

February 16, 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 of the Company for the quarter and nine months ended December 31, 2025

Dear Sir/Ma'am,

1. In continuation of our intimation dated January 28, 2026 and in compliance with Regulation 30 read with Para A of Part A of Schedule III and any other applicable regulation(s) of the Listing Regulations, please find enclosed herewith the Transcript of Conference Call/Meet organized on **Tuesday, February 10, 2026, at 04:00 p.m. (Indian Standard Time) (16:00 hours)** on the financial performance of the Company for the quarter and nine months ended on December 31, 2025.
2. This intimation is also being disclosed on the website of the Company at www.isfec.com.
3. The above is for your information and record please.

Thanking you,

Yours truly,

For Isfec Heavy Engineering Limited

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

Encl.: as above

For Isfec Heavy Engineering Limited


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“Isgec Heavy Engineering Limited
Q3 FY '26 Earnings Conference Call”

February 10, 2026

**MANAGEMENT: MR. ADITYA PURI – MANAGING DIRECTOR
MR. KISHORE CHATNANI – JOINT MANAGING
DIRECTOR AND CHIEF FINANCIAL OFFICER**

MODERATOR: MS. MOHIT KUMAR – ICICI SECURITIES LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to Isgec Heavy Engineering Limited Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Mohit Kumar from ICICI Securities Limited. Thank you, and over to you, sir.

Mohit Kumar:

Thank you, Pari. Good evening. On behalf of ICICI Securities, I would like to welcome you all to the Q3 FY '26 Earnings Conference Call of Isgec Heavy Engineering Limited. From the management today, we have with us Mr. Aditya Puri, Managing Director; and Mr. Kishore Chatnani, Joint Managing Director and CFO.

Without further delay, I will now hand over the call to the management for the brief opening remarks, which will be followed by Q&A. Thank you, and over to you, sir.

Aditya Puri:

Thank you. Good afternoon, everyone, and thank you for joining us for our earnings conference call today. I hope you and your loved ones are well and safe. We look forward to engaging in a constructive discussion with you. Our quarterly financial results were published yesterday. We've uploaded our presentation on BSE, NSE and our website, www.isgec.com.

For regular updates about the Company, please visit our website, and you may also follow us on our social media platforms on Instagram, LinkedIn and Facebook.

Quarterly financials: The stand-alone total income for the quarter ended December 2025 is INR1,365 crores, an increase of 21% compared to INR1,128 crores for the quarter ended December 2024. The stand-alone profit before tax for the quarter ended December 2025 is INR99 crores, an increase of 27% compared to INR78 crores for the quarter ended December 2024.

The consolidated total income for the quarter ended December 2025 is INR1,765 crores an increase of 17% compared to INR1,500 crores for the quarter ended December 2024. The consolidated profit before tax for the quarter ended December 2025, from continuing operations increased by 72% to INR150 crores compared to INR87 crores for the quarter ended December 2024.

The improvement in the consolidated profit for the continuing operations is largely due to better profits in Isgec Heavy Engineering Limited and also higher profits in our joint venture subsidiary company, Isgec Hitachi Zosen Limited.

As you know, our wholly owned subsidiary company, Isgec Investments PTE Limited Singapore, had entered into a transaction for the sale of its wholly owned subsidiary, Bioeq Energy Holdings One, Cayman Islands, along with its subsidiary companies and associate company, including Cavite Biofuels Producers Inc. in the Philippines.

The sale transaction, however, could not be completed as the buyer failed to make the required payments. We presently continue to work to sell the subsidiary companies along with the assets. The financial results of the subsidiary company of Isgec Investments PTE Limited are classified as discontinued operations and the related assets are classified as held for sale.

The consolidated profit after tax for the quarter ended December 2025, including the discontinued operation is INR84 crores compared to INR23 crores for the quarter ended December 2024.

Order bookings

The stand-alone orders booked during the December 2025 quarter are INR1,426 crores compared to INR1,290 crores in the quarter ending December 2024. The orders in hand as on December 31, 2025 on a stand-alone basis are substantially higher at INR7,649 crores compared to INR6,461 crores as on December 31, 2024. This includes export orders in hand of INR1,629 crores, that's 21%. The order book remains comfortable.

The consolidated orders booked during the December 2025 quarter are INR1,733 crores against INR1,510 crores in the quarter ended December 2024. The orders in hand as on 31st December 2025 on a consolidated basis are INR8,709 crores against INR7,334 crores as on 31st December 2024. The order position is strong. The order book is well diversified across various sectors and customers.

Market demand

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

Expansion plans

Expansion of the Machine Building division: Capacity expansion for many of our product lines is in progress. Our Board has also approved further capital investments yesterday. Presently, the new shops that are being set up for expanding the manufacturing capacity in the Machine Building division, which manufactures presses and industrial machinery.

This ongoing expansion is expected to be completed by July 2026. And when completed, it can give an additional annual revenue of INR225 crores. As we expect further market demand for our existing lines of presses and for certain new lines of presses that we are developing, our Board has yesterday approved a further investment of INR218 crores for further enhancing the capacity of the Machine Building Division for presses as well as certain industrial machinery.

This investment will be completed around July 2027. When completed, this can yield an additional annual revenue of about INR375 crores. With both these investments, we hope to increase the revenue for the Machine Building Division from the present INR400 crores per year to about INR1,000 crores per year.

Machining facility for iron castings: The Company manufactures sophisticated iron castings for domestic as well as overseas customers. Many of our customers desire that we supply these castings in the machined form. Presently, this machining is outsourced by us. In order to provide better quality of machining and faster delivery of machine components, yesterday, our Board has approved an investment proposal of INR22.6 crores for setting up a new machining facility for our Iron castings business. This can yield an additional value addition of about INR20 crores per annum.

New proposed skids and modules facility being implemented at Dahej. As informed in the last quarter, our Board had approved an investment of INR87 crores to set up a new facility for the manufacture of skids and modules on our existing land within the Dahej SEZ. We have now decided to increase the size of this manufacturing facility to meet anticipated demand for larger-sized skids and modules from the export as well as domestic markets.

The proposed investment of INR87 crores has now been revised to INR110 crores. The first phase of this facility is expected to be completed by March 2027 and the second phase by March 2028.

Borrowings

On a stand-alone basis, we closed the December 2025 quarter with a total borrowing of INR670 crores versus INR598 crores on 30th September 2025 and net borrowings after deducting the investments in funds and banks was INR433 crores versus INR429 crores net borrowing as on 30th September 2025. It may be noted that during the nine-month period, a capital expenditure of about INR86 crores was financed through internal accruals.

On a consolidated basis, the net external borrowing is INR317 crores as on 31st December 2025 compared to INR656 crores as on 30th September 2025. The borrowing has come down by about INR340 crores during the quarter. It may be noted that during the nine-month period on a consolidated basis, a capital expenditure of about INR100 crores has been financed through internal accruals.

Cavite Biofuel Producers Inc. Philippines. The sugarcane crushing season has started in the Philippines in the middle of December 2025, and our plant is presently running using sugarcane and molasses as feedstocks. The capacity utilization presently is around 75% but expected to increase over the next few weeks. As mentioned earlier, we continue to look for buyers for the sale of this business. My colleagues and I will be happy to answer any questions. Thank you.

Moderator: The first question is from the line of Digant Haria from GreenEdge Wealth.

Digant Haria: Congratulations on a very strong set of numbers. Sir, first question is on the Industrial Machinery and Manufacturing division. We have seen like a very strong margins of, say, 15.5% this quarter. So, is there any one-off in this? Or it is just that the Hitachi Zosen, the international subsidiaries turned around, and this is something which we can sustain?

Aditya Puri: So, so the margins keep going up and down. So, 15.5% to 15% is not a sacrosanct figure, but we hope to maintain double-digit margins.

Digant Haria: Right, sir. Sir, and because historically, we have been in that 10%- 11% range and the international subsidiaries were much lower. But now at least that 10%- 11% range is sacrosanct more or less or not?

Aditya Puri: Yes. Yes.

Digant Haria: Okay. Sir, and now with the three capex projects, like in the last call, you said that the total revenue that this division can do with the two capex projects was around INR3,200 crores. Now with this third project, the number will go up slightly higher. What would be the peak potential after all these three capex are done and once, we utilize them?

Kishore Chatnani: So, the peak could be something like INR3,600 crores - INR3,700 crores. As Mr. Puri just mentioned, there is a timeline in which this investment and this capacity will come online. He has mentioned two dates, July 27th as well as a date in March, 2028. So yes, but our manufacturing business should reach INR3,700 crores or so.

Aditya Puri: And also, just to supplement what Kishore is saying, these were the dates when the investments will be completed, and it will take some time to ramp up and come to full capacity.

Digant Haria: Of course, of course, sir. That's right, sir. And what are you seeing on the ground? See, sir, generally, this division used to be very dependent on auto sector and oil and gas because we used to do those boiler tubes and presses and skids and modules. Now like we are doing this capex after a long time. So, what are you seeing on the ground? And especially if you can give some sector-wise outlook that is encouraging us to do these investments?

Aditya Puri: So, these investments, some of these investments are going to be specific for certain products and some of these could be used for a variety of products. So as far as, for instance, the machine shop for the foundry is concerned, the machines will be multipurpose and could cater to products from a variety of industries.

As far as the machine building expansion is concerned, it will be for automobile presses, but also for forging presses. Some little revenue will also come from defense presses. And then we are looking at certain items in the defense, nuclear area also to be manufactured in these shops.

Digant Haria: Right, sir. I was just more asking on the outlook that, has the outlook for any of your end sectors changed? Like are you seeing more positivity, because in 10 years, we have hardly done investment on this side, but now we are having three projects. So that was my idea of the question.

Aditya Puri: We think that there is a market, our acceptability in the market is growing and our market share is growing. So we don't want to let it go. We want to capture the market. We are also targeting exports for certain geographies.

Moderator: The next question is from the line of Manish Goyal from ThinQwise Wealth Managers LLP.

Manish Goyal: Congratulations on very strong numbers, sir. Sir, I have a few questions, please bear with me. Sir, continuing on the margins, like if I see, particularly the machinery equipment margins have in subsidiary has increased significantly like in FY '24, it was 3% FY '25, it was 8% and in current nine months, it is 18% and in quarter three, it is 21%.

So, is it entirely driven by our JV with Hitachi Zosen? So that was the first question. If you can highlight what has led to jump in the margins? And how should we look at going forward? What is the order book in Hitachi Zosen as on date? And what was the inflow in the nine months for that? That was the first set of question, sir.

Aditya Puri: So, the margins in the manufacturing or any of our businesses, they do fluctuate. And I am not saying that the same level of margin will be continued in the next quarter. It could be slightly worse, slightly better. Even we don't know until we actually finish the jobs and sort of, we have a rough idea, but we don't know the exact percentage.

But as I answered to the previous person who was asking the question, we hope to maintain a double-digit margin. And margins, yes, in Hitachi Zosen have improved significantly, but I can't confirm that the same level will be maintained from quarter-to-quarter.

Manish Goyal: Sorry to interrupt, sir, but like what could have led to this improvement in margin? Is it because of large exports or any profitable orders? Like maybe you cannot give you a future outlook, but at least what has happened in last probably two years, sir?

Aditya Puri: So over a two-year period, we've generally improved our efficiency. We've improved our capacity utilization. And as you know, in manufacturing, if you improve your capacity utilization, your profits jump disproportionately.

But having said that, quarter-to-quarter, variations happen because you had estimated for a certain price of the raw material, you got it cheaper for a certain order or a certain order went more efficiently or in a certain order, there were more problems, it took longer time or we have provided for liquidated damages somewhere where we got late. So quarter-to-quarter, it's very difficult to give an idea. But generally, there has been an improvement in efficiency and capacity utilization.

Manish Goyal: And sir, what is the order book? And what was the order inflow? And what could be the mix of the order book of Hitachi Zosen?

Kishore Chatnani: In Hitachi Zosen, the order book as of 31st of December 2025, it is INR946 crores. The inflow in the nine months was INR601 crores.

Manish Goyal: And sir, any sense on the breakup, sir, between exports and domestic, sir?

Kishore Chatnani: I do have the figure, but you'll have to give me a minute.

Manish Goyal: No problem. And meanwhile, sir, is there any other subsidiary or JVs have been doing well like we have Eagle Press in U.S. and also a couple of more JVs. Or most of the improvement is primarily from our Hitachi JV, sir?

Aditya Puri: So, the Hitachi JV is the biggest of the engineering JVs that we have. The rest of them are much smaller. But all the engineering JVs are in the positive and doing reasonably well.

Manish Goyal: And sir, one housekeeping question on the other income, it's increased significantly both at consolidated level in nine months, it is showing INR70 crores versus INR18 crores. So, what could it be pertaining to? Forex gains or any onetime? And how should we look at it?

And even in stand-alone nine months, if we see other income is INR149 crores versus INR51 crores. I understand that over here, we probably book interest income from our subsidiary Cavite Biofuel. So how much is that number? If you can please clarify on the other income on both consol and stand-alone, sir?

Kishore Chatnani: Okay. So yes, there is interest income and there is foreign exchange fluctuation. In the stand-alone, of course, there are also dividends from the subsidiary companies. You'll have to give me a minute. I did not expect this question, but I do have the figures somewhere. You'll have to give me a minute to find that answer. But meanwhile, if you have any other questions, please do ask.

Manish Goyal: Yes. And on Cavite Biofuel, sir, what would be our total investments till date because we had shifted the debt from foreign subsidiary to India? And also, there has been losses which are getting funded. So, till date, what is the investment from Ispec parent books in the Cavite Biofuel, sir. And how do we see now going forward that now we will probably have the full season sugar and ethanol season. So how should we look at the numbers of Cavite Biofuel?

Kishore Chatnani: Okay. Let me give you some answers from what you're asking. So on a stand-alone basis, for the nine months ended December, the interest income is INR52 crores. This includes interest, largely it is loans to subsidiary companies. There are some interest incomes on bank deposits as well. Then there is a dividend income of INR20.74 crores. Then there is a foreign exchange fluctuation, which is about INR70 crores. These are the major components of the INR149 crores that you mentioned on a stand-alone basis.

Manish Goyal: And sir, on the consolidated number?

Kishore Chatnani: Give me a second to open the particular page. So, on a consolidated basis, the nine months figure is INR59 crores.

Manish Goyal: INR59 crores from, sir?

Kishore Chatnani: So this is for the nine months. Out of this, about INR5.5 crores is interest income. About INR13 crores is government grant. And I'm still looking for some other income which is about INR36 crores. I will give you an answer in a few minutes afterwards. I'll give you a breakup of the INR36 crores as well.

Manish Goyal: Because stand-alone has a forex fluctuation of INR70 crores gain. So, in consol also, you should have a large number, sir.

Kishore Chatnani: So, there is a forex gain on the loans that we have given out to the subsidiary companies, which obviously gets eliminated in the consol.

Manish Goyal: Okay.

Kishore Chatnani: Now let's talk about Philippines. So, the plant is running. The plant operation is very good. What I mean to say is the factory operation, the crushing operation, the recovery of ethanol from the sugarcane as well as molasses, all the operating parameters are very good. I do believe that, there isn't any other plant in Philippines, where- the factory is running as efficiently as ours is running. In terms of availability of sugarcane, so the sugarcane season started on 17th of December.

And we have ramped up the sugarcane. We have now reached about 70%- 75% crushing capacity on a daily basis. We are using some molasses as well. The plant is capable of using sugarcane as well as molasses at the same time. So the season will still run for another two months at least. And of course, thereafter, the plant will continue to run on molasses.

Manish Goyal: What kind of investment would have gone from our balance sheet?

Kishore Chatnani: Yes, I'm giving that figure. So firstly, let me give you the balance figure of forex of the consolidated. So we have checked it out, it is also forex gain. INR36 crores is forex gain in the consolidated.

Manish Goyal: Right.

Kishore Chatnani: And you were asking about what is the investment. I'll tell you the figure of assets held for sale. So, assets classified as held for sale is INR1,098 crores and associated liabilities classified as held for sale against these assets, they are INR26.5 crores.

Manish Goyal: Okay, okay. So, this would ideally mean that almost INR1,000-plus crores have gone through our balance sheet now in term of.

Kishore Chatnani: Closer to INR1,100 crores.

Manish Goyal: Right. And incrementally, now how do we see, sir? Now the plant is operational. So do you think that it will be self-sufficient in terms of financing itself in terms of the cost, what we incurred?

Kishore Chatnani: In terms of operating, it will. So some of this money that we have just talked about is given in the form of a working capital loan. It is a term loan, but it's meant to be used for working capital. So we may expect to give another \$5 million at max towards working capital loans. And eventually, once the plant is operating well, we may expect to finance these working capital loans from local banks at which point of time some of our loans may come back.

It will take some time, but it should happen in some time. So besides that, I think the plant should be able to meet it, on a cash basis, it should be certainly be breaking even in this quarter.

Moderator: The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Funds.

Renjith Sivaram: Congrats on good set of numbers and a strong performance given the challenging environment. Sir, just wanted to understand like we are seeing some of these commodity prices are going up. And what kind of impact do you see? Like will you be able to pass on the current order book which you have around INR8,700 crores? So how are you placed in terms of the commodity price risk?

Aditya Puri: So as of now, we are not seeing too much adverse impact on our costing. But if commodity prices were to rise any further, significantly rise any further, it might have happen. Obviously, it's not good that for us if commodity prices have risen, but some of this is factored in.

Renjith Sivaram: Okay. That's great to know. And sir, this Engineers India have recently announced they have won this Dangote order. It's a large order. So, is there any possibility that we might also be one of the suppliers for this Dangote refinery of the order which Engineers have won? So do we also participate in that?

Aditya Puri: I would not like to talk about specific orders, but these sort of orders, we do participate for equipment. We do participate for equipment in these sort of orders, but I would not like to comment on any specific order.

Renjith Sivaram: Okay. And sir, we hear that BHEL is having capacity constraints in terms of boilers. And in the past, we have supplied some of the pressure parts requirement for BHEL for the supercritical related equipment. So is there a possibility that we can also participate in some of these large boiler orders of which BHEL, they are facing capacity constraints?

Aditya Puri: In the supply of equipment and pressure parts, we can do that. Again, I won't like to specifically say about BHEL, but we certainly do that sort of work.

Renjith Sivaram: Okay. So, because we hear that there is a capacity constraint in the domestic market, that's why a lot of companies are going outside India and giving orders. So, in that context, there is a possibility that we can also supply some of these parts for supercritical.

Aditya Puri: Yes, yes. There is a possibility. We do this sort of work. We have to see our shop loading and a lot of other factors. But yes, we do this sort of work.

Renjith Sivaram: Okay. And overall, we are seeing INR1,700 crores of order intake. So, what is your visibility? Where are we seeing these orders? Is the private sector improved in terms of their overall capex and the capacity expansion programs?

And some of these capacity expansion programs, we were meant to think that it was delayed because they want clarity on the tariff, now that tariff clarity is there, so is it right to assume

that some of these private sector capex will start to move forward and we will see a better order booking going forward?

Aditya Puri: I think we've had a good quarter this year. We've had a good quarter in terms of order booking. And in capital goods, it's very difficult to predict.

Kishore Chatnani: I think I want to add something to that. So, we were talking about private sector, yes, with the tariff visibility, we would expect some of our customer industries, particularly automotive components to do well.

And if they do well, we should get orders. The rest of our industries, for example, steel, cement, they were not really impacted with the tariffs. But let's talk about our focus area for booking orders and where we really expect to do better than we have been doing. And that is in terms of exports.

So, both in the projects segment as well as in the machinery segment. Project segment, we have a lot of orders which are close to finalization, and we are well placed. So, we do expect our order book to actually grow even further by the end of this year. And as Mr. Puri was saying, on a longer-term basis, quarter-to-quarter, it is very difficult to predict.

But besides domestic private, if you look into our presentation, we have given you a breakup of what is domestic versus export and what is public sector versus private sector. The private sector there also includes exports.

All of our exports are to private sector in those countries. I don't think we have any export order, which is to a PSU or to a government, a foreign government enterprise. But I would expect order booking in this quarter, March quarter will be pretty good. And after that, of course, things will play out. But we are looking at the market quite positively.

Renjith Sivaram: Okay. And any particular sector that you can highlight because you have shown the breakup. So steel, cement and refineries are the large 18% - 19% and sugar. So in this quarter also, it was like broad-based like this in terms of order booking?

Kishore Chatnani: It was broad-based. There is good export order booking in this quarter, in the December quarter. We are expecting good export order booking in March quarter as well.

Renjith Sivaram: Okay. And sir, lastly, on the FGD project of BHEL, where some of the retention money and others are stuck. So any update on that? When do you see that working capital getting reduced?

Kishore Chatnani: Yes. So that's not really BHEL.

Renjith Sivaram: NTPC, sorry.

Kishore Chatnani: So those orders are almost completed. In fact, 99% of our work was done. In some cases, we are waiting for some shutdown to be given by the respective factories for us to connect our equipment and start the plant. So most of the milestones will get achieved during this March quarter.

Some of those payments, I do believe about INR250 crores of redemptions will come out during this quarter. There will be some smaller amounts, maybe about INR100 crores, which will be left for the next quarter. So those projects are almost complete.

Moderator: The next question is from the line of Rabindra Nath Nayak from Sunidhi Securities.

Rabindra Nath Nayak: Thank you for the opportunity and good set of numbers. And also thank you for arranging the conference call and hope it will continue in future as well. So that is expectation. Sir, this sector-wise, I'm just giving the consolidated order book of the Company. The sector wise order composition has taken a significant shift, if I see that was what it was in the past. So, I mean higher export orders, lower government orders and higher manufacturing orders.

So, there is a significant shift. So, can you give a colour on that? That is the one question. And whether we have reached the short cycle order or the composition of short cycle order, earlier long-cycle orders were high, so whether we have reached to that level. And thirdly, there is other component, other segment component in the consolidated order book that has risen substantially. What is that? Can you please highlight on that?

Kishore Chatnani: So, the private sector order book is now 85% and the PSU and government is 15%. So, I believe we have been explaining earlier that many of the PSU orders are longer duration. They also involve payment terms where milestone-based payments are there, which require larger amounts of retention, larger collection period, larger investment of working capital.

So, we have been consciously trying to have a better balance, a higher proportion of private sector orders where typically the order cycle times are shorter, and the payment terms are linked to supplies rather than to milestones. So that is about the sector-wise between private and PSU.

In terms of international, yes, we have a lot of focus on booking more international orders because there, the competition is with better companies in the world, you are able to ask for a little better margin. The payment terms are certainly much better.

Most cases, many of the cases, we are able to get LCs and therefore, international orders are a little more profitable. So that is about the geography-wise. In terms of the industry-wise, this is a resultant figure depending on what orders we have booked, what we have executed, what is left to execute.

I don't think there is anything special here. But for example, let me give you some colour. So, for example, for the power industry, we are not really supplying power plants. We are supplying air pollution control equipment, for example. For the sugar industry, we will be supplying a sugar boiler also or a sugar plant or a distillery.

There are multiple kinds of products that we are supplying to these industries. Chemicals and fertilizers, we are supplying something called sulfuric acid plant or we may also be supplying pressure vessels and heat exchangers. Automobiles, of course, is largely sheet metal working presses.

Aditya Puri: Sorry, just to add, to every industry, it's a variety of products. For instance, automobile could be this. It could also be dyes for the automobile sector, which are castings. So, under each industry category, it could be various products. I hope I have answered your question.

Rabindra Nath Nayak: No, I'm just asking this other segment, which is actually 10% of your total order book, that has gone up to 21% right now. So, which is not in the other three, four categories, five categories of industry status. So, what is that into?

Kishore Chatnani: So those will be different industries, small, small orders. So, we don't want to classify it by the end use industry.

Aditya Puri: It could be, for instance, I'm just giving you an example. It could be a waste heat boiler for a cement plant.

Kishore Chatnani: Example, it's a material handling order for an aluminium refinery. That's one example.

Rabindra Nath Nayak: Okay. So, you mean to say that is your expectation, the short-cycle orders that we are expecting, it has come to your expectation, what is right now the composition is even to say like that?

Aditya Puri: More or less, more or less. We are still executing some large value, some high-duration projects, but we are inching closer towards what we wanted.

Rabindra Nath Nayak: Okay. So that means we can expect that this type of composition will continue in the coming periods as well?

Kishore Chatnani: Composition, I have not understood the word composition.

Rabindra Nath Nayak: Composition of this private sector, the kind of composition that you have right now, private sector, what kind of manufacturing composition that will continue, I mean to say.

Aditya Puri: Are you talking about composition in terms of industry usage.

Rabindra Nath Nayak: Industry and the sector-wise and geography-wise, that will continue.

Kishore Chatnani: Let me say because in capital goods, consciously how Mr. Puri has run the Company is to ensure that we are diversified across geographies. We are diversified across industries. So, each of our product lines actually has the capability to supply products for multiple industries. The idea has always been that we should never be too dependent on any particular industry.

And that is what you are able to see because there is diversity, I wish you would have seen perhaps our corporate brochure, perhaps it's also on our website. It shows the products that we supply for each of these customer industries. And in terms of geography, you just asked about geography. Yes, there is an increased focus on booking export orders.

Rabindra Nath Nayak: Okay. And sir, regarding this, what is the order book of expectation for this year and next year, consolidated basis?

Kishore Chatnani: We don't have a number to give, but we expect to do well.

Moderator: The next question is from the line of Abhishek Kumar from Neste Wealth LLP.

Abhishek Kumar: Congratulations for a good set of numbers. My question is basically on the nuclear power. So, with the government continued focus on nuclear power expansion and the proposed Nuclear Shanti bill, how is ISGEC positioning itself to participate in this opportunity?

Aditya Puri: ISGEC has identified some products and has bid for some products in this area. As of now, I'm not in a position to disclose exactly what. But yes, we have bid for it and we do see some orders coming from the nuclear sector soon.

Moderator: The next question is from the line of from Hiten from Sequent Investments.

Hiten: Congratulations for a good set of numbers. Sir, I have one question regarding the guidance. You gave the guidance of 7% - 8% revenue growth in last quarter. So, considering the good demand and the inquiries, as you mentioned earlier, so would you like to revise the guidance for this year as well as next year?

Aditya Puri: As of now, we don't want to revise the guidance. No, we don't, as of now.

Hiten: But considering the very good growth in first 9 months, don't you think you are doing the kind of conservative guidance?

Kishore Chatnani: If you look at the growth, this quarter has been certainly good. If you look at the 9 months, the growth isn't significant at all. We'll stick with the guidance we have given earlier.

Moderator: The next question is from the line of Nidhi Shah from ICICI Securities Limited.

Nidhi Shah: My first question is on the subsidiary, Cavite Biofuel, which was supposed to be sold. So, could you give me some updates on the sale of the subsidiary?

Kishore Chatnani: I think Mr. Puri mentioned in his opening remarks as well as in our presentation we have written that the sale could not happen because the customer could not actually mobilize their funds, so we continue to think that we would like to sell that company. It is therefore, classified as assets held for sale. We are operating it. I did mention that the plant is operating well and has already reached 75% capacity utilization. But the intention is to sell it in due course.

Nidhi Shah: All right. So, at this point, we do not have any potential buyers, right? Or are you in conversations.

Kishore Chatnani: I don't think that is something we can talk about.

Nidhi Shah: Okay. All right. Could you guide us on whether the execution for FGD is over? And basically, are there any orders remaining of the FGD in the book, which we will not be able to execute?

Aditya Puri: So, the FGD orders are progressively getting completed and a large portion would be completed very soon, but there would be something which would be continuing into the next financial year. And I think your question was what we cannot execute, we will execute. There is no question of not executing.

Nidhi Shah: All right. All right. Lastly, would you like to give some kind of comment on the order inflow outlook given that the order book numbers are strong and so has the execution been, the overall environment seems quite positive. Would you like to probably give out the number for order inflow that we would be targeting next year?

Kishore Chatnani: I don't think we want to mention any particular numbers. It is dependent, order booking is dependent on so much on the various industries and the markets that we serve. But I would say we will certainly do better than what we are doing this year or at least the same as this year, we should be doing better than this year.

Moderator: The next question is from the line of Digant from GreenEdge Wealth.

Digant Haria: One follow-up. On the commodity prices going up, like which is the commodity which impacts us the most? That would be iron and steel, right?

Aditya Puri: Steel and to a certain extent, nickel and then copper and aluminium. Copper and aluminium basically because of their impact on electricals.

Digant Haria: Right, Okay. And then just like if I look at the last 10 - 12 years, every time there's a commodity inflation, our projects or the EPC division does suffer, but do you think that this time, we are better prepared for commodity inflation if it comes?

Aditya Puri: It depends, we are not taking very long duration project orders. So, one of the reasons why we are not taking those is also because of the unpredictability of input pricing. So, the period order duration is much shorter now.

Digant Haria: Sir, I was trying to ask that have we done some better like back-to-back arrangements? Like, let's say, if we win an order, maybe we lock in our iron and steel and copper, nickel requirements so that the fluctuations are least or it's not possible given the nature of the business?

Aditya Puri: It's not really possible because a lot of detailed engineering happens after the order is bagged and then you have changes in specifications and all, so you can't order or book things immediately. You have to do a fair amount of engineering before you know what you have to buy.

Moderator: The next question is from the line of Manish Goyal from ThinQwise Wealth Managers.

Manish Goyal: Sir, what we see in the results is that the stock adjustment number has gone up further. Now it is at INR153 crores. So even in this quarter, were some dispatches held up for the customers? And do you expect them to be delivered in the coming quarter?

Kishore Chatnani: You're talking about change in inventories of finished goods and work in progress.

Manish Goyal: Yes, sir.

Kishore Chatnani: We do have one particular order, which continues to be on hold because the customer site is not ready. But he has paid us 95% of the money, and he is paying us holding charges. But this increase that you are seeing here, INR153 crores as you're saying, this is because there is a higher order book under execution in the manufacturing business, both in Isgec stand-alone as well as in Isgec Hitachi Zosen.

Manish Goyal: Sorry, I didn't get you, sir. What is.

Kishore Chatnani: Sir, this increase in work in progress, this is from the beginning of the quarter to the end of the quarter. Right? So, there is higher orders under execution in the manufacturing business, both in the Isgec Heavy Engineering as well as Isgec Hitachi Zosen. There will be some impact in this of the sugar plant also operating. Because, looking at the consolidated numbers, there's some impact of the sugar plant also operating.

Manish Goyal: Yes, because the crushing has begun and you would have inventory buildup. Okay. Okay. And sir, so the guidance of 7% to 8% revenue growth was at the consolidated level, right, sir? And if we were to achieve that, then which implies that Q4, our revenue growth would have to be much stronger. So, is it fair assessment, sir?

Kishore Chatnani: I don't think I have anything more to say on that. Our efforts are certainly in that direction.

Manish Goyal: Okay, sir. So, for next year, now with our order book has been growing very strongly for the last three, four quarters. So, should we look for a double-digit growth for FY '27, sir? Revenue growth of double digit, sir?

Kishore Chatnani: Again, you will ask me consolidated, isn't it?

Manish Goyal: Sir, whatever you can provide us perspective, it should be very helpful, maybe standalone or consol sir.

Kishore Chatnani: On a standalone basis, we should be able to grow 8% - 9% in terms of revenue.

Manish Goyal: Okay. And would it be possible to give revenue breakup, sir, for domestic and exports? Earlier, we used to give quarterly breakup, but somehow.

Kishore Chatnani: I don't remember giving it, but I do have it. I have it on a standalone basis, I do have it. Just give me a second. Yes, so for standalone. For this quarter, the export revenue is INR378 crores. Last year, December 2024 quarter, it was INR142 crores. And if you look at the nine months numbers, the export revenue is INR803 crores compared to INR354 crores for the nine months last year. Rest is obviously domestic.

Manish Goyal: Okay. So, sir, now what we're probably seeing that export order booking has been increasing, and the share of exports have also jumped to almost 28% of total. And within that, probably manufacturing equipment is also growing. So which segment is driving order inflow in the international exports book? Is it sugar?

Because what I see traditionally, we have been very strong in the oil and gas and chemicals where our order book has come down, but other categories have grown. So just curious to know what is driving in the exports market?

Kishore Chatnani:

So, the projects business is booking orders for boilers, small power plants, sugar machinery, those kind of equipment. I mean, obviously, the manufacturing business is booking orders for presses, but they had been booking that earlier as well. And in capital goods, you don't know when the customer will really decide those orders. But we are making a lot of efforts to grow the export order book in both the segments.

Aditya Puri:

Both the segments, we are focusing on exports. Besides the domestic market, we are focusing on export and spending a lot of time and energy on that.

Manish Goyal:

Okay. Right, sir. And sir, if private sector order book has grown for us, so will it be largely fixed price in nature? And does it probably have risk on the margins if commodity prices go up? Are they fixed pricing?

Aditya Puri:

They are fixed price contracts. They are fixed price contracts.

Kishore Chatnani:

Let me add to what sir just said about the way we do our risk management. And you are again talking about commodity, when somebody else also talked about commodity. So, both for the manufacturing business as well as the project business, before we book an order, we have a lot of back-to-back offers from our suppliers. And the understanding is that if we get the order, then they will get the first right of refusal. The supplier will have a first right of refusal if we can match the best price that we get from the market. So that is one way of hedging over it.

I think Mr. Puri also explained that when you book an order, there's some period of time when you are doing the designing and before you're ready to place your orders on your suppliers. So, for that period of time, we are certainly exposed, but most of our risk, we get covered by these back-to-back offers from our suppliers.

The real risk is on a small portion of structural steel kind of items, which have to be supplied to the site late. So, for example, if there is an order which is for 21 months, we might actually be supplying those items after 12 months. So, to that extent, on maybe less than 10% of the order value, we are exposed to the commodity price risk.

Manish Goyal:

And last question, sir, coming back on the margins. Now with our order book mix seems to be much better with higher machinery, higher exports. So would it be fair that for us, we can probably aspire for higher margins in terms of like historically, we have been doing 8%- 9% EBITDA margins at operating level at stand-alone which is a combination of both machinery and projects. So, should we be able to now probably have a steady-state margins of 8%- 9%, sir, at EBITDA level, sir? I'm just talking about our core project business, excluding sugar ethanol?

Kishore Chatnani:

Projects business margins, 8%- 9%?

Manish Goyal: No. Overall, sir, projects, I believe we probably are at 5% and machinery, maybe you can guide us, sir. How should we look at it?

Kishore Chatnani: No, I think what you're saying 8%- 9% is a fair, fair thing to expect.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments. Over to you, sir.

Aditya Puri: Thank you, everybody, for being here and all the best. Thank you very much.

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

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