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Date: 17th February, 2024

Corporate Relations Department BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai – 400 001 Scrip Code: 544046	The Manager Listing Department National Stock Exchange of India Ltd Exchange Plaza', C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051 Symbol: INOXINDIA
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Subject: Transcript of Conference Call with the Investors / Analysts.

The Company had organized a conference call with the Investors/Analysts on Tuesday, 13th February, 2024. A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same is also being uploaded on the Company's website at: <https://inoxcva.com/pdf/Transcript-of-Conference-call-with-Analyst-or-Investors-on-13-02-2024.pdf>

Kindly take the same on record.

Yours faithfully,
For INOX India Limited



Kamlesh Shinde
Company Secretary & Compliance Officer



“INOX India Limited
Q3 and 9M FY 24 Results Conference Call”
February 13, 2024



MANAGEMENT: **MR. SIDDHARTH JAIN – DIRECTOR – INOX INDIA LIMITED**
MR. PARAG KULKARNI – ED– INOX INDIA LIMITED
MR. DEEPAK ACHARYA – CEO – INOX INDIA LIMITED
MR. PAVAN LOGAR – CFO – INOX INDIA LIMITED
MR. SUNIL LAVATI – IRO – INOX INDIA LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to the INOX India Results Conference call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you and over to you, sir.

Mohit Kumar:

Thanks, Dorwin. On behalf of ICICI Securities, we welcome you all to the Q3 FY24, earnings conference call of INOX India. To discuss the results today, we have with us Mr. Siddharth Jain, Director, Mr. Parag Kulkarni, Executive Director, Mr. Deepak Acharya, Chief Executive Officer, Mr. Pavan Logar, CFO, Mr. Sunil Lavati, Investor Relations Officer. We will start with a brief opening remarks followed by Q&A. Prior to that, I'll hand over to Krishna for a disclaimer.

Krishna:

Thank you, Mohit, and good evening, everyone.

I am pleased to welcome you all to INOX India Limited's result conference call to discuss Q3 & 9MFY24 financial results.

Please note, a copy of the disclosures is available in the Investors section of the website as well as on the stock exchange. Anything said on this call, which reflects the outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

Now I shall hand over the call to Mr. Deepak Acharya, CEO for his opening remarks. Over to you, sir.

Deepak Acharya:

Thank you, Mohit Kumar & Krishna. I am Deepak Acharya from INOXCVA. Good evening, everyone and hearty welcome to all our investors and analysts on the first result conference call of INOX India Limited post the listing. As you must be aware that we recently got listed on the Stock Exchange on 21 December 2023 and this is our first quarterly results post listing. Thank you for taking the time out and participating in our result conference call. The unaudited financial result as well the investor presentation for Q3 & 9MFY24 have been uploaded on the stock exchange; hope you have had a chance to review the same.

For the benefit of all who are listening to us for the first time, I would like to brief and share the key highlights of our business:

INOXCVA has over 30 years of experience in design, manufacturing, installation of cryogenic equipment across the globe, making us the world's leading provider of customized cryogenic equipments today. Our business divisions include Industrial Gas, LNG and Cryo Scientific Division and are working continuously towards Clean Energy initiatives in LNG, Liquid Hydrogen & Fusion Energy. Over the years the company has developed engineering expertise coupled with quality product offering and our unwavering customer service that has helped INOXCVA make its brand value in this space. The company executes large turnkey projects and manufactures specialised non-cryogenic equipment also.

The company has Large-scale serial manufacturing facilities at four locations in India and part manufacturing and service distribution from one location at Brazil with service distribution extending to the Netherlands. Very recently the company undertook greenfield capacity addition and set-up its fourth manufacturing facility at Savli, Gujarat at a project cost of Rs.100 crore funded entirely through internal accruals. To optimize operations, the company has continually undertaken capex to support growing demand, foray into newer application areas & strengthen the design function.

Over the years, the company has delivered its products and services to over 100 countries, key geographies being US, Europe, Saudi Arabia, Brazil, Korea, UAE, Australia to name a few. During 9MFY24, the company recorded highest ever export revenue of Rs. 501 Cr, up by 75% YoY.

Supported by buoyant market situation worldwide for our existing products used in Industrial Gases, LNG, Hydrogen and evolving new other applications, we have a robust order backlog of Rs. 1,043 crore as on 9MFY24 with 50% orders from Industrial Gas, 23% orders from LNG and balance 27% orders from Cryo Scientific Division. Export order comprised of 47% of the order backlog. We have actively participated in various public sector tenders which are at different stages of awarding. In addition, we are engaged in discussion with numerous private customers, for building LNG infrastructure.

Let me briefly take up each of our business divisions separately:

Industrial Gas (IG) registered quarterly Q3FY24 revenue of ₹ 214 crore and nine-month revenue of ₹571 crore, contributing ~65% of the total income. Under this division, we manufacture Cryogenic tanks and systems for storage, transportation of industrial gases such as Oxygen, Nitrogen, Argon, Hydrogen, CO₂, etc. The various products manufactured under this segment are Storage tanks, Transport tanks Microbulk Units, Vaporizers, Cryo Bio tanks, Storage & regasification equipment, etc.

Over the years, INOXCVA has continually moved up the value chain by developing expertise in designing and manufacturing cryogenic equipment from 1 litre up to 1 Mn litres.

LNG division registered quarterly Q3FY24 revenue of ₹ 73 crore and nine-month revenue of ₹ 247 crore, contributing ~29% of the total income. Under this division, we manufacture standard, engineered equipment for LNG storage, distribution, and transportation. The various products manufactured under this segment are Storage & regas system for Industrial applications, Marine fuel gas systems, LCNG fuel stations, Vehicle mounted LNG fuel tanks, LNG infrastructure for automotive applications, Mini LNG infrastructure, etc. Certain marque projects executed by the company are Installation of mini-LNG terminal, in Scotland, UK in 2019 as well as Commissioning of LNG dispensing station in Dahej.

Cryo Scientific (CSD) registered quarterly Q3FY24 revenue of ₹ 6 crore and nine-month revenue of ₹ 37 crore, contributing ~4% of the revenue. Under this segment, we manufacture equipment for technology intensive applications and turnkey solutions for scientific and industrial research involving cryogenic distribution, including equipment for Fusion research.

The various products manufactured under this segment are Satellite and launch facilities, Cryogenic propulsion system and research, MRI Cryostat, Fusion and superconductivity, etc. Certain niche projects undertaken by the company are manufactured and delivered an MRI cryostat for a GOI project. The company was awarded the contract for development of Cryogenic equipment's for second launch pad project of ISRO in the year 1999. In 2018, the company manufactured, installed and commissioned COMNAVAC thermal vacuum system for ISRO, Ahmedabad. We also are proud contributors to the world's largest fusion research project by providing critical equipment i.e. 4km long complex jacketed piping to maintain ultra cold superconducting magnets operational under all conditions to ITER project in France, Europe.

Let me share in brief on the overall financial performance of the company:

- I am pleased to inform you that the company recorded its highest ever revenue and EBIDTA of Rs. 875 crore and Rs.217 crore during 9MFY24. The major reason for the increase is the robust performance by all our major business segments. Historically, on an annualized basis, the revenue of the company has been growing at a CAGR of 27% over the previous two years.
- EBITDA and PAT margins during the nine months are at 25% and 17% respectively that reflects our highly specialized, customized engineering solutions and favourable product mix.
- I am happy to share that we have been a dividend paying company for the last few years.
- On the capex side, we have spent a total of Rs.103 crores over last 3 years upto FY23 which has been met through our internal accruals only.
- Due to high cash flow generation over the years, we are a debt free, net cash surplus company having cash and cash equivalent available as on 31 December 2023 of nearly Rs. 235 crores.
- Last bit on the financials, I would like to highlight that we are also proud to have best in class return ratios with return on capital employed of 37% and return on equity of 28% as on FY23.

Let me now share certain key recent business developments:

- Adani Total Gas and INOXCVA has entered into mutual support agreement under which the entities mutually accord a "preferred partner" status for the delivery of LNG and LCNG equipment and services for identifying and exploring possible collaboration opportunities for strengthening the LNG ecosystem in India. This collaboration with INOXCVA shall help Adani Total Gas in undergoing phased transition of long-haul heavy-duty vehicles, buses currently using HSD/diesel to LNG helping over 30% reduction in CO2 and GHG emissions. Also, will help facilitate fast track setting up of LNG stations across the country for boosting the confidence of fleet operators to embrace LNG as a transportation fuel.
- Very recently, we signed an MOU with Inter-University Accelerator Centre (IUAC), an Autonomous institute under the University Grants Commission (UGC), Ministry of Education (MoE), Government of India towards collaboration for the development of technology for the design and manufacture of Super-Conducting Magnet based System for clinical, industrial,

defence and research applications. The synergy is to make India one of the global players in manufacturing of superconducting Magnet-based Systems including next generation MRI magnets. The technology can now be indigenously developed, and such complex systems can be manufactured in India.

• Recently we also got following three patent registered: -

1. LNG Dispensing System
2. Invention on Sliding Spacer in the Cryogenic piping
- 3 .Displacement Decoupling Arrangement for double walled Cryogenic Piping Systems

These patents shall strengthen our leadership in Cryogenic Industry and differentiate our products for superior performance.

Cryogenic Landscape

• The world is talking about Hydrogen as the cleanest fuel, and we forayed into this segment since 1999. We are the first Indian company to manufacture trailer mounted Hydrogen transport tank, designed jointly with ISRO. We offer complete solutions for Hydrogen storage, transport and fueling infrastructure. With the proposed launch of National Hydrogen Mission, we anticipate good traction in this segment and we happy to share that we are well placed to optimize the huge opportunity in this space.

• Going forward, we anticipate high demand for cryogenic gases from the metallurgy sector, oil & gas, chemical industry's decarbonization, electronics, healthcare, space and satellite. In addition, shift towards cleaner fuel sources such as LNG and Hydrogen in industrials and transport will provide boost to our products. For LNG, we expect strong demand from Asian countries like India, South Korea and other Asian countries which are increasingly transitioning from energy sources such as coal, crude oil to nuclear and gas. At INOXCVA, our focus is on users in the remote islands as well as industrial consumers with no access to natural gas pipelines, etc.

Lastly, I would like to acknowledge and be thankful to all our stakeholders who are associated with INOXCVA and above all, our employees. I am greatly thankful to the INOXCVA team for delivering resilient work and striving for excellence over the years.

This concludes my planned remarks and now I would like to handover the call to Mr. Pavan Logar to take us through the financial highlights before we open the floor for Q & A.

Pavan Logar:

Thank you, Deepak Sir and good evening, everyone. A warm welcome on our first result conference call. I shall summarize the consolidated financial highlights for the quarter and nine month ending 31st December 2023:

- During the quarter, Total Income was at ₹ 295 crore, a growth of 18% from ₹ 250 crore in Q3FY23.
- During the quarter, EBIDTA was at ₹ 71 crore, a growth of 23% from ₹ 58 crore in Q3FY23.
- EBIDTA margin was at 24.2% as compared to 23.3% in Q3FY23. The improvement in profitability is on account of pricing time to time and order to order normally it ranges between 21% ~ 24%.
- During the quarter, PAT was at ₹ 49 crore, a growth of 19% from ₹ 41 crore in Q3FY23.
- During 9MFY24, the company recorded a highest ever total income of ₹ 875 crore, a growth of 18% from ₹ 744 crore in 9MFY23.
- During 9MFY24, the company recorded highest ever EBIDTA of ₹ 217 crore, a growth of 22% from ₹ 178 crore in 9MFY23. EBIDTA margin was at 24.8% as compared to 23.9% in 9MFY23.
- During 9MFY24, the company recorded highest export revenue of ₹ 501 crore, up by 75% YoY and comprising 57% of the total income. The company has a customer base spanning over more than 100+ countries and key geographies include US, Europe, Saudi Arabia, Brazil, Korea, UAE, Australia and Bangladesh.
- Order Backlog as on 31 December 2023 is to the tune of Rs.1,043 crore. Exports comprising 47% of the total order backlog.
- The total debt as on FY23 is Nil providing adequate room to raise debt in future. Total Networth as on FY23 is Rs.549 crore.
- The company has comfortable net cash position at ₹ 235 Cr as on Dec'23 end.
- In June 2023, CRISIL Ratings has upgraded our bank loan ratings from CRISIL A+/Positive to CRISIL AA-/Stable and short-term bank facilities at CRISIL A1+.

That concludes my update on the financial highlights of the company. I shall now request the moderator to open the floor for questions and answers session.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Ankur from HDFC Life. Please go ahead.

Ankur:

Good evening, sir. Thanks for your time as always. Just a few questions. One was, there were very strong order inflow growth that we see during the quarter. I think almost 80% growth. If you could just help us, Is there was a large energy order also in place or where are we getting these orders, like you said, industrial gases, which segments, which markets, if you could just help us?

Parag Kulkarni:

So, Ankur, I think you mentioned about the 80% increase. What we were talking about is the last quarter, we have received substantial orders in all the sectors. We have received the orders

from the industrial gas sector, LNG sector, as well as cryoscientific sector. If you see the situation one quarter before, we had a pending order of almost about Rs. 1,037 crores level and the sale, which has happened in the quarter, is almost the same level as we have received the orders. So, the orders that we have have come from major projects which are coming out of the industrial gas, as well as the projects that we have now from the cryoscientific things.

Ankur: So, what I'm trying to understand is, is this more of like base orders or is there any large one-off orders also in this is what I was actually going on?

Parag Kulkarni: The orders which we keep on getting, this can some of the projects could come on -- some other project could come up some other division. But this is kind of a base one which is happening all the time.

Siddharth Jain: I just wanted to add that our last quarter was a great quarter. I think approximately Rs. 295 crores of fresh orders, which is in line with our expectation and our turnover, out of which about Rs. 189 crores was, industrial gas and Mr. Acharya can correct the numbers.

Deepak Acharya: It is Rs. 189crores in Industrial Gas and Rs. 52 crores in LNG. And balance in cryoscientific and others making it to Rs. 295 crores.

Ankur: Okay, got that. And then clearly you would expect this momentum to continue, right? So I'm just trying to understand how are the end markets? Is it more exports? Is it more domestic? If more of exports and with geography. So if you could just help us understand and give us a little more sense on key end markets, which are driving this kind of growth for you.

Parag Kulkarni: I think the growth is being driven equally by all the three sectors. We see a strong demand coming up on the cryoscientific area right now, mainly because of some of the major projects which are now coming up on the scientific research area. We also see that there is consistent demand which is coming up for LNG.

As you must have heard about the collaboration or the agreement that we have signed with Adani Total Gas, that is also opening up new doors and they are having aggressive plans to go ahead and further for distribution of natural gas. We are constantly dealing with several institutions and the customers where the projects are on the anvil. So I would guess that the trend that we have, as far as the past is concerned, we expect that to continue even going forward.

Ankur: Okay. And if you could just remind us, what would be your FY'24 guidance on top line margins, if any, if you could help us with that?

Siddharth Jain: We don't give guidance for the future, but as we said during the IPO time, that we expect our past trajectory to continue in the next few years. And as you can see from our current results, I think we see that trend continue.

Moderator: Thank you. The next question is from the line of Prateek Bhandari from Aart Ventures. Please go ahead.

- Prateek Bhandari:** Can you tell me what was your capex for the nine months FY'24 and what you are willing to do as a capex for the coming quarter and also the capex for the upcoming financial year, that is financial year '25?
- Management:** Actually, for nine months, we already incurred about Rs.90 crores. And in the next quarter, we will incur around Rs.25 crores more. And this is mainly because of this Savli project, which we already shown in our IPO also..Now, the production already started for this Savli. And from next year onwards, around Rs.40 to Rs.50 crores will be there. And around Rs.15 to Rs.20 crores will be for maintenance capex every year.
- Prateek Bhandari:** Okay. Can you throw some color on the margins that you are willing to maintain for the coming financial year? Will they be in the same lines or we can see any improvement? And if there is going to be any improvement from which business vertical you are seeing the same?
- Deepak Acharya:** Normally, we will maintain our margins in a similar way. However, few basic points here and there in the different divisions will depend upon the type of the order and the specialized equipment's we have to supply. But normally, it will be almost similar.
- Prateek Bhandari:** All right. Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Prachir Jain from Sri Kalyan Holdings. Please go ahead.
- Prachir Jain:** Congratulations on the robust performance of your company. I would just like to ask you, like the collaboration of the company with Adani Total Gas, how much will it contribute to the revenue of the company and how long will it take to reflect in the balance sheet and the profit and loss of the company? Thank you.
- Deepak Acharya:** Yes, Adani Total is a preferred partnership. We have signed a MOU with them and they have very major plans for LNG as a vertical for them. And in coming two to three years, they will be expanding heavily, especially on the fueling station, LCNG station, satellite station and maybe the convergence of their mining and cement trucks to LNG as a fuel. So, though the numbers are not clear to us as on today, but they expect a substantial addition into the LNG business on this.
- Prachir Jain:** And this is a long-term contract?
- Deepak Acharya:** It's a long-term contract. At least, we have like five years contract with them and if required, then it can be extended.
- Siddharth Jain:** Prachir, you see Adani Total Gas is building out this LNG infrastructure, it requires –to collaborate with each other on an engineering basis as well, design, engineering, planning. So we're going to work with them to help them design the equipment that they need to fulfill their needs. So, numbers is one part. This is not just about a commodity supply. It's about system supply. So, that's the difference.

- Moderator:** Thank you. We have the next question from the line of Nikhil Abhyankar from ICICI Securities. question.
- Nikhil Abhyankar:** Hello. Yes. So, thanks, sir. Thanks for the opportunity. So, we were also participating in PSU tenders for CNG station. So, can you throw some light on that as to how many tenders we have participated? Are we L1 in some of the tenders and how do you see the prospects of them going forward?
- Deepak Acharya:** So, we have been participating in the several tenders so far. And for LCNG, we have been with Gujarat Gas, Torrent Gas, Indiraprashta, IRM, HPCL, BPCL. So, almost all these places, we have received the orders. And many projects like GAIL and other things, they are under the bidding stage. And we hope that with whatever the track record we are having, we will certainly get orders from these PSUs. Even we have supplied a lot of critical equipment's to IOCL for their 26 LNG fueling station projects.
- Nikhil Abhyankar:** Right. And, sir, when you participate in these PSU tenders, how is the competitive intensity? Can you just name a few, some of your competitors who are always present in this bidding?
- Deepak Acharya:** So, we have like, our major competitors is the Chart VRV in Chennai. And there are some local other manufacturers who also bid. But whatever we have seen in the past, our rates are very competitive. And our product has a very good acceptability in the market. And with the very critical specifications they are putting in the RFQ, we get the leading hand on all such.
- Nikhil Abhyankar:** Okay. And, sir, are we also willing to participate in LNG fueling stations?
- Deepak Acharya:** Yes, We are participating in LNG fueling stations in a big way. And we have already commissioned HPCL and BPCL projects. And so many other projects are in hand now. We have got a few stations from Adani Total Gas as well.
- Nikhil Abhyankar:** So, going forward—is it fair to assume that our share of domestic sales will be higher as compared to exports?
- Deepak Acharya:** No, it is almost like 50%-50%. Maybe sometimes 48%-52% like that. But it is normally, last few quarters, it is 50%-50%.
- Nikhil Abhyankar:** Understood. And just a last question, sir. Our order book is almost 1x of our FY23 revenue. So, what exactly is the execution cycle of this order book?
- Deepak Acharya:** Normally, we have two types of products. One is standard products and another is custom-built products. The cycle time for manufacturing of standard products is roughly three-four months. Whereas the big projects, it ranges from 8 months to 12 months. This is the time period where we normally finish such projects.
- Nikhil Abhyankar:** So, within one year, we execute the entire order book?
- Deepak Acharya:** Within one year, yes. From the scratch to completion.

- Nikhil Abhyankar:** Understood. And, sir, on this agreement with Adani Total, you mentioned on the call that we are at the stage of designing and basically doing all the ground, designing work as of now. So, when should we start the actual order booking from this agreement?
- Deepak Acharya:** Already, we have started the order booking. The three earlier stations, what they were having, so we have helped them in starting those stations because they were having some issues with the station which was delivered by some other companies. And we recently, last week only, we received five fueling stations from them.
- Nikhil Abhyankar:** Five fueling stations. Okay, sir. That's all from us. Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Kadam from Canara Robeco Mutual Fund. Please go ahead.
- Amit Kadam:** Hi, good evening, sir. I just wanted some clarity on the numbers, how it is like from a seasonality or fluctuation point of view. Just one observation was like in the top line, the revenue part, the domestic revenues is pretty much flat YoY, whereas the large part of the growth was contributed by the export, where Rs.99 crores export is more to Rs.145-odd crores.
- Just wanted to understand what are the things that happened during that particular order or this thing which leads to like a domestic, even though there is what you commented is that there is a traction in the domestic market also, but then YoY, why is it flat? And what is leading to this significant jump in that export of like a more than 50%-odd? So that's the first question from my end.
- Deepak Acharya:** So basically on industrial gas business is a very standard business. So the growth looks little flatter, but definitely we are not losing any orders and we are very confident that we will get orders in future as well. And on the export front, we have major like LNG and cryo-scientific orders and these are from various European companies and research institutes from Europe. And that is why we are saying that our export will be almost 50% what we have achieved so far and we will continue in the same fashion.
- Amit Kadam:** But in that case, just adjusting for that particular raw material inflation, which would have impacted our top line movement, but like as you are saying that we are getting a good traction in the LNG fuel station installation, this means OMCs are getting little, got little aggressive in setting that. Then what has, like just wanted to understand more with more clarity that what would have gone out and what would have incrementally come in this particular revenue
- Siddharth Jain:** Acharya ji, let me take this. You have to view our revenue not on a quarterly basis between domestic and export, because every quarter, in some quarters exports are more in domestic less and vice versa. It has to be seen on an annual basis.
- Amit Kadam:** Sir, annual basis, I'm just...
- Management:** Annual basis, our guidelines are split between domestic and export right now is looking like half-half on an annual basis. Does that answer your question or it doesn't?

- Amit Kadam:** It doesn't, sir, because last year, quarter three, your domestic revenue is Rs.145 crores...
- Management:** No, no, I am saying you can't compare YoY, QoQ cannot be compared. You have to compare annual. Annual means 12 months. Annual does not mean three months on three months. That cannot be compared in an industry like ours, where some months you will have domestic sale more, some months you will have export sale more. You have to see the 12-months cumulative number, because 50% of our revenue is non-standard times project-based.
- It depends on revenue recognition methodologies because of Ind AS, there are many factors involved. So you cannot compare Q3 versus Q3, FY24 versus FY23 and look into the export domestic split in that.
- Amit Kadam:** Fine. Point taken.
- Management:** The guidance is on an annual 12-month cumulative basis, half-half.
- Amit Kadam:** Okay. Just to extend this thing, then if we want to take a little more idea on how we are going ahead or going for that annual number, what would be the correct way of understanding our growth trajectory? Because annual could be a little longer time to get a clear sense of how we fare by the year-end. But if you want to track in a better way, in some piecemeal level, then what would be the correct way of seeing that we are on the correct trajectory?
- Siddhath Jain:** In EPC, when you are doing businesses like ours where 50% of our revenue comes from projects which take 8-12 months and 50% of our revenue comes from standard times, it is very difficult to track piecemeal when the delivery of our product takes more than a quarter.
- Amit Kadam:** And what would be the strongest quarter for us, sir?
- Management:** There is no strongest quarter. We are not a seasonal business.
- Amit Kadam:** Okay. So deliveries can happen all through the year based on how the orders are shipped?
- Management:** Absolutely. Deliveries do happen. I mean, for example, this past quarter, we did Rs.295 crores of sales and our nine-month revenue was also Rs. 875 crores so it is pro-data as you can see.
- Amit Kadam:** Got it, sir. And just final question is, just wanted to get some update on the LNG fuel tanks as such which we were planning for the commercial vehicles, heavy commercial vehicles, where we are in terms of how the OEMs are looking forward? We had got some initial traction in terms of qualification. Where we stand right now?
- Siddharth Jain:** Yes. So, you know, I think this is a really futuristic segment and we are really fortunate that we were the first movers in this in India where we have invested in the line ahead of schedule. We have designed world-class products and we have got approval of our products from all the OEMs as well. We are definitely seeing a lot of traction on it. In order for the OEMs to buy the tanks, they also need the fuel stations in place and those fuel stations are coming up as well. So, you know, our deliveries are continuing and we are certainly seeing over the next 12 to 24 months a much larger uptake in this line.

- Deepak Acharya:** I would like to add that besides OEMs, there is a lot of convergence also happening. Old trucks and buses may be converted from diesel to LNG as a fuel along with the engines. So, that much is also happening in many places now. So, that will also add to our business.
- Amit Kadam:** So, if there are some further questions, I will join back in the queue and I will come back later. Thank you.
- Moderator:** Thank you. We have the next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** I didn't understand what exactly we will do in the truck side. Basically, we will give them the tanks or we will have a whole kit around it?
- Deepak Acharya:** We will give the fuel tanks to kit suppliers with whom we associated. So, together it will be fitted into the truck and basically our supply will be mainly the fuel tank.
- Siddharth Jain:** I want to clarify. There are two different parts. For the fresh OEM, we are OEM suppliers of the tank itself. Just for the sake of an example, let's call it Tata. And if they are making a truck, it will be a brand new gas engine based truck where we will be supplying the tank. But in the case of a conversion, it requires a kit supplier as well. So, just two different verticals..
- Pritesh Chheda:** Okay.
- Parag Kulkarni:** As I said, that when we say of the LNG tank, it comes along with its conversion to the regasification. So, directly the gas is regasified and delivered to the engine. So, the entire system which is consisting of the storage tank as well as regasification is packaged together. And that is the package which we will give whether it is for a new build or for conversion.
- Pritesh Chheda:** Okay. And is it fair to assume that today the LNG business which is 20% of your business is largely coming from outside India? The India part of the business and the ordering will now start?
- Parag Kulkarni:** It is both because you see in India also there is the city gas distribution system which has happened. The part of the trucks getting converted or heavy duty trucks getting converted to LNG is the one which is happening now. But there is also the industrial requirement where people who are not on the pipeline, they get the fuel in the LNG form, that means in the liquid form.
- And then they have their own regasification on site. Also, there are city gas distribution companies which are not on to the gas pipeline. They have the LCNG stations, which means the Liquid CNG station, which are also supplied by us as a cryogenic storage and pumping systems.
- So, this part of the business continues. We expect the growth to happen when the long distance trucks get converted and the additional business would come up with the LNG fuel stations as well as LNG fuel tanks coming about that. Our export market continues for the tanks and regasification systems that we supply to the global market.

Marine is a major market that we keep supplying and that is for the conversion of the marine fuel from the diesel or any other heavy polluting fuel to the LNG. And we supply the LNG tanks as well as the regasification system which comes along with that.

Pritesh Chheda: And what is your global market share in LNG and India market share?

Parag Kulkarni: Actually, this business is so niche and it's very complex. So, there is no published data which is available. But what we can say is we are among the first couple of companies which are there in this operation. So, there are only few companies with whom we compete globally when we talk about such regasification systems or the marine applications as such.

Pritesh Chheda: And my last question is this Adani partnership, what does it encompass, what kind of equipment supply does it lead to?

Deepak Acharya: The total package system like fueling station, LNG station, satellite stations, fuel tanks for the trucks and basically to support their initiatives in the LNG sector, training them and providing them the technical inputs for their new upcoming projects. This is the entire gamut where we will be working with them.

Pritesh Chheda: And when should the ordering to you start?

Deepak Acharya: Ordering has already started, we have recently few stations, fueling stations from them now.

Moderator: Thank you. The next question is from the line of Vinayak from Hiremath, please go ahead.

Vinayak: Good evening sir. Can you give some light on stainless steel Kegs business?

Deepak Acharya: Yes, we recently started a plant at Savli in 31 acres of land. So, we have put our first three shops where we have started manufacturing stainless steel Kegs. And the capacity of this plant is around 1 million but we will be going step-by-step.

So, we have already started manufacturing, the trial production is on and few commercial production has also started. We have supplied to Belgium, US and Germany and the order flow has started coming in now.

Vinayak: How is it picking up sir? Recently we had some collaboration with Italian manufacturer right sir?

Deepak Acharya: That was the initial collaboration for the technology transfer and we are working with them continuously on the product development as well as on the manufacturing excellence initiatives. So, that is we did on August '23 and it is continued.

Vinayak: So, how are the margins in that business sir?

Parag Kulkarni: I think we have just started the whole project right now. So, it is the initial supplies which are going on. Now, we are in the process of making sure that all the lines set up and the line balancing is happening.

So, this is the early stages. I think we can practically see the operations during next financial year. FY25 could give us a clear picture because this year is just the investment which has happened and we are training our people and we are just getting the product through in terms of the trial productions.

Vinayak: My second question is, there is a lot of overlap between INOX Air Products and INOXCVA business right sir? Is there any non-competitive agreement between these two companies?

Parag Kulkarni: I think there is a little misunderstanding. Let me clarify that INOX Air Products is in the business of setting up the air separation plants and selling the industrial gases which is liquid oxygen, liquid nitrogen. They would need the capital expenditure in the form of storage tanks, transportation tanks, customer station tanks and that is the product that we manufacture.

The INOXCVA or the INOX India Limited is the one which is a capital goods manufacturing company and which supplies the products to INOX Air Products as well as the competitors of INOX Air Products. So we are able to sell, so there is no competition between the two. We have a relationship of a buyer and a supplier.

Vinayak: And my third question is, is there any direct benefit from the National Green Hydrogen Mission? I mean I could not see any collaborations between green hydrogen producers as of now including air products.

Parag Kulkarni: In Green Hydrogen production globally is happening at an early stage where the countries are all getting committed to conversion of the fuel to ultimately to hydrogen because that is the least polluting or the zero polluting fuel. Now our business is mainly associated with the distribution of hydrogen and as the hydrogen generation starts, we are not in the generation of hydrogen but we are in the storage and distribution of hydrogen.

So our business is happening to all those green hydrogen projects which are coming up globally and where they need to store large quantities of hydrogen and as we had mentioned during the IPO stage also, the world's largest green hydrogen product or liquefaction plant has come up in Korea and we have been the supplier of the storage equipment at that particular location.

And similarly we do see there are more opportunities where different projects coming up in the world. We are in a position to bid for them and we are able to showcase our references to exploit the growing market which will come up. But as everyone knows that this is a long term play, the projects will come one-by-one and we hope to have the continuity of this.

Vinayak: Sir, one more. Are we looking for any ITER kind of major projects?

Parag Kulkarni: There are similar projects which are coming up. I think the ITER is one extremely large project but I am sure when this project becomes successful or when it comes to the various countries will start looking into their own projects. Even India at some stage will think about making some demo projects or a demo fusion project.

But simultaneously we also have other projects which are called big science projects. For example, right now in Germany there is a FAIR project which is coming up and we have already started bidding as well as receiving certain orders for the projects. That is a FAIR project and we expect similar projects to happen all over the world and in different locations we will bid for such kind of mega science projects.

Vinayak: In terms of government projects, if we can compromise on our margins, can we get more projects from the government PSUs kind of?

Parag Kulkarni: Are you referring to the scientific projects?

Vinayak: Not scientific, sir. General.

Parag Kulkarni: General, we have only two areas which we really work with the government and it's in the LNG field and the scientific field. And the third one is of course hospital requirements. The government business, as you would know, will always go for a tendering and the tendering happens between the selected products.

Vinayak: That's what I was asking. Are we going to compromise margins in order to get more projects from the government? Is there any aggressive plan towards it?

Parag Kulkarni: Actually, our intention for bidding at every government tender is to win the tender. And winning the tender price is one of the criteria. We have to see that we meet all the specifications and we focus our manufacturing cost to be the lowest possible thing. While protecting our margin, we would be in a position to win these kinds of businesses. So it's our effort all the time and we do win a high percentage of the government orders by our strategy.

Vinayak: Aggressive strategy. Thank you.

Moderator: Thank you. The next question is from the line of Sanjeev Damani from SKD Consulting. Please go ahead.

Sanjeev Damani: Congratulations on the very fine performance that you have shown, sir. Actually, I just wanted to thoroughly understand things to my level. So, I mean, are we simply mechanical erectors of tanks or some technologies are also involved in making this to, you know, making it almost non-competitive from other small or big workshops? Can you kindly answer me this?

Parag Kulkarni: Yes. So I think what we do is we manufacture these tanks for storage of liquefied gases which are extremely low temperature. That's why we call them cryogenic tanks. Typically, all these tanks will store gases like oxygen, nitrogen at a temperature well below minus 150 degrees centigrade. At such a low temperature, conventional tankages do not work because the carbon steel will not work. Some special materials are required.

So normally, these are all double-walled vessels where the vessel of storage is stainless steel. And then we have the outer jacket of carbon steel or stainless steel. And then we have something called a super insulation or extremely different kinds of insulation technologies under vacuum.

So this is a technology by itself and it is not a commodity product where anybody can produce that. As you could see that globally, we are among the top ten companies in the world who are producing such a kind of specialized product. And therefore, the competition is very difficult to come in because this is highly engineered, highly, you know, it requires a lot of certification to produce.

So there are challenges both in designing the product, manufacturing the product and making it very reliable on a large scale. So that keeps the competition away.

Sanjeev Damani:

Thank you very much, sir. You really explained me to my satisfaction and my understanding. Thank you very much for it. I mean, there are, you know, you were talking about automobile tanks. That is it. Suppose in a Tata truck, we have to fit in a LNG storage tank.

So, you know, I have heard of Everest, Kanto and Confidence Petro making a lot of cylinder type or tanks meant for fitted into automobiles. So are they our nearest competitor in that segment or no? Kindly reply.

Parag Kulkarni:

Kanto and others will produce the high-pressure cylinders in which you can store natural gas and make it CNG. And CNG is the one which is the CNG storage tanks. Now, these are storing the natural gas in the gaseous form at room temperature.

As against that, what we do is that we provide those tanks which can be fitted onto the Tata or Ashok Leyland or any other truck which is in the liquid form at extremely low temperature. And because it is liquid, it is much more denser than the gas that you are putting in the cylinders. So what we deliver is a completely different product and is suitable particularly for large quantity of fuel to be stored in a truck.

Deepak Acharya:

So these fuel tanks are roughly around 450 liters and it goes in one stage around 700 kilometers in one fill. So that's the advantage of these fuel tanks.

Sanjeev Damani:

Right, sir. I'm really thankful. I mean, now I establish that you are one of the prominent niche players in this and you have established yourself to be a responsible and reliable supplier of these items. Sir, one more question is coming to my mind is about scientific products. When you say we make scientific products, means what?

Parag Kulkarni:

We do make scientific products because such low temperature science requirements come up for a very research application which would let's say for helium distribution which is minus 259 degrees centigrade.

Sanjeev Damani:

So either for making experiments or dwelling or using such critical products under such temperature that people would require these kind of products.

Deepak Acharya:

So the cryo-scientific, we can say we have supplied so many equipments during the second launch pad.

- Sanjeev Damani:** Okay. Sir, my last question is regarding our raw materials. So all our raw materials are indigenously available or we have to procure or are we improvising on basic metals that we receive and make it usable for our end?
- Deepak Acharya:** Normally our vessels require the inner vessels of stainless steel austenitic stainless steel and outer vessels of carbon steel. Both these materials are available in India but depending on the customer requirements if somebody asks for a foreign material so we import the material from other countries but there are specific valves control valves and many other equipments which are not readily available in India that time we have to import those components.
- Sanjeev Damani:** Okay. So when where we are not supplying tanks you are supplying the other additives for as you said that as a kit for converting liquid into gas in operation such other parts are being procured by us or do we manufacture certain more parts other than tanks?
- Deepak Acharya:** For conversion of kits we don't do anything. There are conversion parties who are involved into it but we support them from our tank side and the operation side so that we make a success for the owners of the tanks.
- Moderator:** Thank you. Please rejoin the queue for follow up questions.
- Sanjeev Damani:** Thank you. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Chirag Khasgiwala an investor. Please go ahead.
- Chirag Khasgiwala:** So as you get 50% of your revenues from export markets and 50% from domestic so globally Linde PLC is the market leader along with a few other players so how do you see yourself in terms of facing the competitive challenges from the global leaders and in the domestic market? Do you see any risk of you know lets say Linde PLC entering into domestic market to its Linde India company and how do you plan to face that competition?
- Deepak Acharya:** Yes, Linde is one of our customers as well. We supply for last more than 10-15 years a series of tanks to their customers, even for their projects. What you rightly said they recently started some tank manufacturing and the project has just started. I think they will take another 3-5 years to produce good number of tanks in their shops.
- Parag Kulkarni:** May I just supplement what Deepak Acharya mentioned. As I mentioned earlier regarding INOX Air Products, Linde is primarily a gas distribution company. Their major focus and business is that they are doing globally is to make air separation plants, that is what you see as a major revenue.
- They always require the cryogenic storage and distribution tanks and bulk of it is procured from outside and we are their supplier to them on a global basis to different geographies. They do have their own manufacturing of tank in Europe, but it is a high cost, their own manufacturing and then utilization they do it. But bulk of their requirement for Linde is actually procured from outside.

And we are their primary vendor, or one of the critical vendors for that. As we see, even when their India operations grow or any other global operations go, they are not our competitors but they are more complementary to them and even if they take up any example, let's say there is a large project in India, we are the ones who supply the storage tanks and regasification systems.

Chirag Khasgiwala: In terms of commodity price inflation, how do you position yourself? Do you have sufficient bargaining power to pass on the commodity price inflation or you might be required to take a hit on margins if the commodity price inflation goes out of control?

Management: Normally it is a pass-through. We are in a position to pass these because there are only limited suppliers and all of them would have the same situation whenever the customer requirement comes in. It is a pass-through for us.

Chirag Khasgiwala: Okay. Thank you.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Deepak Acharya: Thank you everyone for your active participation and for your questions, we hope we have been able to answer most of your queries. In case we have missed addressing any of your queries kindly reach out to our Investor Relations officer Mr. Sunil Lavati as well as our IR Partner Ernst and Young and they will connect with you offline.

Thank you and God Bless.

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