. And the price of ethanol is fixed by the government which is a blend of the cost of sugarcane and the cost of molasses and a mark-up of all that. So, as a result of which we have done the economics and the economics is good.

Deepesh Agarwal: Sir secondly if I look at your standalone financials over past four years our working capital has been rising steadily is it because of higher focus towards EPC order and the government order?

Aditya Puri: A lot of them are in the government sector.

Deepesh Agarwal: Where do you expect our working capital to settle?

Aditya Puri: It should stabilize, in fact working capital in this quarter it has come down.

Deepesh Agarwal: Sir lastly, when you have taken an EPC or other like a railway factory building what is typically Isgec's quote, is it civil construction work, if yes are you looking to a larger civil infra project?

Aditya Puri: In civil infrastructure many times are most probably for machinery also.

Kishore Chatnani: So, there is as you said civil infrastructure in terms of the building as well as besides that there is you have to do small portion of the railway line configurating with the main railway line, we have to do small portion of signalling and electrical works then you supply the machine tools which are required in that factory. Let me say it again civil works like, roads, foundation and office buildings. There is mechanical equipment like, machine tools, cranes lifting, another machine raised, there is fire-fighting, there is electrical work like substation, switch gear etc., railway signalling and telecommunication system then railway overhead electrification and railway track construction and interlinking of the main track.so, all of it is part of the order.

Deepesh Agarwal: Is it fair to say our capability can be replicated in a private sector for their factory building for any private player?

Aditya Puri: Yes, sure it can.

Moderator: Thank you. Next participant is Nitin Gandhi from KIFS Trade Capital. Please go ahead.

Nitin Gandhi: Continuing with the previous question if Indian cost for the plant it is just a section of cost 20%-25% then how it makes economic viability of such high investments. Secondly, how much we have yet to spend considering this time gets gestation is supposed to circulate that. if yes how much and if you can throw some more light on that?

Aditya Puri: As far as plant and machinery is concerned 97% of the machinery is already there and as far as the civil work and the buildings are concerned 70% of it is complete. We do have some amount in direct expenditure on the plant that is required to be done. But the viability is there because if you look it is a protected market.

Kishore Chatnani: Can I add here Sir, with your permission, because they are comparing with the Indian economics that is a very good comparison. But the major difference is the price of sugarcane that we pay here and the price of sugarcane that you pay in the Philippines for the cost of sugarcane is the same. Whereas the price of ethanol that you can get in India are at three prices which are linked to whether you are making it from C-heavy molasses, b- heavy molasses or in the sugarcane juice. If you compare even highest price in India which is about Rs.68 - Rs.62, in Philippines the equivalent price in the field is about Rs.95. So, your input cost while your sugarcane is the same, the price if you get for your output is 50% more than the Indian price.

Moderator: Thank you. The next question is from the line of Monica Arora from Sharegaint Wealth Advisors. Please go ahead.

Monica Arora: Good evening Sir. I wanted to ask that what is the capex plan for FY2021 and for FY2022?

Aditya Puri: There is not any major capex plan as of now. But if some opportunity does come, and we see it would be a long-term sustained opportunity we will go ahead with that investment. But as of now I would say it is incremental debottlenecking or investment in technology to reduce costs may be about Rs.10 Crores to Rs.15 Crores may be Rs.20 Crores for the whole year but that is about it at this point in time. But we are setting up a distillery in the sugar factory which is our 100% subsidiary, so that is there too.

Monica Arora: Okay, and what kind of order inflows you are seeing in Q2 FY2021 and what is your expectations in the time going ahead?

Aditya Puri: This is a very difficult question because goods orders are lumpy, and they are unpredictable. Some project is going on and suddenly they decide not make investments, other projects are slow and sleepy and finally they wake up and they start. But as I had said in my opening remarks, we have already booked orders worth Rs.1,000 Crores in October and we expect the order booking to be good.

Monica Arora: Okay, any sectors in which you are seeing more traction?

Aditya Puri: There are lots of enquiries. FGD’s there are some enquiries. We have enquiries for pressure Vessels, Casting, all these sectors there are good number of enquiries.

Monica Arora: Okay, and Sir one more question I wanted to ask that is there any forex issues here like foreign currency exposure or due to volatility in commodity prices and all and what is your currency hedging policy?

Aditya Puri: Our hedging policy is that we hedge anything whether they are imports or exports when an order becomes effective. So, I mean to say we are getting orders from overseas in that order, the order will become effective and we get our first substantial advance. The moment we get it, roughly 95% of our exposure is hedged, a very small amount is left out which we keep as a hedge for any imports that we might want to do. But all our exports and imports are hedged. So, there is no un-hedged or virtually unhedged exports eventually.

Monica Arora: Okay, no unhedged export?

Aditya Puri: Virtually no unhedged.

Monica Arora: Sir, if I see the other expenses, it has reduced sharply year-on-year. Any reason for the same and is it sustainable or is it something which is one time?

Kishore Chatnani: Other expenditure has certain elements of expenditure which ideally should be considered as direct expenditure. If we are doing more of exports and there is more of sea freight and shipping freight and so on involved that goes into other expenditure. Similarly, if our manufacturing scale is higher than there may be subcontracting so it depends on firstly the mix of domestic and I mean where the freight is involved. Mainly the large freight is involved in exports. So, that is one reason and the other can be subcontracting where we are required to be in.

Monica Arora: Okay, so it means the other expenses will basically depend upon your proportion of domestic and foreign exports?

Kishore Chatnani: That is right. A lot of other things also but this year.

Moderator: Thank you. The next question is from the line of Niket Shah from Aequitas Investments. Please go ahead.

Niket Shah: Can you please repeat the order bookings for Q2 and in October how much did we book?

Aditya Puri: In October we booked Rs.1,000 Crores roughly and in Q2 I think the number is Rs.1,180 Crores standalone and then ISGEC-Hitachi Zosen booked Rs.160 Crores.

Niket Shah: Thank you and Sir what would be our bid book or the L1 positioning?

Kishore Chatnani: There are some orders where we are L1, but one does not know when they are going to be really ordered out and when the advance will come in.

Niket Shah: Okay, and Sir can you please highlight the subsidiary performance for the quarter and going forward what is our outlook for that?

Aditya Puri: On a very broad scale, I would say that our sugar factory is doing well, the outlook is also good. ISGEC-Hitachi Zosen is almost fully booked till the end of next year I would say March-2022. Eagle Presses is also doing well there are little short of orders because of the COVID related activities the impact on the automobile sector. But otherwise all the subsidiaries are doing reasonably well.

Moderator: Thank you. The next question is from the line of Vipin Goel. Please go ahead.

Vipin Goel: Good afternoon Sir. On the FGD orders that we are executing what portion of the total is executed by now?

Aditya Puri: About 30% to 40%.

Vipin Goel: About 30% to 40% and Sir for the remaining what is the timeline that we are expecting because given the delay due to COVID?

Aditya Puri: The first unit should be running in the next eight months or so. When I say 30% to 40% the point is lot of bought outs have been ordered and as soon as the civil work is finished, they will all come so the material will start flowing in very fast.

Vipin Goel: Okay, Sir what about the NTPC lot-6 orders that we had bid for and then what are the plans for the other coming projects that we did there on the state and private side?

Aditya Puri: NTPC lot-6 is being getting postponed and it was recently supposed to be on 9th and it again got postponed. So, we expect that probably the bidding should happen sometime in November that is my best guess now and there are other opportunities in the private sector and other public sectors, state sectors we are pursuing that.

Vipin Goel: Okay, just one on the ordering scenario within the boiler side and sugar machinery side if there is any, what type of demand that we are seeing from these segments if you can touch upon that?

Aditya Puri: We have had reasonable order book in both the sugar machinery division and in the boiler group and we think this will continue as of now I can say that it has been quite reasonable.

Moderator: Thank you. The next question is from the line of Kirthi Jain from Sundaram Mutual Fund. Please go ahead.

Kirthi Jain: With regards to standalone order book, what is the quantum and breakup of the standalone order?

Kishore Chatnani: The standalone order book is slightly above Rs.6,000 Crores. Projects is about 83% and 17% is manufacturing.

Kirthi Jain: Sir in the last quarter our machinery works margins has improved do we continue to expect 9% to 10% margin which you had guided earlier, or should we expect the higher margin which you have done this quarter of around 14%?

Aditya Puri: I do not expect 14% always it will be somewhere in between 9% to 10%.

Kirthi Jain: Regarding distillery plant will it be ready by June?

Aditya Puri: Yes, June or little before that.

Moderator: Thank you. The next question is from the line of Abhishek Gupta from Goldman Sachs. Please go ahead.

Abhishek Gupta: First, I like to have clarification looking at your reported numbers, I understand when you show plant under construction is segmental that pertaining to Philippines business predominantly, right?

Aditya Puri: Right.

Abhishek Gupta: We have shown some revenue occurring from there in the first six months of about Rs.129 million or about Rs. 13 Crores odd Crore Revenue and there is also profitability which is shown at about Rs.3.5 Crores from the same. Can you help me understand from where is this revenue coming from?

Kishore Chatnani: Basically, there is some sugarcane growing there which is getting sold. It is largely from that.

Abhishek Gupta: So, we kind of own the farm there and hence we are selling the farm product is that?

Kishore Chatnani: We have about 1,200 hectares of land on long lease it is practically like it is owning except that it is on lease and we have been growing sugarcane in anticipation of the plant coming up, until the plant comes up some of things can getting sold.

Abhishek Gupta: Kishore Ji another question on the same side I have seen there is some restatement on the capital employed projection I think earlier we used to report about Rs.225 Crores of capital employed now if I look at the latest number it is showing more like a Rs.145 Cores-Rs.150 Crores and it has to be restated back to another last two quarters. What has been the reason?

Kishore Chatnani: That is a good question. If you have seen our results, we are referring to note there, basically whenever there is a business combination you are supposed to do a fair valuation of assets and liabilities and the Accounting Standards provide you one year to do that. So, we had acquired this plant in October 2019 and September 2020 we have got a fair valuation done as of that date, and the fair valuation today has been put into the accounts. So, we will see that there is some reduction in the assets and corresponding reduction in the capital reserves.

Abhishek Gupta: That is helpful. Just one clarification lastly on this and then I will come to the Indian business, wherein different numbers I think one of the earlier participants mentioned that this possibly can have about Rs.600 Crores of exposure at a plant level. But when I look at the capital employed is showing Rs.150 Crores, if you can help me understand exactly what is the overall capital employed in this business?

Kishore Chatnani: Abhishek Ji, I have not looked at it like capital employed. I can look at it separately and I can answer you separately I do not have a ready answer for that.

Abhishek Gupta: Now coming to India business first of all, thanks for giving split on sectoral basis in the presentation for the order book with the better visibility in terms of asset over the exporter. Would it be possible for you to put again a normative tenure of completion for each of the segments like Power, Sugar, Railways just to understand that what kind of age the overall order book has for our understanding?

Aditya Puri: We can see the projects vary a lot they could vary from nine months or a year to over three years.

Abhishek Gupta: Okay, and how about product supplies?

Kishore Chatnani: Product supply could be two months to sixteen months.

Abhishek Gupta: From that perspective we can look at it. That is good. Just lastly from my side earlier participant also highlighted that we have done phenomenally well in terms of profitability in the first half. Now, this quarter specifically if I look at the Engineering part of the business margins are reported to be about 14% on your manufacturing side. I understand you are guiding that you should look more like 10% kind of range, but if you can help me understand was it particular again mix of revenue which led to such strong profitability in the current quarter or what has led to this margin improvements QoQ?

Aditya Puri: It is a mix of order booking that contributes to these calculations and there is nothing exceptional that happened that way.

Abhishek Gupta: Understood, as a going concern we should be more looking at 10% margin range in the main segment?

Aditya Puri: Correct.

Moderator: Thank you. The next question is from Raunak from Value Quest Investments. Please go ahead.

Raunak Nagde: One of the players moving out of FGD which is the GE Power, would we be going aggressive or would we be bidding steady orders that these global companies have said that they want to get out of the coal power business and it is part of FGD. So, would we be bidding for that or would we be taking most of the orders from them?

Aditya Puri: To answer your question, the project we do decide to bid for we would have bid for them GE being there or not being it is just that chances improve if there is one less competitor.

Raunak Nagde: Okay, just to understand more on that context are we planning to go more aggressive on the FGD side or we would be satisfied with whatever we have?

Aditya Puri: We are bidding, and we are quite aggressive on the FGD side.

Raunak Nagde: Sir, the question before me as about the timeline of the order book can you please repeat it if it is possible mind you?

Aditya Puri: I said the projects business could be anywhere between nine months to twelve months the smaller one and the larger ones can go up to three years in normal and as far as the manufacturing segment is concerned that be two months to three months and they could go to sixteen months.

Moderator: Thank you. The next question is from Radhika Nayak from Pace investments. Please go ahead.

Radhika Nayak: I wanted to know what is your outlook on the commodity prices, any insight in terms of the current pricing in the trend and how are we placed in these?

Aditya Puri: You know steel has been going up and what we hear from the newspapers, in other places is that it is going up because lot of steel has been exported. Also, last one month or two months some more steel is going to the automobile sector i. e. where it was going earlier. So, steel has gone up the commodity price is going up, but it is not as though it is vanning away it still is very, very good in control. So, I do not think we have much to worry about Many of our contracts have price escalation from the government sector as on price escalation for cement and steel but steel, nickel, copper are the minimum these are basic commodities that are showing slight upward trend in the global markets.

Radhika Nayak: Okay, and on the FGD line, how many FGD orders are in pipeline and how many orders are being targeted?

Aditya Puri: As you know in India, they say that orders are going to be finalised in October and it gets finalised in March. So, we are looking at a number of FGD projects that we have a capacity to do about 2000 mega Watts a year of FGD work. So, according to that we will target orders as to when they come, I cannot give you a definite figure of how many are being targeted it depends upon how spaced they are and how many we decide to take depending on the current load at that point in time.

Radhika Nayak: Okay, and lastly Sir, can you help me understand the scope of the work in Railway factory building is it clearly a civil construction or how is it?

Aditya Puri: Civil construction is a part of it. All of these are machineries so, one is that we are importing a very heavy machine, we look in to the output that the factory is going to give as Kishore has said earlier we do lines, we do signalling, we do electrical work, we do HV AC work, we do lighting, it is civil plus, plus, plus many other things.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to Mr. Renjith Sivaram for closing remarks.

Renjith Sivaram: Thank you Aditya ji for taking time out and answering questions and I thank all the participants for the insightful questions and again wish you all the best. Thank you.

Aditya Puri: Thank you. Thank you Renjith

Moderator: Thank you very much.s On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us you may now disconnect your lines.

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