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: November 12, 2026

To,
BSE Limited
P J Tower, Dalal Streets
Mumbai – 400 001,

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

Company Scrip Code: 533033

Company Symbol: ISGEC

Furnishing of Information as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Subject: Transcript of the Conference Call/Meet to discuss the financial performance/ results of the Company for the quarter and half year ended September 30, 2026

Dear Sir(s)/Madam(s),

1. This is in continuation to our earlier intimation dated November 05, 2026, whereby the Company had submitted the link to the audio recording of the Conference Call organised by the Company on **Thursday, November 05, 2026, at 04:00 p.m. (Indian Standard Time) (i.e. 16:00 hours)** on the financial performance/ results of the Company for the quarter and half year ended on September 30, 2026.

2. Pursuant to the Regulation 30 read with Para A of Part A of Schedule III and any other applicable regulation(s) of the Listing Regulations, the transcript of said Conference Call/Meet is enclosed.

3. The transcript of the conference call is also available on the website of the Company at: https://www.isgec.com/pdf/InitimationTranscriptInvestorMeet112026.pdf

4. This intimation is also being disclosed on the website of the Company at www.isgec.com.

5. The above is for your information and record, please.

Thanking you,

Yours truly,

For Isgec Heavy Engineering Limited

KALYAN GHOSH Digitally signed by KALYAN GHOSH Date: 2026.11.12 16:32:11 +05'30'

Kalyan Ghosh
Compliance Officer
Membership No. A10790
Address: A-4, Sector-24, Noida-201301,
Uttar Pradesh, India

Encl.: **as above**

For Isgec Heavy Engineering Limited

ISGEC HEAVY ENGINEERING LIMITED

Kalyan Ghosh
Compliance Officer
Membership No. A10790
Address: A-4, Sector-24, Noida-201301,
Uttar Pradesh, India



"Isgec Heavy Engineering Limited
Q2 FY27 Earnings Conference Call"
November 05, 2026

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

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

Moderator: Ladies and gentlemen, good day and welcome to Isgec Heavy Engineering Limited Q2 FY27 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 this conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Mohit Kumar from ICICI Securities Limited. Thank you, and over to you, sir.

Mohit Kumar: Yes, thank you. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to the Q2 FY27 earnings call of Isgec Heavy Engineering Limited. Today we have with us from the management Mr. Aditya Puri, Managing Director, Mr. Kishore Chatnani, Joint Managing Director and Chief Financial Officer, and Mr. Sanjay Gulati, Joint Managing Director and Head, Manufacturing Units.

Now I would like to hand over the floor to the management for their brief opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, sir.

Aditya Puri: Good afternoon, everyone, and thank you for joining us today. We appreciate your time and your continued interest in our company and the trust you place in us as we continue to build the business for the long term. We welcome the opportunity to speak with you, explain our performance and business strategy, and answer your questions.

Before I begin, please note that some of the statements we make today may be forward-looking. They are based on our current expectations and are subject to risks and uncertainties, so actual results may differ. Q2 and H1 FY 2027 performance.

Standalone financial highlights.

We delivered strong growth this quarter and in the six months.

Revenue from operations grew 17% for the quarter and 35% for the six months, and the profit before tax grew 39% and 24% respectively year-on-year. Revenue from operations for the quarter is INR 1,457 crores and INR 3,010 crores for the six months. Including other income, total income is INR 1,521 crores for the quarter and INR 3,106 crores for the six months.

Order booking for the six months is excellent at INR 4,844 crores, and standalone orders in hand as on September 30, 2026 are at an all-time high of INR 8,757 crores. Execution is proceeding well in both the industrial projects and manufacturing segments. Export revenue during the quarter is INR 172 crores, about 11% of total income, compared to INR 90 crores in the same quarter last year.

Export revenue during the first half of the year is INR 557 crores, about 18% of total income, up from INR 425 crores in H1 FY26. We expect exports to remain a significant share of our

revenue, though the quarterly share will vary with shipping timings. Profit before tax for the quarter ended September 2026 was INR 154 crores, up 39% from INR 111 crores for the quarter ended September 2025.

These figures include the effect of transactions with our subsidiary companies, dividends received, interest income on loans given to them, foreign exchange movements on those loans, and the related expected credit loss provisions. In our investor presentation uploaded on the stock exchanges today, Slide Number 19 shows profit from business operations, which excludes these subsidiary-related items.

Accordingly, profit from business operations for the quarter is INR 124 crores compared to INR 90 crores in the quarter ended September 2025, an increase of 38%. For the six months ended September 2026, reported profit before tax of INR 277 crores is 24% higher than INR 223 crores for the six months ended September 2025.

On a similar basis, considering only the profit from business operations and excluding the impact of transactions with subsidiary companies, the profit from business operations for the six months ended September 2026 is INR 244 crores compared to INR 169 crores for the six months ended September 2025. That is an increase of 44%.

On the margin front, manufacturing EBIT margin for the quarter is 13.7%, better than the 12% to 13% range we guided. EBIT margin for the project business is 5.7%, better than the last few years and close to our target of 6%. The domestic market is strong across all our product lines, and we also have a healthy level of export inquiries from customers in Latin America and Africa.

The company's standalone fund position improved by INR 175 crores during the six months, and net borrowings fell to INR 206 crores compared to INR 381 crores as on March 31, 2026. As you know, the company is investing about INR 502 crores to expand capacity for our manufacturing segment. This net borrowing of INR 206 crores is after cumulative capital expenditure of INR 199 crores for this capital investment, which has been funded from internal accruals.

Impact of geopolitical tensions on our business:

Current geopolitical developments have not affected order booking or order execution. However, the cost of some materials has risen because of the ongoing conflicts in the Middle East, and this is having a small adverse effect on profitability. During the quarter, commodity prices, particularly steel, copper, aluminium, and nickel, skewed up to 10% fluctuation, though they have come down slightly in October.

Shipping and logistics for exports and imports have seen delays, reduced availability of ships and containers, and sharply higher freight rates and surcharges. The good news is that there has been no significant supply disruption. Most of the increased costs are expected to be absorbed through normal contingency provisions.

Consolidated financial highlights:

Consolidated orders in hand as on September 30, 2026 is INR 10,273 crores. This is an all-time high record for us. Total income for the quarter ended September 2026 is INR 1,860 crores, about 10% higher than INR 1,696 crores for the quarter ended September 2025.

Total income for the six months ended September 2026 is INR 3,853 crores, about 25% higher than INR 3,071 crores for the six months ended September 2025. Revenue was higher during the quarter for Isgec standalone and Isgec Hitachi Zosen, but much lower for Saraswati Sugar Mills. Isgec Hitachi Zosen is doing well with higher revenues and good orders in hand of INR 1,161 crores. Saraswati Sugar Mills had lower cane availability last year, resulting in lower production. Accordingly, we are getting lower sales quotas and therefore revenues are lower. Saraswati Sugar Mills is taking several steps to improve cane availability in this season.

Consolidated profit before tax for the quarter ended September 2026 is INR 102 crores, 100% higher than the INR 51 crores restated for the quarter ended September 2025. The consolidated profit before tax for the six months ended September 2026 of INR 155 crores is 62% higher than INR 96 crores restated for the six months ended September 2025. The reported consolidated profit figures for the quarter and six months ended September 2025 have been restated since the accounting of the Philippines business was shifted from the earlier classification as assets held for sale and discontinued operations to continuing operations.

Let me now explain why consolidated profit before tax is lower than standalone profit before tax. The key reason for the reduction in the consolidated profit before tax compared to standalone PBT is the loss from the ethanol plant in the Philippines. As you know, the ethanol plant started commercial production for the current sugarcane season on December 17, 2025 using sugarcane as feedstock and concluded sugarcane crushing on April 20, 2026.

Thereafter, the plant has been operating on molasses as feedstock. The plant has been running at about 65-70% capacity, and ethanol sales are going smoothly. During the six months, the segment incurred a loss of INR 164 crores including interest. Most of this loss relates to interest, depreciation, and forex loss.

The segment also reported an EBITDA loss during the six months which would have been largely recovered if the balance stock of about 3 million litres of ethanol had been sold during the quarter. The plant is presently under regular seasonal repair and maintenance and will restart when the new sugarcane season starts in December 2026.

On a consolidated basis, net borrowings reduced by INR 320 crores during the six months to INR 156 crores as on September 30, 2026, from INR 476 crores on March 31, 2026.

I will now talk about the ongoing expansion of capacity at our manufacturing plants. As informed, we are investing to add manufacturing capacity across most of our manufacturing product lines. This includes presses and machine building at the new plants coming up at Bhartoli in Haryana, the new facility to manufacture skids and modules coming up in our SEZ at Dahej in Gujarat, and the investment in capacity expansion and machining facilities at both our casting factories, the tube and piping shops at Rattangarh, and the standard mechanical presses factory at Bawal.

All these are running largely on schedule, and some of the new production facilities will be progressively completed this year. We are expecting the additional production to contribute to this year's manufacturing segment growth.

FY 2027 Outlook, Standalone:

Looking ahead on a standalone basis, we expect FY 2027 revenue to grow by about 15% to 17%. Margins in the manufacturing business should stay in the range of 12% to 13%, and in the projects business should improve to around 6% by the end of the year. Looking ahead, the enquiry pipeline and order booking outlook remains strong in both the domestic and export markets. The weaker Indian rupee is supporting our competitiveness in export markets.

We recognize that the broader environment may continue to present both uncertainties and opportunities. We are taking steps to mitigate the risks and convert the opportunities into tangible benefits.

To sum up, first, standalone profit grew strongly on better margins in both segments. Second, our order book is at an all-time high, which gives us good visibility. Third, our balance sheet is stronger with net borrowings nearly halved in six months.

Thank you again for joining us. Let us now begin with the question-and-answer session.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Manish Goyal from Thinqwise Wealth Managers LLP. Please go ahead.

Manish Goyal: Thank you so much. So, very hearty congratulations on strong performance and excellent cash flows and historical high order book crossing INR 10,000 crores. Very heartening to see that, sir. Sir, I have a few questions. First, just on the last comments on the guidance, what you said of 15% growth for standalone. Sir, if you look at our first six months performance, the incremental growth what we have achieved already indicates we have already achieved your 15% growth, and assuming that second half, it will not grow much. So, sir, again, is the guidance on the conservative side? That is what my first question was.

Second question is on the consolidated numbers. Sir, we have seen the depreciation decline from INR 70- crores to INR 37 crores, so I believe it's pertaining to Cavite Biofuel because in past calls we have mentioned that we may see a decline in depreciation. So, if you can just indicate us how much depreciation one could factor for entire year for Cavite Biofuel as compared to last year. And Cavite Biofuel, again, sir, we had seen that you did allude that there were challenges on operations, but this PBIT loss of INR 60 crores, how should we see a quarterly loss of INR 60 crores at PBIT level? How should we see it going forward in Q3 and Q4?

On Hitachi JV, the order book seems to be quite strong. We had guided for 10% revenue growth in FY27, but we have probably seen some weakness on the margins front in first half. So maybe if you can provide clarity on the outlook for Hitachi JV for FY27, both on top line and the margins front.

And last question, sir, on the standalone, coming back to standalone. The other income continues to be high. So like, how much is interest from Cavite Biofuel and any other items like forex gain? Because I understand that a large part of forex gain and export incentives are captured in other operating income. So what is leading to such high other income as seen in last year as well, and we are seeing in the current first half also? And what could be the number for FY27? Thank you so much.

Kishore Chatnani: Thank you, Manish ji. I think we should really appreciate your detailed analysis of the results. On the guidance, 15% to 17%. Now if you notice last year, the first half and second half. So last year, first half revenue was INR 2,200 crores, second half revenue was INR 3,000 crores. So, this year the first half has already done INR 3,000 crores. And if I am saying 15% to 17%, then the second half assumes INR 3,200 crores, INR 3,300 crores.

Manish Goyal: Right.

Kishore Chatnani: So, there is a small growth in the second half, but the base was already higher. So I hope, I've been able to explain that. Obviously, we have booked very large orders. Mr. Puri mentioned INR 4,400-plus crores of orders in the first half. Revenue from these orders will start coming in, but most of the revenue will come in the following years. So, to say it in round numbers, from a run rate of INR 5,200 crores a year, we should be going to about INR 6,200 crores a year kind of run rate based on what we can speak today based on orders in hand.

Manish Goyal: Sure, sir.

Kishore Chatnani: So, the second is on CBPI. So, the depreciation method has been changed because that is what we evaluated as the right thing to do. We got an external agency earlier also to look at the depreciation, the life of the machinery. So, depreciation charge during the quarter is INR 8 crores. For the next two quarters also, we expect the depreciation to be INR 8 crores each quarter. You ask for a cumulative number, I do not have it readily in front of me, but I am sure we can add it up and arrive at that.

Manish Goyal: Sorry to interrupt, you said, for the quarter the depreciation is only INR 8 crores for Cavite Biofuel?

Kishore Chatnani: That's right.

Manish Goyal: For quarter three also, we are expecting INR 8 crores?

Kishore Chatnani: Quarter three and quarter four, we are expecting INR 8 crores each. It may be INR 8 crores - 9 crores, but that magnitude.

Manish Goyal: Okay, no, so sorry to interrupt, sir, but last year the number was INR 175 crores, which had some previous year depreciation also.

Kishore Chatnani: Catch up depreciation for more than a year's time. That was for what, 1.5 years' time? I don't have that number in front of me, but I can tell you what is going to happen in the future. Now in terms of the INR 60 crores loss, that loss also takes into account depreciation. It takes into account large forex fluctuation. So how is the third and fourth quarter going to look like?

Third quarter, Mr. Puri mentioned we have a large stock to sell that has some profit because it is valued at cost and it will sell at a higher price. So there is profit in that 3 million litres of ethanol that is in stock. Real production based on sugarcane will start in December, and so the next quarter may be a little weak, but the fourth quarter, January to March is going to be almost close to 90%. I am hoping for 90% kind of capacity utilization. That quarter should be looking good.

Now, in terms of Hitachi Zosen. So your question was how does the year look for them? So you wanted the year or you want to know the six months?

Manish Goyal: Both. Maybe second half and for the full year, sir.

Kishore Chatnani: I will tell you about the full year; the performance will be almost similar to what it was last year. So they have booked large orders. The order book is more of export now than of domestic. So we are expecting their turnover to be higher by about 7-8% compared to last year, and profit to be also higher, maybe about 5-7% compared to last year.

Order book is very good at INR 1,161 crores. Just as Mr. Puri mentioned it in his opening remarks, they have booked large orders, and certainly they seem to be booking a lot of export orders. So out of these INR 1,161 crores of order book, about INR 800 crores are export orders. During these six months, orders of INR 678 crores total. The closing order book as of September 30, 2026 is INR 1,161 crores, and this includes INR 800 crores of export orders.

Manish Goyal: Sure.

Kishore Chatnani: Lastly, I will come to your question on other income. So other income, actually, if you would have noticed, again, Mr. Puri alluded to it, and on slide 19 in our presentation we have uploaded today, we have given a breakup of what are the impacts because of transactions with subsidiary companies. Now the transactions with subsidiary companies have three parts.

One is the dividend received from subsidiaries. So this quarter we received dividend from Saraswati Sugar Mills. We also received dividend from Isgec Hitachi Zosen. The second is the interest income from loans given to Isgec Investments Singapore and to CBPI, and the forex fluctuation.

On the other side, there is a finance cost because you may have noticed that we had borrowed funds from banks in India, and on-lent to CBPI. And also, we have accounted for an expected credit loss of INR 17 crores. So this is all given on slide 19 of the presentation we have uploaded today.

Manish Goyal: Thank you, thank you so much, sir, and wish you all a very happy Diwali. Thank you so much.

Moderator: Thank you. The next question is from the line of Digant Haria from Greenedge Wealth. Please go ahead.

Digant Haria: Yes, thank you for taking my question. So congratulations on the good performance. My question is to Mr. Puri. So, like two years back, we started this whole journey of taking short life cycle orders and not getting into orders with a lot of civil contracts. And now today we are

seeing that we have reached a margin of around 5.5% in the projects business as well. And that too when commodities are so volatile. So I just wanted to understand from you that should we take this as the normal going ahead?

Aditya Puri: So we are continuously trying to improve margins, but in the short term our strategy does remain the same. We are not going to take very long duration projects. We are not going to take projects where it will form a very significant or a major part of the total order value. And we are trying and are being successful in taking projects which have some technology element linked to it. So, it's to move away from large-scale sort of projects to projects which are more technology-oriented, which have a shorter cycle time.

Digant Haria: So in the order book, we have crossed INR 10,000 crores, and I see that the products division is now 38% of the order book. We have never been so high. We have generally been in the 25%, 28% kind of range for products, but now we are at 38%, and that too before all our capex programs come on stream. So what is leading to such strong order book? Which areas are we getting these orders? And will we be able to execute those on time? So these were my three questions on the products division.

Kishore Chatnani: The 38% is consolidated. What you are seeing at 38% is consolidated.

Digant Haria: Okay.

Kishore Chatnani: So that includes Isgec Heavy Engineering as well as Isgec Hitachi Zosen

Aditya Puri: The expansions are happening and certain orders are being taken in anticipation of the expansions being completed, and the expansions are largely on schedule. So as of now, we do not see any significant delays in our commitments to the customers. So they will be executed and they will be executed on time.

And these orders are coming from a wide range of industries. They are coming from the automobile industry, they are coming from oil and gas, petrochemicals, some small amount from cement, some small orders from steel. They are coming from a wide range of industries.

Digant Haria: Okay, I see. And Mr. Chatnani, like maybe two and three calls back, we were discussing that this products division over say next two-three years can reach a revenue of INR 3,500 crores when all this capex gets fully utilized. Does that number still hold?

Kishore Chatnani: That number certainly holds, because this INR 500 crore expansion that is ongoing, we expect it to lead to INR 1,200 crores of additional revenue. Only some of that revenue will start coming into this year, very small amount, less than INR 100 crores, but the major part will start coming in from next year and the following year.

Digant Haria: So additional of INR 1,200 crores can happen. And we are already at INR 2,700 crores plus of revenue, so maybe INR 4,000 crores would be a better number.

Kishore Chatnani: Yes, on a consolidated basis, that's right.

Digant Haria: Yes. And last question is on Saraswati Sugar Mills that see, after a long time we are seeing that sugar is becoming a profitable business because sugar prices have been quite firm. And then unfortunately we had lower yields in the captive area where we are. So this year will also not be very good for us in terms of volumes, but realization, we will still get all the benefit which other sugar companies are getting, is it right?

Aditya Puri: Yes, that's true. That's very true. We will in terms of realization, get the benefits.

Digant Haria: Okay. And then there will be less diversion to ethanol also this year, right?

Aditya Puri: Yes, because the government has banned manufacture of ethanol from B-heavy and from syrup.

Digant Haria: Right. Perfect. Okay, so yes, those were my three questions. Thank you so much and I wish you all the best. For shareholders, it's been a long wait, but I think that wait is coming to an end, and we are seeing good days ahead. Thank you so much.

Aditya Puri: Thank you.

Moderator: Thank you. The next question is from the line of Rabindra Nath Nayak from Nirmal Bang Institutional Equities. Please go ahead.

Rabindra Nath Nayak: Thank you for the opportunity, sir. Congratulations on a good set of numbers. Regarding this standalone business in the product business. So is it possible to give a product-wise breakup and how much it is from presses and boilers and heat exchangers in terms of percentage?

Kishore Chatnani: No, we do not give out product-wise numbers. Firstly, it also varies year-to-year, or from quarter-to-quarter. So, using any quarter as a reference doesn't actually make sense.

Rabindra Nath Nayak: No, no, I am not talking about quarter, sir. In a yearly basis, how it would go?

Kishore Chatnani: So no, we are not giving out product-wise numbers.

Rabindra Nath Nayak: Okay, sir. Regarding this Philippines operations, we have reduced the depreciation here, even to say every quarter we will be doing INR 8 crores of depreciation only, right?

Kishore Chatnani: Something like that, INR 8 crores or INR 9 crores. Yes.

Rabindra Nath Nayak: Okay. And actually, if you see, the sales has gone down from INR 69 crores to INR 56 crores. You said there are some unsold inventories in this. So what would be the guidance for this year considering the current realization of ethanol, if at all we will do, you are saying that in the second half we will be doing 90% utilization. So what would be the guidance for FY27 for this business?

Kishore Chatnani: Pardon me, let me correct that, I did not say second half 90% utilization. I said the third quarter, the ongoing quarter, October to December. The season will start again in December when the sugarcane starts. That's when the real production will restart. In the January to March quarter, we expect to do 90% kind of utilization.

We hope to do because that is when the sugarcane will be available also and molasses will also be available again. So I don't think we are in a situation to give out a guidance. The number is depreciation is clear, interest is clear, forex fluctuation is not clear. But we do hope to be having some small amounts of positive EBITDA.

Rabindra Nath Nayak: Okay, And this year, third quarter, we will be doing around 70% to 75% utilization or how much it would be?

Kishore Chatnani: No, at the moment, the plant is undergoing seasonal maintenance, and the feedstock will be again available from December.

Rabindra Nath Nayak: Okay. So then the third quarter will be up to some extent, the similar kind of second quarter-like situation, right?

Kishore Chatnani: Yes, you can say that.

Rabindra Nath Nayak: Okay. And sir, you mentioned that the interest income from the subsidiary, from this Philippines subsidiary, it would be in the range of INR 42 crores in this quarter for the standalone.

Kishore Chatnani: We have put it in the on a specific slide. Refer to slide 19 on the presentation we have uploaded today.

Rabindra Nath Nayak: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Sandeep Baid, an Individual Investor. Please go ahead.

Sandeep Baid: Good afternoon, sir, and congratulations on a very good set of numbers. My first question was on the forex fluctuation loss in the Philippines unit. How much was the amount?

Kishore Chatnani: INR 41 crores.

Sandeep Baid: INR 41 crores. So out of the INR 60 crores, INR 41 crores are due to fluctuation.

Kishore Chatnani: That's right.

Sandeep Baid: Okay, and now with rupee appreciating against the dollar, do you think part of it can get reversed in Q3?

Kishore Chatnani: Sir, you are a better judge of what the dollar-rupee is going to do and what the dollar-Philippine peso is going to do. What you are saying, we are also hoping for that.

Sandeep Baid: Okay, second, sir, how much is the interest expense in the Philippines unit every quarter or every year which is income for the standalone entity?

Kishore Chatnani: I can tell you the figures I have in front of me. So the interest income for this quarter was INR 18 crores. For the six months was INR 38 crores.

Sandeep Baid: Okay. And lastly, sir, if the Philippines unit works at say, 80% to 90% capacity utilization, can it break even at the EBITDA level?

Kishore Chatnani: It certainly will at that capacity utilization. Yes, it will. Point is that there should be enough sugarcane available in spite of El Nino and in spite of everything else for that capacity. We are hoping January to March, I already said January to March we are hoping to do well.

Sandeep Baid: Okay. So lastly, on the sugarcane unit in Punjab. How is this crushing season looking like? Do we have enough supply of sugarcane this year?

Aditya Puri: We are located in Haryana, sir. And the sugarcane supply is not enough this season. It's looking like that we will get marginally more cane than what we got last season.

Sandeep Baid: Okay, thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Congratulations for a good set of numbers, sir. So just would like to understand on the capex part, we have almost talked about more than INR 500 crores worth of capex under different segments. So are we topping up this capex? Because as the demand is pretty robust in the system, and we are also getting not only domestic side but also the international orders also. So are we topping up this capex for next, maybe, two or three years? And when are we seeing, what sort of revenue potential this capex we can envisage, maybe by FY29?

Aditya Puri: So we have already said that this particular capex program will yield incremental revenues of about INR 1,200 crores.

Bajrang Bafna: Yes, so sir, are we further topping it up, this capex of INR 500 crores?

Aditya Puri: We are evaluating capex all the time, and there is a good possibility that we might top it up, but we have not firmed up anything as yet.

Bajrang Bafna: Okay. And this INR 1,200 crore, can this materialize by FY29, or extend to FY30?

Aditya Puri: FY29, it will be there. It will come.

Bajrang Bafna: Okay, and sir, this INR 1,200 crore, and that will come from products, will it get the similar sort of EBIT margins of 12% to 13% which we are generating right now?

Aditya Puri: I think we have said in the call, that we will sort of maintain12 to 13%.

Bajrang Bafna: Okay. Got it. And sir, I am sorry if I am repetitive, if you could just broadly see the demand environment spanning across new sectors also, how do you see? Because I think boilers and all is pretty robust demand right now, but apart from that, what all segments where you are seeing a good surge in terms of demand and how we are planning to cater to that demand?

Aditya Puri: So taking the export and domestic markets together, we have robust demand in almost all our product lines or project lines. So we are seeing robust demand coming from everywhere. So

we believe that we have improved our market share and our products are doing well and they are well appreciated in the market. And therefore, we are seeing a good demand, and we are optimistic that the demand will continue the same way.

Bajrang Bafna: Okay, got it. And so just on the last question, the current base of, let's say, close to INR 3,000 crores of products line with the existing capacity, what revenue potential we can achieve at the optimum utilization apart from this INR 500 crore capex that we are telling right now?

Aditya Puri: So I think it was just spoken about that on a consolidated basis, maybe about INR 4,000 crores.

Bajrang Bafna: By FY29.

Aditya Puri: Yes.

Bajrang Bafna: Okay. Got it. Thank you very much and all the very best.

Moderator: Thank you. The next question is from the line of Digant Haria from Greenedge Wealth. Please go ahead.

Digant Haria: Yes, I thank you for the opportunity again. Just question this time is on the orders that we have won, like the product division does not have price variation clause. Those are all fixed-price orders across India and Hitachi Zosen and all the foreign subsidiaries. Is that right?

Aditya Puri: Yes, that's right. Most of them, yes.

Digant Haria: Okay. And then, sir, in this case, how have we done our raw material planning? Because I see that in the last 12 months where there's been a lot of volatility, we have still held our margins quite well. So we have changed something about the way we win our orders or plan our raw material. Can you just explain that to us?

Aditya Puri: We work on a number of ways to improve our efficiencies. So there are lots of factors which contribute towards the better margin. So I will not be able to disclose what we have done on the materials front.

Kishore Chatnani: Let us, let me say in general, how we manage our risks. So you are talking about the material cost. So about our material cost is typically in the manufactured products. Depending on which product it is, it is about between 50% and 60%. Now when we go out and bid to customers, we typically always have back-to-back offers discussed with most of our suppliers.

We have back-to-back offers for raw material, we have rate contracts for certain items. So when we actually bid for an order, we usually know what each item is going to be costing us, and we still keep some contingencies. So that's typically our risk management system. It's not that blind. It's not based on assumptions. It's largely with counterparties. We have some kind of an understanding, arrangement, a backup based on which we book our orders.

Digant Haria: Agreed, that explanation I agree. But then, after the Ukraine war, like in 2022, we had a period of one to two years where our margins really took a hit because of the commodity inflation. But this time it is not. So I was just trying to see what difference this time is there. That's all I was trying to see?

Kishore Chatnani: I think Mr. Puri said we keep on improving ourselves all the time.

Digant Haria: Right. Okay. And in the project business, is there a price variation clause in our orders, or those are also case by case different?

Aditya Puri: Case by case. There are not too many orders that have price variation clauses.

Digant Haria: Okay. And then this whole short cycle orders, so it has helped us in navigating the commodity volatility better, or is it more to do with we get our cash flows on time and hence our margins are better? can you summarize as the crux of this shift from long to short-cycle orders in the projects business? Where has it helped us the most?

Aditya Puri: So first of all, it reduces the uncertainty because the time period is short. Secondly, cash flows are better. And thirdly, the risk of the customer having liquidity problems is also reduced because of the shorter duration. And he's putting his project to work, and his cash flows are also improving if the project is of a shorter duration. So basically, these are the reasons. And we said that we are going for more technology-oriented projects, so that means that we are differentiating ourselves from a lot of other people who are in competition.

Digant Haria: Got it, sir. All right, sir, all the best, and I hope to see a hugely cash-positive company the way we were in 2014 to '18 days. So all the best.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing comments.

Management: Thank you all for joining us today, and stay safe, stay well, and we will meet you again next quarter. Thank you.

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

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