



Dhruv Consultancy Services Limited

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DHRUV/OUTWARD/2022-23/5789

February 20, 2023

**Corporate Relationship Department
BSE Limited**

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Dalal Street,
Mumbai- 400001
Fax No. 022-22723121/3027/2039/2061
Security Code: 541302, Security ID: DHRUV

Listing Department

National Stock Exchange of India Limited

Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai -400 051
Fax No. 022-26598120/38
Scrip Symbol: DHRUV

Dear Sir/Ma'am,

Re: ISIN - INE506Z01015

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Transcript of Earnings Call.

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held with the investors/shareholders on February 16, 2023, at 12.30 HRS (IST) to discuss the Un-Audited Financial Results of the Company for the quarter and nine month ended December 31, 2022.

The above information along with the audio recordings has been made available on the website of the company www.dhruvconsultancy.in

You are requested to take note of the same.

Thanking you,

Yours faithfully,
for **DHRUV CONSULTANCY SERVICES LIMITED**

TANVI T AUTI
Managing Director
DIN 07618878

Encl: As above



**Dhruv Consultancy
Services Ltd.**

**“Dhruv Consultancy Services Limited
Q3 FY '23 Results Conference Call”
February 16, 2023**



**Dhruv Consultancy
Services Ltd.**



**MANAGEMENT: MR. PANDURANG DANDAWATE – DIRECTOR – DHRUV
CONSULTANCY SERVICES LIMITED
MS. TANVI AUTI – MANAGING DIRECTOR – DHRUV
CONSULTANCY SERVICES LIMITED
MR. RAJESH SINDHAV – GENERAL MANAGER,
FINANCE AND ACCOUNTS – DHRUV CONSULTANCY
SERVICES LIMITED**

MODERATOR: MR. VASTUPAL SHAH – KIRIN ADVISORS



Moderator: Ladies and gentlemen, good day and welcome to the Dhruv Consultancy Services Limited Q3 FY '23 Results Conference Call, hosted by Kirin Advisors Private Limited. 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 the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vastupal Shah, from Kirin Advisors. Thank you, over to you sir.

Vastupal Shah: Thank you. Good afternoon, everyone. Welcome to the Conference call of Dhruv Consultancy Services Limited. I would like to welcome management team, Mr. Pandurang Dandawate, Director of the company, Ms. Tanvi Auti, Managing Director of the company, Mr. Rajesh Sindhav, GM Finance and Accounts. I would like to hand over to Ms. Tanvi for the opening remarks.

Tanvi over to you.

Tanvi Auti: Thank you, Vastupal. Good afternoon, everyone. I welcome you all to the Q3 FY '23 Conference Call of Dhruv Consultancy Limited. Infrastructure continues to be a focus of our government. And we recently saw in Union recent budget announcement, that the government has announced a capex spend of INR 10 lakh crores, that is 33% year-on year increase with the FY '24 budget estimate. This is allocated sectors like railways, roads, defense, housing, water, metro project.

The capex to GDP is at an all-time high of 3.3%. So two sectors that stand-out in terms of the allocation are railways, which is up by 51% and roads which is up by 25%. Even during the current-period, the budget is fully utilized and we all know that infrastructure development is at a peak in the country at present. Given 50% of the total allocated capex is earmark for railways and roads. It is a clear indication on structurally bringing down overall the logistic cost and the economy, which are currently 14% of the GDP.

The government has allocated INR 2.7 lakh crores to the Ministry of Road Transport and Highway, our Honourable Minister Shri Nitin ji Gadkari, said that the budget allocation to the roads and highway sectors will help build roads like the US by the end of 2024. This means that there is a huge scope for consultancy services that we offer. So we are working majority in highway sectors at present.

Consultancy services accounts for close to 10% of the total project cost, that you can estimate the huge growth potential for our business. Here empanelment is the key, and only qualified and an established player like Dhruv Consultancy has the opportunity to bid. And earlier the ticket size was INR 2 crores, INR 3 crores and INR 5 crores, now INR 10 crores. We have recently bagged the Ganga Expressway for INR 22 crores, also.



So in the Consultancy business, the bid is evaluated, based on technical score, which has an 80% weightage. And financials score which has 20% weightage. The technical score is based on factors such as the company credentials, use of equipment, software. And the CVs of the key professionals, sub-professionals that we are proposing on our sites.

Our current score is 95-plus and we are among the Top 5 infrastructure consultants in the highway sector in the country. We are optimistic to get good orders from their estimated order outflow for the next two to three years. As said in the last conference call is been that, we are also entering into the international market and we are very confident to win one or two bids with high-profit margins. Currently, the company has been shortlisted in eight projects out of the 75 expression of interest that were submitted. Mainly the projects in Cambodia, Bangladesh, Zambia, Nigeria, Kazakhstan etcetera.

So the order inflow has been very good for the past few months, since the beginning of FY '23. Till-date we have bagged orders close to INR 130 crores, which is the highest ever in the history of the company. And the order book as on December '22 stands at INR 500 crores, of which the unexecuted is INR 296 crores.

Now I request our GM Accounts and Finance, to take us through the financial performance for the reported quarter, and nine month of FY '23.

Rajesh Sindhav:

Thank you, Tanvi. And welcome to everyone. I'm just disclosing the financials highlights for the nine month, closing 0n 2023, as well as the Q3 result. The company for the nine month performance, total revenue of the company has grown by 10% from INR 54.77 crores, INR 60.16 crores. At the same time, the total expenditure has grown up by 16% from INR 47.23 crores to INR 54.94 crores. So there is a net increase in the expenditure by INR 7.71 crores

At the same time, the profit after tax has gone down by 22% from INR 6.9 crores to INR 4.72 crores. The major contribution in the increase in the cost on account of the employee cost by 15%, there is an increase in the finance cost by 40% and administration costs by 13%. So this has been impacted the profitability of the company in this nine months result. And mainly gone up and the concern in it declines the profit on account of there is an increase in the professional fees by INR 4 crores and increase in the ECL provision by INR 90 lakh. At the same time there is reduction in the cost of the other item like travelling expenditure.

For the period of three months for the '23 as well as comparable with the '22 of the last year, the company has net total revenue of INR 22 crores, against the last year is INR 20 crores. So there is a net increase by 8% in the revenue in the Q3 result of the vis-à-vis that the last year for the same period. The total expenditure has gone up by 13% from INR 18 crores to INR 20 crores. So there is a net increase by INR 2.5 crores in that case.

The profit of the Q3 for the FY '23 against FY '22 was increased by INR 76 lakhs, from INR 1 crores to INR 1.82 crores. Because the main reason for the increase in the profitability on



account of that, there is an excess provision of income tax for the assessment, year 2021. Off Which necessary entry has been passed to the books of accounts. So these are the results for the Q3, as well as the nine months. Any question for that?

Moderator: Sir, we may go-ahead with the question-and-answer session, sir?

Tanvi Auti: Yes.

Moderator: The first question is from the line of Mukesh Panjwani, from Value Securities.

Mukesh Panjwani: As we know that a lot of work is going on in road, infra in India, but we cannot see much of growth in Dhruv's revenue in current financial year. Like last year, it was around INR 75 crores. And in the trailing 12 months it is INR 80 crores. So while we haven't grown in a reasonable manner as even though our base is still small?

Pandurang Dandawate: Yes, so there are two reasons. If you see the nine-month-to-nine-month comparison, there is a marginal increase in the top-line, I'm accepting it is marginal only. Secondly, the main reason for, you can say, not reflecting the things in our books of accounts. The progress of the projects is that it is a typical government budgetary systems. In which even works are also avoided in the Q4. This Q3, all the results are outcome of Q2, and Q2 is mainly dominated by the monsoon season. So in the monsoon season the sites are slow, our revenues are slow, even issuing the work orders also on little bit on slow track. That reflects on Q3, then Q3 and Q4, very good. Historically, our revenues are 60% to 65% in Q3, Q4. So I'm not worried about that. We will definitely doing better, if you are seeing at the Q4.

Mukesh Panjwani: How should we see our company going ahead, like three to five years from now, in terms of revenues and in terms of margin?

Pandurang Dandawate: If you see our last year's unexecuted order book, it was hardly INR 150 crores-plus. Now, today it is double, almost INR 300 crores we are touching unexecuted order book. I'm underlining in a bold line, unexecuted still one quarter has to go. So this unexecuted order book is giving us assurance of next two to three years visibility on the top-line as well as the profits.

This is straight away, I am talking about the existing order book. As explained by our MD in the initial talk, we have bided very aggressively in terms of expression of interest. First in the international consultancy market almost 70-plus bids, we have already submitted in form of EOI. And we are very much sure in current calendar year, we will enter into international markets in aggressive way. That is going to give us the good visibility for the next three to four years.

Once we enter, we will be touching the skies in international market also, because our credentials are very, very strong, one. And we are the only consultancy firm there, who are public limited and listed on the stock exchange.

Mukesh Panjwani: What should be the average order size, when we talk about international market? And what about the margins?



Pandurang Dandawate: See, ticket size there is INR 20 crores to INR 25 crores in terms of INR, of course we will get in dollar. But ticket size is almost getting double in international market, and of course then profitability is also very high. I am expecting our unexecuted order book at least three times in next three years, if we successfully go ahead with the international bidding.

Moderator: The next question is from the line of Tushar Raghatate, from Kamayakya Wealth Management Private Limited.

Tushar Raghatate: Congratulations for the good set of numbers. Sir my question is on your order books. You mentioned back in a con call that you submitted a bid drop INR 700 crores of orders. Firstly sir, what is the update on the same? And secondly, you also mentioned that you're bidding on the international order. And so in that, where is a process as of now? So when can we expect the conversion of all the bids, which you have...

Pandurang Dandawate: Can you repeat the first question? I missed out.

Tushar Raghatate: So you all submitted it, in the last con call you mentioned you submitted a bid for INR 700 worth of order. I just wanted to know the update on the same, this INR 700 crores order, and also in the global orders.

Pandurang Dandawate: Yes. That I will explain now. The first part, INR 700 crores bids are submitted. The process of scrutiny is now expedited, of course, considering the '24, '25 the election year. The results are coming much faster than earlier, normally results of the bidding comes after six months. But now the time has come down to four months, it may come down to three months in the next financial year. So we are expecting at least 20% of the success. So additional INR 150 crores-plus order book should be swelled in the next four to five months, part one Indian market.

And as global market the process is guided by the World Bank, you can say directives and procedures, which is the internationally accepted. And there they first go for expression of interest, it is sort of shortlisting. And once we qualify in that -- that is the technical qualification, then they issue the RFP that is a Request For Proposal document. And then we have to submit our financial bid.

Unfortunately the corona was there, all over the world not too hard hit in India. But at some part of the world, the corona was there and the procedure was little bit slow on evaluation slight side, last calendar year. But current calendar year, we can expect the results in eight months. When we submit the from the date of submission of EOI, till getting the result. Which was previously almost I can say 18 months to 20 months. So that time has also reduced, because the corona is now almost zeroing down all over the world.

Tushar Raghatate: What sort of revenue and margins you are targeting in the next two to three years?

Pandurang Dandawate: See, top line, as I explained in earlier question, if unexecuted order book today is INR 300 crores, which is to be completed in two, 2.5 years only. So definitely we will be doing much, much better in terms of top line in next two, three years. Order book, I already explained. PAT and EBITDA bound to increase for the reason that all the initial mobilized expenses are already there



in Q3. And revenue is yet to come, because the billing cycle is 60 days, or sometimes 75 days. So Q4, the government normally try to end the budget on 31st of March. All the expenses should be in place. So Q4 should be a good in terms of revenue where the expenditure is already booked in Q3 that is one thing.

Secondly, if you observe the budget at micro-level. There was provision of about INR 2 lakh crores, in current financial year, that is '22-'23 for the highway sector. Which is exhausted or expended in initial nine months only. And they have made additional 20% for the current financial year. So from INR 200 crores, it is already INR 240 crores, it is INR 40 crores, INR 40 lakh crores, more for the current year. So that is indicating how the sector is growing speedily ahead of the budget provisions.

Tushar Raghatate: Sir, and my next question, you mentioned that the NHAI contribution to the order book is increasing. But is my understanding correct that the working capital requirements will gradually reduce going forward next two to three years?

Pandurang Dandawate: Yes, our working capital requirements definitely will go on higher side. We have already tried for the preferential issue and we are hoping to get it closed. Partly it is successful, partly it is yet to be -- working capital requirements are there, definitely because on the debt side, we have the limitations because of the banking norms and all other things. Still we are in the process of getting additional INR 5 crores, INR 6 crores sanction from the Punjab National Bank, in current financial only. So working capital requirement is definitely going to get higher side considering the international assignments.

Tushar Raghatate: Sir, in terms of competition, like the top players. Sir, where do we stand in terms of technical capacities and all such aspects?

Pandurang Dandawate: If you see our historical records that are available on website, also on various social media posting. We were scoring 88, 90 marks, before I can say COVID. During COVID, we jumped from 88, 90 to 90, 92. And post COVID, considering the four lane in completion, a similar type of experience and better CV we got from the HR market.

Today we are scoring 95-plus mark out of 100. Which is I can say quite admirable. The competitors, we are in the elite group of competitors. So 95-plus, hardly three or four competitors are scoring nowadays. And we are in that elite group. So chances of getting the works are higher now, and also chances of getting that works with better margin is also now on cards.

Tushar Raghatate: So, you mean to say that only two, three players of the...

Pandurang Dandawate: There are three, four players who are full marks or equal to us. We are trying to touch to 96 or 97, in current calendar year. But I can't name it also ICT is there, RV is there, SA [inaudible 0:19:44] there, they are well established players and they're also doing equally good as we are.

Tushar Raghatate: Any completion from L&T or the big infra companies, in terms of ...



- Pandurang Dandawate:** No. The infra company they are in construction only. Ours is purely a consultancy, purely, purely a consultancy, it is a service sector. In the religious language, I can say, we always play roll of Shri Krishna in Mahabharat. We cannot be Arjun.
- Tushar Raghatate:** What would be the difference in terms of orders, the company's you named? Three, four companies in terms of size and orders, what was the difference between ours and them?
- Pandurang Dandawate:** Some are below and some are above us, maybe 10%, 20%-plus or minus. One or two marks here and there, that depends on how you submit your bids. So I can say we are at par. The only big difference between other companies and we, is that we are the only company listed on Public Limited and listed on BSE, NSE both.
- Tushar Raghatate:** Sir, in terms of employees, what is the average experience of the employees?
- Pandurang Dandawate:** See, the employees are of two types. You can say one is a permanent employee. They are associated with us since long, say, 15 years, 20 years or more than 10 years. So they are working mainly in the head offices. They are working in the designs, they are working at the coordinator, they are in working as a CFO or not-technical section, business development, etcetera.
- Second, chunk of the employee are on site. I can say, 70% of the employee are on site. Their appointment is purely on contract basis. Once the project is over, their assignment is automatically over, automatically. It is as per the RFP only that is as per the contract document only. So no liability, no legal or financial liability once the project is completed.
- Tushar Raghatate:** So sir, my last question, now you are diversifying into other businesses as well. So when can we expect the material contribution of those diversification to our revenue?
- Pandurang Dandawate:** See, solar, we have kept on the back burner, because of the industry slowdown in that sector. And Solid Waste Management, we are definitely trying very hard. But I can say, considering our core sectors opportunity, and now the opportunity is opened in the international market. We are not very keen on diversification as on now, with very harsh push. Solid Waste Management as and when it comes to the opportunity, we are bidding it and we are sure that presently we have only one or two or three in our order book. We are sure that we will get additional four, five works. And we are first trying to build our own credentials in that sector.
- Tushar Raghatate:** Sir, just one concern, like consultancy is the high margin business. So I just wanted to understand whether this diversification will have some drag on the existing business of yours?
- Pandurang Dandawate:** No, that's why I am saying, suppose now Solid Waste Management, out of our unexecuted order book of say INR 300 crores, is hardly INR 2 crores, so it has not much impact on that. And once we get sizable work, we will try to prepare a separate balance sheet, or maybe we will take it in the [inaudible 0:23:16] if the projects allows to format to.
- Moderator:** We have the next question from the line of Nitya Shah, from Kamayakya Wealth Management.
- Nitya Shah:** I just wanted to understand, I was noticing in the investor presentation that, at the peak your employee count was at around, you could say 480, nearing 500. And now the total number of



employees is 350. I want to understand that, considering the number of orders that are increasing and know the work is going to significantly increase, what is your target employee headcount over the next two years? Like, I am expecting the number of engineers and experts hired will be much further, and will this cause a big drag in margins due to rise in employee expenditure? As it was visible in this quarter also?

Pandurang Dandawate: Good question, basically the reduction in employee number is because, as I explained earlier, because completion of the projects. The project, our assignment in the project is in two parts. One is, [inaudible 0:24:31] that is construction starts and construction ends. So that is about three years, maximum. Two, two and a half, sometimes three years.

Then another three to four years is a defect liability period. Wherein we have to observe the defects on the project, which is completed by the contractor or concessionary and which is supervised by us. And it is to be brought to the notice of concessionary or contractor as well as to the client. And our duty is to get it repaired or rectified.

Now, for that second part, we hardly need 10% of the employee, say 20 people were there, then only we need two people. So, drastically reduction in number, because of majority was assigned in '19-'20, and '20-'21 completed. And drastically reduction in number.

Now coming forward to the new orders and order book and international market. The ticket size has been increased in the new order book. If you see in micro-level, ticket size was INR 5 crores, INR 6 crores, now, it is INR 7 crores, INR 8 crores. One assignment we got of INR 21 crores. International market of course is INR 20 crores plus.

But touchwood, the manpower requirement is same for the ticket size, additional ticket size works in India. 20 means 20, only what we have to add is added qualification in that employee that we are getting on the market. Say, if they are comfortable with say graduation. Now, they will ask for post-graduation. If they are comfortable with post-graduation, they will ask for postgraduate with 20 years experience. So, only they will increase in quality of the manpower, not number of the manpower. And then manpower cost doesn't increase the proportionate to the ticket size or work order.

International market is very interesting. The manpower requirement is almost, I can say half. Because majority of the works are to be done, are from the head office or it is intellectual work.

Nitya Shah: So, I can expect a sort of operating leverage also kicking in, due to you know less number of employees required to do large number of contracts, right? Is my understanding correct?

Pandurang Dandawate: Correct.

Nitya Shah: And my second question was regarding the competitive scenario. I just wanted an understanding, let's say companies like RITES, which is a PSU. And there are other big fours like, Deloitte, PwC are they also involved in infrastructure consulting as we are?

Pandurang Dandawate: I have to explain it, Deloitte, E & Y, and PwC they are dominantly the financial consultant, having very short or very weak arm of technical. Normally they outsource the technical things



for the consultants, small sites consultants. But their main assignments are advising the government on policy matters, or financial flows for the government. Government companies like MSRDC or KHRDC, that IL&FS was previously working, they are the consultancy. So, the PwC, and PwC, E & Y, they are basically the auditing firms.

Now, the RITES. RITES in India undertaking, and railway works are by default awarded to them only without tender. So, of course their order books are very strong and their profit margins may be very high, and their turnover may be very high. All other things are very high, because entire Indian railways, including their all subsidies and other things, like metros or bullet trains or everything. The RITES get the first right. And of the very less cases, they tender it. So, we also are trying to enter into this Metro and railways now, where the competition is available for 20%, 30% area. Since the budget provision current year is highest for the railways, we are desperately trying to enter into railways with our present qualifications.

Nitya Shah: And my last question sir, was on the guidance now, say considering you know, the infrastructure boom is going on in India and railways and road construction. Can we expect the current INR 500 crores order book, to reach to say INR 1,000 crores order book by FY '25?

Pandurang Dandawate: Definitely.

Moderator: The next question is from the line of Devesh Shrimali, from DS Investment.

Devesh Shrimali: I'm sorry, I joined late. So missed the initial commentary. My first question is around the sustainable margins, whether quarterly or annualised basis, can you give some color on that, please?

Pandurang Dandawate: Tanvi, can you answer?

Tanvi Auti: Can you repeat the question? There was some disturbance at my end.

Devesh Shrimali: Sure, so, you know, I join late so, I might missed the initial commentary. I was just looking to understand what is our sustainable margin, whether annual or quarterly basis and is there any seasonality in it? How do we read the numbers?

Tanvi Auti: Yes, so, since you joined late, I think we are already covered these points. During monsoon period, that is the quarter 1 and quarter 2, the progress of the work is usually slow and the flow of orders is also less. So, in Q3, the orders come in our hands, and from Q4 the revenue recognition actually starts for the newly awarded projects. And initially, there are mobilisation expenses also. So, overall, if you say for the total projects, the margins are between 10% to 15%. And these are for the projects that we have already bided, or that we have already received. And for Q1 and Q2 it may differ, and Q3 and Q4 they're slightly on the higher side.

Devesh Shrimali: And annual level what is the guidance that you sort of see going forward '24, '25?

Tanvi Auti: Yes, so we are expecting the same increase, a stable increase that you have seen in the last one or two years. Since the infrastructure development, so to speak, but we are expecting an inflated



order book this financial year, because this is going to be the last year before the election at the central government level.

So, the order book that is there, right now, the order book is about INR 500 crores. We are expecting it to swell this financial year, even in quarter 1 and quarter 2, we can expect some results there. So, this year is going to be very good for the entire infrastructure industry.

Devesh Shrimali:

I think that was looking more from margin, because '16 to '19 we did about 26%, 27% margin. After that we have been sort of quite up and down. So '24-'25 can we get back to the 26%, 27% margin range?

Tanvi Auti:

Yes, that is the reason why we are now shifting our base to international project as well, where the margins are 30% and above. So, once we start getting international orders of course, it will not be 16% to 19%, it might be much above also. So, we need to keep a balance off the domestic and international orders. International orders as like mentioned, they are more of intellectual, less manpower required. Even though we consider the exchange rate, and of course, income will be in dollar. So if the dollar rate goes on increasing, our income also goes on increasing. So that advantage we will definitely get. And as margins are concerned, as I said, they are close to 30% for international orders.

Devesh Shrimali:

And the last one was more around the, talent recruitment side. And the current situation when there is infra boom, I'm sure we are chasing the same skill-set that many other companies are. Do you see any challenges on that part? Or you think we are well covered there?

Tanvi Auti:

We do have a very strong recruitment team in-house itself. Whereas most people are dependent outside. And the major advantage, one is that, since many retired government officials, they retire at the age of the 58. They see this company as a second home, because even Dandawate sir, has worked in the government previously. So they have a certain amount of comfort coming back to us, and their CVs are so strong that they become highly competitive in the market.

So as on date, we have not faced this problem, even with the highest competition. And even in the private sector, so the work culture and the comfort of working that we give here, is our USP amongst our competitors. So, even those who have come from other competitive firms and joining us, being a part of a listed company. Because we have advantages like giving [new thoughts 0:34:08]. So they have a certain inclination towards Dhruv Consultancy. So as on date, we have not faced this problem.

Devesh Shrimali:

And one additional would be, you said, we are looking at INR 500 crores order book soon. Now to sort of reach there, do we need some working capital enhancements? Or how are we placed around that money raise in part?

Tanvi Auti:

Yes, right now, our total debt is INR 16 crores. But yes, if there is a swell in the order book, we will definitely require additional working capital. But the requirement, since the initial mobilization expenses, and first bill take about three to four months to get realizing the accounts. That short gap needs to be fulfilled. So not much of a major issue, but yet the working capital requirement will always be there.



- Moderator:** The next question is from the line of Himani Oban, from Suraj Research.
- Himani Oban:** Sir, my question is, government is focusing on infrastructure capex on the next three, five years. Can you share our size of opportunity?
- Pandurang Dandawate:** Yes, surely. There is one document called NIP, National Infrastructure Pipeline, published by Task Force of Ministry of Finance Government of India. They have shortlisted, analyse and made provisions, just like Planning Commission was doing previously, for [inaudible 0:36:11] five, six years, starting from, I think 2018, 2019. The document is available on the website also. It has made a provision of INR 100 lakh crores for infrastructure development in India in five years. Starting from '18-'19. So out of that INR 20 lakh crores, that is 20% of the provision is only to the highway sector.
- Now, when it started gearing up, unfortunately, COVID came. So, the expenditure or you can say, tenders awarded till date are only INR 10 lakh crores. And INR 10 lakh crores tenders to be awarded in next two years.
- Moderator:** Sorry. The line for you is not very good. It's difficult to say or would you saying, there is a little disturbance.
- Pandurang Dandawate:** Shall I repeat everything?
- Moderator:** No sir, the last...
- Himani Oban:** Yes, the last...
- Pandurang Dandawate:** So, Yes. So INR 10 lakh crores order are issued. And INR 10 lakh crores orders are to be issued in highway sector only. So the slowdown that INR 10 lakh crores, remaining to be issued in next two financial years. So this slowdown is mainly due to the COVID, it should have been at the INR 14 lakh, INR 15 lakh crores as on now, but it is minus INR 4 lakh crores, INR 5 lakh crores, because of the COVID impact in 2021 and partly '21-'22. So opportunities are huge for every infra, mainly consultants are the front runner for first, you can say, advantage picking sector. So we are expecting everything to be doubled in next two years.
- Himani Oban:** And then next question is, can you please share your order book breakup, NHAI, State Highway?
- Pandurang Dandawate:** Yes, we have the -- major clients are two only. One is, NHAI that is National Highway Authority of India. And another is MoRTH, The Ministry of Road Transport and Highways, both are Government of India department and companies. So today, broadly 60% of our orders are from NHAI, which better client for in terms of payment systems, and also in terms of technic side. Because they are doing eight lane, six lane works, expressways, all the things. MoRTH order book is roughly 30%, which is commonly doing the two lane or three lane roads. So the ticket size a little bit smaller. And only 10% of our order book is from other parts of the sector. Like, one is Ganga Expressway, we got from UPEIDA that is UP Government. Then, few of the orders in Maharashtra. So other state highways or other clients are only 10%.
- Himani Oban:** And in which states will be more opportunities in highway?



Pandurang Dandawate: See, today, four years back our presence was only in Maharashtra, with little bit in Gujarat. Today, we have the presence in 28 states of India, out of 30. We don't have the presence only in two states, North states, that is I think Nagaland and Tripura. Else, we are spread all over the India. So opportunities are not state-wise, because it is a centralized, Government of India task force, and Government of India vision, they have done. I can say, it has nothing to do with states. It is spread over, all over India in fact more on the Northeast part of India.

Himani Oban: And my last question is, please share your order book and execution timeline?

Pandurang Dandawate: Order book as explained, it is roughly INR 300 crores, unexecuted to be completed in this financial year.

Moderator: The next question is from the line of Yashwanti Khedkar, an Individual Investor.

Yashwanti Khedkar: So you were talking about entering to the international market where the margins are comparatively high. If we see the current quarter and the nine months, our margins there, quarter-to-quarter the margins have come down. But on overall basis for the nine months it around 13.7-odd figure. So with this international contribution coming into account, not for the current year, not for FY '24. But for FY '25 onwards, so where do you see our margin to stabilize?

Pandurang Dandawate: Tanvi?

Tanvi Auti: Yes, so the assignment that are been ordered internationally, are for a period of six to seven years. So maybe, not in two years, but in three financial year, you would be able to see the effect. With respect to international market there that --as our sir also rightly explained that turnaround time was slightly slow. Say, it takes about eight to nine months, for a bid to get converted into an order. So, eight, nine months goes there, after that, the construction period, is goes up to three year, and then the maintenance. So it will take three financial years for the margins to actually improve there.

But in addition, we are not only dependent on the international market for our margins. Recently we have posted on the exchange website also that we have been awarded with three states, we have been awarded with projects in three states for traffic survey. Under IHMCL, Indian Highways Management Company Limited. For these three states, we are going to carry out 24/7 traffic survey.

So earlier also we had such a project like the Mobile Bridge Inspection Unit which we -- through the Mobile Bridge Inspection Unit, we were inspecting all the roads where margins were 40% and 50%. So such kind of expertise work are also coming along with the current work we are doing where margins are 40% to 50%. Projects like traffic survey like MBIU.

Now they are also exploring that this Mobile Bridge Inspection Unit be using the railway. And we have already seen, the amount of budget allocation done for the railway sector. So this is the right time we target the railway sector and will be a new entrant there, because there are hardly any consultancy firms working in the railways sectors. So and we have an advantage of a good



experience in highway sector. So such projects along with the international project, we can definitely see an improvement in the margin in one or two financial year also.

Yashwanti Khedkar: What is the quantum of the traffic monitoring consultancy services going forward in our order book?

Tanvi Auti: Yes, so these assignments are for one year only. But they are extendable from time-to-time, because our need of traffic survey is going to arrive, if infrastructure development or Road development is required. So traffic surveys, it's never going to end. So the total tune of these three states that we have received is close to INR 10 crores.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vastupal Shah for the closing comments. Over to you sir.

Vastupal Shah: Thank you. Thank you for joining the conference call of Dhruv Consultancy Services Limited. If you have any queries, you can reach out to us at research@kirinadvisors.com. And once more, many thanks to management team and all the participants for joining the conference call. Thank you.

Pandurang Dandawate: Thank you, very much.

Moderator: Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines.