"The Anup Engineering Limited
Q1 Ended FY27 Earnings Conference Call"
August 06, 2026

MANAGEMENT: **MR. PUNIT LALBHAI – CHAIRMAN AND NON-EXECUTIVE DIRECTOR – THE ANUP ENGINEERING LIMITED**
MR. REGINALDO D'SOUZA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – THE ANUP ENGINEERING LIMITED
MR. NILESH HIRAPARA – CHIEF FINANCIAL OFFICER – THE ANUP ENGINEERING LIMITED
MR. SATYA PRAKASH MISHRA– GROUP HEAD INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Q1 Ended FY27 Earnings Conference Call of The Anup Engineering 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we proceed to the call, let me remind you that the discussion may contain certain forward-looking statements that involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with the business risks that could cause actual results, performance or achievement to differ significantly from what has been expressed or implied in such forward-looking statements.

Please note that the company have uploaded the result, press release, investor presentation and also the outcome of the Board Meeting on the website of the stock exchanges and website of the company.

I now hand the conference over to Mr. Reginaldo D'Souza, Managing Director and CEO of the company. After speech of Mr. Reginaldo D'Souza, Mr. Punit Lalbhai, Chairman and Non-Executive Director of the company will give insight of the company's performance. Thank you and over to you, sir.

Reginaldo D'Souza: Thank you. Hello everyone. Warm greetings to all members present on this call. As you may be aware, we entered the year with a very uncertain and volatile global situation in terms of wars, critical sea route disrupted for commercial trade, impacting energy cost, disrupting supply chain, and raising the input cost substantially, necessitating a tough balance between execution and profitability.

As I mentioned during the last call, we delayed the new order intake last year to wait for relatively better margins than what the market offered at that point in time. We also had to realign our execution to match the supply chain and prioritize accordingly in line with contractual deliverables, and hence planned a gradual start for the year with quarter 1 and progressively moving over the next three quarters towards our annual plan.

For the quarter 1, we achieved a consolidated revenue of INR125 crores, in line with our plan. The EBITDA was at INR9.2 crores. The result on margin is simply a reflection of the lower revenue generation and absorption of the fixed cost in the first quarter. The operating expense is as planned and under control.

The low revenue plan for quarter 1 is mainly due to delayed start of the execution on account of the above-mentioned delayed order intake and the supply chain challenges. Though the execution started late in the quarter, the revenue could not be recognized as the milestones were not reached.

Now, as we progress into the execution, the revenue for these projects shall be recognized in the coming quarters in line with our annual plan. In terms of export, the export to domestic ratio continued at almost 50% to 50%, in line with our strategic intent.

On the new order booking front, I think we saw a very significant improvement this year, especially over the last two months. The pending order book as on date, as we speak, stands very close to INR1,000 crores, INR985 crores to be precise, with new orders of INR538 crores booked in this financial year, that is from April to till date in this financial year. This means that we have booked around INR240 crores already for the next year quarter 1.

This has been the best ever start for us on order book. And as we see the inquiries shaping up to about INR1,100 crores, we are confident that more opportunities will emerge, improving the order booking further, helping us secure our next year revenue plan.

As I mentioned in the last call, as we navigate the execution cycle with due consideration to the current uncertain global business scenarios due to wars, geopolitics, and thereby elevated input cost, this year FY27 will be a year where we focus on stabilizing, strengthening our fundamentals, consolidation, and risk protection. Focus shall clearly be on protecting margins to the extent possible under the current cost pressures and mainly maintaining a healthy cash flow.

Further, we had refrained from providing any guidance for the year in the last call as we wanted to ascertain the real time situation on our execution philosophy considering the supply chain challenges, margin position, and contractual deliverables to our customers. After having analyzed the current situation, we wish to provide a guidance for the year of a consolidated revenue growth of 5% to 10% and an EBITDA of about 15%.

The projected EBITDA is considering the cost committed to projects under the current circumstances. We will try to make this better as we progress into the execution. I understand this guidance sounds conservative, but we believe this is a good approach in the current circumstances where a right balance between profit and project delivery is essential.

Now, as we navigate through the year, a lot of efforts have gone into the future growth strategies. There have been some few good developments in the last quarter in line with our broader strategic roadmap. As articulated earlier, we have the strategic focus of getting into critical and proprietary licensed product to spur our revenue growth within the given capacity and which shall also improve our order conversion rate.

In line with this, we have successfully managed to get ourselves qualified and also bag orders for two critical proprietary license product, both for export market for reputed process licensors. And we shall continue our efforts towards getting into the niche products in the next three quarters.

Also, we have started our long-awaited air-cooled heat exchanger manufacturing with an important order for a German client. We have also made substantial progress on our thermal power business with good order intake of over INR150 crores. There are a few other strategic focus areas where we wish to close in this year, moving ourselves into niche product segments driving our future growth.

We believe that once the war and uncertainty settle, the disruptions and destructions will eventually lead to three things: energy security measures by all countries leading to new investment and expansion in energy sectors within the countries; number two, repair works for all the damaged refineries, gas plants, tanks, and pipelines, so this can bring about a lot of repair work for fabricators like us; and number three, we see accelerated push to non-conventional energy sources including nuclear and other renewables.

So now our capacities in place and capabilities spread over shop fabrication, site fabrication, and also our technical services, I think we as a company have the right space to capitalize on this demand as it materializes. I also wish to mention that we have built a strong organization to drive these business verticals which should support our future growth.

As mentioned in my last call, I wish to reiterate that with our Kheda, which is our bigger facility, now fully operational and we strategically moving to complex equipment manufacturing, means we will be taking orders of longer cycle, maybe average around 12-months. Hence, it is natural that you shall see fluctuations on quarter-on-quarter numbers, but over the year, it should normalize.

Let me end by saying that we at the management and board have deeply thought through the scenarios and decided on our actions to achieve our business plan for this financial year. So with these opening remarks, I wish to thank you all for your patience listening, and I now hand it over to Punit Lalbhai for his comments. Thank you.

Punit Lalbhai: Good afternoon, everyone. It's a pleasure to be on this call. I just wish to share my short perspective on this quarter's performance and how I see things going forward. I know many of you would think that this performance, this quarter is short of the mark, and you're not wrong. However, this performance is the result of actions that have happened, almost a year ago when there was a very large dearth of orders in the marketplace and we had low order booking.

Also, it is a coming together of many things where we have this year an order book that is skewed towards the second half where, we have longer lead time items which will sort of mature towards the second half of the year. That said, I think I am extraordinarily encouraged by the fact that we have started this year with almost the best ever order book that we have seen in the recent past, and that gives me a lot of confidence for the future.

I think the team with Regi at the helm leading from the front has done a great job in navigating very uncertain times, great variations in input costs, massive variations in freight, a prolonged period last year where there were order cancellations and uncertainties due to tariffs which were then subsequently normalized. So, all this period has been navigated extremely well, and further adding to my confidence is the last three to four months where the new order intakes have been, very close to our historic margins.

Of course, there's a lot of order books, part of the order book that is there that was taken at a time when we had a very low project pipeline. So, this year we'll see the effect of that. However, the order book that is now building is very healthy and robust, which points to the future being back to, sort of our expected path and back to a path of growth.

I think it is important to use this year as a consolidation year where we build the order book back, where we focus on all the important initiatives that Regi outlined, that diversify the company towards next generation segments that will reduce our dependency on oil and gas and petrochemicals going forward.

So, I would like to reiterate that I have full confidence in the team, and the efforts that they are all putting in will start to bear fruit, especially the results should start being visible this year itself in the second half. With that, I would like to close my comments and open the floor for question-answers. I request Regi to field the questions. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Sameer Thakur with Ambit Capital. Please go ahead.

Sameer Thakur: Hi thanks. First question...

Moderator: Sameer, I'm really sorry, but your voice is breaking. If you're using any, yes you may go ahead please. Yes, yes.

Sameer Thakur: Yes. So, my first question is, what should we think about the orders run rate going forward? That's the first one. Yes, I'll ask the second one after this, yes.

Reginaldo D'Souza: Okay. Yes, Sameer, so as I mentioned, considering the last three months of good runs of the order intake, and the fact that the inquiry pipeline is even stronger, close to about INR1,100 crores, what we see is going forward, the order intake position should be in the range of INR200 crores to INR250 crores per quarter. That has been our plan, and I believe we can achieve that in the next quarters.

Sameer Thakur: Okay. Thank you. And I just wanted to know about the strategy regarding service and you used to talk about these high volume products, but I think again, you're focusing on long cycle products again. So, is that strategy changing now, focusing on long cycle products rather than high volume short cycle?

Reginaldo D'Souza: No. So, Sameer, we keep that strategy same what we mentioned at the end of the year. Our stronger vertical, of course, is the legacy old product, which has a mix of complex, critical, and long gestation equipments. Why we wish to get into niche segments is because that improves our win rate and also gives us better margin profile. So, we keep that going as a stronger vertical. But at the same time, we continue to focus on our volume product.

So, if you look at the air-cooled heat exchangers that I mentioned, that is in the bucket of high volume, moderate margin, roughly about 15% margin, but high volume. And with Kheda operational, that gives us the opportunity to manufacture and supply these large volume items. So a direct answer, we continue to focus on our stronger vertical with the legacy old product with niche segments, and also at the same time, focus on our high volume and the service sector, which is the technical services, which forms a third vertical, which gives us higher margins.

Sameer Thakur: Okay, thank you. Based on this technical services, is that improving? Have you seen any improvement in that segment in last few quarters or it's still in development and we should look at it probably after a year or so?

Reginaldo D'Souza: No, so we, as we, as I said in the last call, we did the dipstick to understand where we stand, and the result has been extremely encouraging. So, we have gone all out into this financial year with a organization already created with a senior person heading that vertical. Of course, the revenue, because we'll have to do some legwork in the early part of the year, so for this year, we peg that business volume at about INR25 crores to start off with, but of course, it'll give us anywhere above 30% margin. Next year, we roll it up to INR100 crores, and as I said, the third year, we intend to have this vertical at INR200 crores.

Sameer Thakur: So, I think you have been selective in taking orders, but is there risk of losing market share if you do that or how is it?

Moderator: I'm sorry to interrupt you, Sameer, but again your voice is breaking.

Sameer Thakur: Hello?

Moderator: Sameer, your voice is still breaking. Can you hear us?

Sameer Thakur: I can hear you. Can you hear me?

Moderator: Yes, yes, now.

Sameer Thakur: Yes, yes. So, I was saying that it looks like you have been selective in taking orders. So, is there any risk of losing market share if lower Tier players start coming in and start taking orders at lower margins? Do you see that risk going forward?

Reginaldo D'Souza: Yes, so as long as we continue to remain in the product segments that we were operating historically, answer is yes, and that's the precise reason why we are taking a step forward to move into niche segment so that we can beat that competitor profile and move one step higher.

If you heard me in the past few years, our strategy has always been as long as the market allows us to remain in that profile, we'll continue and prepare ourselves to move into the niche segments. And I think that's where our strategy for this year strongly holds that we wish to move to niche segments to beat that competition.

Sameer Thakur: Okay, thank you. I'll get back in the queue. Thank you.

Reginaldo D'Souza: Sure, thanks.

Moderator: Thank you. The next question comes from the line of Gopalakrishnan with Uthranu Investment. Please go ahead.

Gopalakrishnan: Yes, thank you for the opportunity, sir. I have the following question. First is the interest cost, when I compare the last year, it has almost doubled from around INR87 lakhs, it has gone to almost INR1.6 crores, INR1.7 crores. Is there any specific reason why it has happened like that? That is one thing.

And then the second thing is the orders that we have got the in FY27, are they under fixed price contracts and will we be impacted by higher raw material price which we cannot pass on to the customer? And is that the reason why you are guiding for the lowest EBITDA margin in the recent history? That's all.

Reginaldo D'Souza: Yes, so thanks for your question, Mr. Gopal Krishnan. So, on your question for order book FY27, yes, all our contracts are mostly fixed price contracts, and the guidance that we provided on the EBITDA is considering the input cost in the current given circumstances. So, from that perspective, there's no cost pass-on to the customer, it's a fixed price contract, and we are able to ascertain our EBITDA margins to a great extent.

Nilesh Hirapara: And Nilesh here, CFO at Anup. On a finance cost part, if you look at last Q4 FY26, it was INR221 lakhs, which is reduced to a INR161 lakhs. So, in a Q1 last year, we were having a cash positive balance, which is reduced and which was a negative to a loan. And now, it has reduced to almost a zero. Precisely today, our cash balance is roughly INR45 crores, and long-term debt is roughly INR44 crores, so net cash, it's a INR1 crores positive, which was not the case at the beginning of the year. That's the reason why there is change in the finance cost.

Gopalakrishnan: No, but actually last year, it was only INR80 lakhs same quarter, it was only INR87 lakhs.

Nilesh Hirapara: Finance cost cannot be compared on quarter-on-quarter, it depends on the balance, cash balance we have. So, in a Q1, if you look at the 1st April 2025, we were a cash positive and very limited portion of loan was used during the Q1 last year. If you look at the Q4 last year, we had used the more amount of loan, so the interest cost was high up to INR2.21 crores. Now, that balance of loan has reduced, it's a INR161 lakhs, and in Q2, in the coming quarter Q2, probably we expect this to be 1/4th of what it is.

Reginaldo D'Souza: So, in short, we're more to cash positive position as we speak today.

Gopalakrishnan: Okay. Okay. Thank you.

Reginaldo D'Souza: Thank you so much.

Moderator: Thank you. The next question comes from the line of Naysar with Native Invest. Please go ahead.

Naysar: Yes, hi. Thanks for taking the question. I just want to understand, you mentioned that oil and gas, you're trying to diversify away. So, is it also to do with partly is there where we see that cycle seems to have played out in terms of oil and gas capex, is there some softness in demand sort of flowing through in our order book?

Reginaldo D'Souza: Yes, so, Neser, the plan for diversification is not from that context. Our conventional oil and gas, fertilizer, and thermal power business has very strong traction. What we believe and what we have been articulating in our strategy is that about INR1,000 crores is something that we will continue to be doing from our conventional business because we see that good traction going on at least for the next 10 years, if not more.

But we need to prepare for the future, and that's where we are saying that we wish to have a sizable extent of our turnover coming from the newest sectors. When we say newest sectors, it is from the nuclear, where we already made a beginning last year. So, we want to move a little stronger on nuclear, being the comparatively a cleaner source. We want to move greater into the hydrogen business. We want to move greater into the green fertilizer business.

We are also looking at some sort of AI data center cooling systems where we can support. So, these diversifications are for our long-term future, maybe 3 years on. But for short-term, it's pure oil and gas, petrochemical, fertilizer where we see extremely good traction.

And with what's happening in the world today, as I've put it in my opening remarks, we see at least until 2030, a whole host of projects in India, especially in Middle East and some parts of Africa, which is going to drive this demand at least until 2030. So, the whole diversification plan is a part of our strategy to prepare ourselves for the future.

Naysar: Right, okay. But, sorry on that, like, just in terms of the softness that we are seeing in demand, if, how do we see for this year which we are, because again, we are saying that it is going to be towards the second half. And the last con call even in May, we did not really get that sense that Q1 is going to be this bad, where you were already 2/3rd into the quarter. So, if you can give a bit more frank and, sense of the year, especially, Q2 and H2, that will be very helpful.

Reginaldo D'Souza: Yes, so as we speak today, as I said, we have an open pending order book position of INR985 crores. What it means is that we have the complete order book so that we have planned for this financial year. And how we have selected which projects to be executed in this year, of course, it purely depends on the deliverables that we have to customers based on our contractual delivery date.

So, we have a complete overview of which projects we are going to execute into this financial year, and based on that, because we had a delayed start into quarter 1 for the reasons that I mentioned in my opening remarks, we couldn't complete the milestones for revenue recognition in quarter 1, which eventually as we progress, will happen in quarter 2, quarter 3, and quarter 4. Of course, it will be a gradual push. Quarter 3 and quarter 4 is going to be the highest in terms of revenue generation and thereby EBITDA margins from that profile.

So overall, considering the EBITDA margins for this quarter 1 at this level, when we say we are going to achieve around 15% of EBITDA, so obviously quarter 1, quarter 3 and quarter 4 is going to be higher than that for us to come to an average. So, these are all worked out numbers which will gradually improve from quarter 2, highest being quarter 3 and quarter 4.

Naysar: Right, and just one follow-up. You mentioned that obviously of fixed price contracts and, you take some 6 weeks to 8 weeks to work out the material requirements and then you order. And so to that extent, so my question is, do you not hedge in the interim? Like why are we like do we have to bear the cost of the fluctuations of RM? Do we not hedge?

Reginaldo D'Souza: So, for us what happens, Neser, is every item is custom-made for us. These are not commodities. Every item is specifically made for a project to order. And as you know, in India, we generally have only two mills in India that we buy from, AM/NS ArcelorMittal and Jindal, these are the two broad mills. Of course, 10% to 15% or roughly about maximum 20%, we do import, but largely our supply chain is in India for plates.

And being custom-made specific to order, we have to finish the design first, which takes about 4 weeks to 6 weeks. Those designs needs to be approved by customer, only when they stamp saying that this design is okay, we can go ahead, otherwise we would be at our risk to purchase if the customers put some comments or do not approve the design that we submit. So we have to necessarily wait 4 weeks to 6 weeks, mainly on account of customer approving the design.

Naysar: Thank you.

Punit Lalbhai: I'd just like to, Regi, just jump in for a second. There are several questions around softness of demand. The softness of demand happened last year for two quarters, which is why the quarter 1 this year is suffering. As of now, there is no softness in demand. In fact, it's a very robust demand, which is why there is confidence in the future.

And when you have longer gestation items sometimes the due dates don't fall nicely across four quarters. And this year, it so happens that most of the due dates are falling in the second half of the year, which is why the revenue recognition is the way that there is.

But the entire order book for this year is actually pretty full, and, we are at capacity. So, I just wanted to reinforce Regi's words with that summary in slightly different language for those that might, it might help with such rephrasement. So, that's what I just wanted to add to respond to some of those questions that came in around demand.

Reginaldo D'Souza: Yes, thanks, thanks Punit. And just to add, since we have an inquiry strong pipeline of about INR1,100 crores on hand as on today, that should give confidence in terms of demand that's available in the market.

Moderator: Thank you. The next question comes from the line of Mohit Surana with Monarch Networth Capital Limited. Please go ahead.

Mohit Surana: Hi, thank you for the opportunity. So, just one question from my end. Out of your total export order book of INR380 crores, can you just give a breakdown by country, how much is U.S., how much is Middle East and other countries?

Reginaldo D'Souza: So, from this, about out of INR380 crores, let me just give you the precise numbers. Around INR50 crores is for United States of America. Roughly about INR60 crores is for Africa, which is largely for Nigeria, and the balance all is for the Middle East, substantial of that being for Abu Dhabi National Oil Company, which is ADNOC.

Mohit Surana: So, is it fair to assume that if the Middle East crisis continues say for next 3 months, then we will continue to face logistical challenges?

Reginaldo D'Souza: Yes, so to be frank, if there are large size ODC equipments, then the only route to go to these facilities are through the Strait of Hormuz, which is in doubt today. But for the size of heat exchangers that we make in Odhav especially, that size doesn't have a limitation because it can go through a different route and take the road to ADNOC, which has been done. We have dispatched many equipments, only the massive ODC consignments generally cannot pass, if I've answered your question.

Mohit Surana: Understood, sir. That's helpful. Just one thing, on taking a longer route, does the higher freight cost is passed on to the customer or that's something that we have to take the hit?

Reginaldo D'Souza: That's cost to the customer because 99% of our contracts are FOB India port, so that's all done by the customer.

Mohit Surana: Understood. Thank you, sir, and all the best for the future. Thank you.

Reginaldo D'Souza: Thank you so much, Mohit.

Moderator: Thank you so much, sir. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Reginaldo D'Souza for closing comments. Thank you, and over to you, sir.

Reginaldo D'Souza: So, thank you all for your interesting questions, and I hope me and Punit were able to clarify. In case if you have any further queries, please feel free to connect with us, and we would be happy to respond. I take this opportunity to thank my resilient team at Anup and to each and every stakeholder helping us deliver results in these difficult times. A big thank you to all our well-wishers for your trust and support as always. Thank you, and take care. Bye.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of The Anup Engineering Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.