



Dhruv Consultancy Services Limited

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DHRUV /OUTWARD/2024-25/2650

August 16, 2024

Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, 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
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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 herewith the transcript of the earnings call held with the investors/shareholders on August 12, 2024 at 12:00 PM (IST) to discuss the unaudited Financial Results of the Company for the First Quarter ended June 30, 2024.

The transcript is also being disseminated on the Company's website at – 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 Limited
Q1 FY '25 Earnings Conference Call
August 12, 2024



MANAGEMENT: **MR. PANDURANG DANDAWATE – DIRECTOR – DHRUV CONSULTANCY SERVICES LIMITED**
MR. ANKIT SONAWANE – COMPANY SECRETARY – DHRUV CONSULTANCY SERVICES LIMITED
MR. SNEHAL PATIL – CHIEF FINANCIAL OFFICER – DHRUV CONSULTANCY SERVICES LIMITED
MR. ROHIT – GENERAL MANAGER, ACCOUNTS AND FINANCE – DHRUV CONSULTANCY SERVICES LIMITED

MODERATOR: **MR. JAINAM SAVLA – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Q1 FY '25 Results Conference Call of Dhruv Consultancy Services Limited, hosted by Kirin Advisors. 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.

I now hand the conference over to Mr. Jainam Savla from Kirin Advisors. Over to you, sir.

Jainam Savla: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Dhruv Consultancy Services Limited. From the management team, we have Mr. Pandurang Dandawate, Director; Mr. Ankit Sonawane, Company Secretary; Mr. Snehal Patil, CFO; and Mr. Rohit, General Manager, Accounts and Finance.

Now I hand over the call to Mr. Ankit Sonawane, Company Secretary. Over to you, sir.

Ankit Sonawane: Good afternoon, esteemed ladies and gentlemen. I extend a hearty welcome to each and every one of you who has joined us today for Dhruv Consultancy's investor call, where we will delve into the financial results of the first quarter of fiscal year '25. Your participation and interest in our company's performance are highly valued.

During this session, we will offer a concise overview of our Q1 FY '25 financials, providing insights into our achievements, the challenges we have faced, and outlining our future strategies. But before we immerse ourselves in the numbers, let us take a moment to reflect on our journey thus far.

Founded in 2003 and headquartered in Navi Mumbai, Dhruv Consultancy stands as a beacon of excellence in infrastructure consultancy. Our commitment to delivering comprehensive services spanning design, engineering, procurement, construction and project management has positioned us as a trusted partner in the realm of infrastructure development. Our diverse service portfolio includes meticulous preparation of detailed project reports, conducting feasibility studies and specializing in operations and maintenance works.

Let us now delve into the prominent achievements and milestones attained during Q1 FY '25. In our recent quarter, the company has demonstrated significant achievements in Q1 FY '25 with several key milestones. We have been shortlisted in collaboration with Arkitechno Consultants (India) Private Limited for innovative engineering and development to submit a request or proposal, that is RFP, for consultancy services for the expanded Dhaka Water Supply Resilience Project. Our role will encompass project management consultancy services including detailed engineering service, design, drawings, tender document preparation, and construction supervision.

We have been shortlisted along with Tritia Lda (AS) for consultancy services for the government of Mozambique. This opportunity involves the evaluation of high crash locations, design of road improvements, preparation of tender documents, support to ANE during the bidding period and supervision of implementation of the works.

We have been awarded INR5.7 crores contract by the Gujarat State Road Development Corporation Limited. The project involves providing consultancy services for constructing a 24-kilometer four-lane high-speed corridor between Vataman and Pipali on State Highway 6 under the Hybrid Annuity Mode, that is HAM.

Looking ahead, Dhruv is strategically shifting its focus from the domestic market to international markets for financial year '25 and '26. The company aims to target large-scale projects above INR50 crores, such as coastal roads, expressways, iconic bridges and sea links to significantly enhance its revenue growth.

With plans to venture into African countries, including Tanzania, Zambia, Uganda, Mozambique and Kenya as well as Gulf countries like Saudi Arabia and Dubai, Dhruv is positioning itself for substantial global expansion. As of now, the company's total order book stands at INR646 crores including unexecuted order book of INR303 crores approximately, indicating a strong pipeline and promising future.

Now let's take a closer look at company's financial performance. In Q1 FY '25, Dhruv Consultancy Limited reported a total income of INR20.02 crores, reflecting a strong year-over-year growth of 73.83%. The company's EBITDA reached INR2.82 crores, showing a modest increase of INR2.12 crores compared to previous year. Profit after tax stood at INR0.88 crores.

Earnings per share remained stable at INR0.55, consistent with the last year's performance. These results underline the company's solid revenue growth and steady financial position. The dip in the profitability is mainly due to higher mobilization expenses in the initial project period, which will be settled over a period of 1 year, reflecting our strong profitability growth.

Before we proceed to the interactive session, I would like to extend heartfelt appreciation to our esteemed stakeholders for being indispensable contributors to our journey of growth. Your unwavering support has been a cornerstone of our success, and we sincerely value your significant role in our achievements.

Now I invite you to engage in question-and-answer session. Your insights and inquiries are highly valuable to us. Thank you once more for your presence and ongoing support.

Let's delve into the discussion together. Over to you, sir.

Moderator: The first question is from the line of Shaily Jain from Silver Oak Finance.

Shaily Jain: Can you elaborate on any specific partnerships or collaborations initiated at the conference with other international stakeholders? How might these relationships influence your future projects?

Pandurang Dandawate: Yes. We definitely need a collaboration when we are bidding internationally, because the condition says that you have to take the local partner. In few of the cases, we have to deal with the local currency and local language. So local partner strategically is needed, and we are very much careful while selecting the local partner.

- Shaily Jain:** Okay. So given the Board participation from delegations across Africa and Asia, how does Dhruv Consultancy plan to leverage the insights gained at this conference to enhance its market presence in this region?
- Pandurang Dandawate:** We are attending series of conferences happening internationally. Mainly, we are thankful to FICCI, who are inviting us. In few of the cases, we were the only Indian representative, recently happened in Tanzania. And in that, B2B meeting happened with our team. Also, we had one meet at Sri Lanka, wherein High Commissioner of India in Colombo himself took initiative to open the dialogue with various stakeholders or clients to enable us to grab the opportunity.
- So it is a continuous process and we are using that platform as a business expansion opportunity apart from the tenders which are available globally now on the websites of the World Bank aided projects or African Development Bank aided projects. And also, we are in touch with EXIM Bank for getting ourselves empaneled. So we are disparately trying to enter into international market from government side as well as in the private sector.
- Shaily Jain:** Okay. So given the scale and duration of high-speed corridor project, how does Dhruv allocate resources to ensure successful execution without affecting other ongoing projects?
- Pandurang Dandawate:** See, high-speed corridor projects, right now we are doing expressways. We have already 8 expressways projects under our belt out of 12, which are in India. And high-speed corridors, it is, you can say, multimodal corridor project, wherein the development doesn't happen in one go. First, normally, they do construction of roads by acquiring the sufficient land width. In second phase, they go for the multimodal mode, mainly the metro or railway. So that comes maybe after 10 years or 15 years. So I can say, the high-speed corridor only consists right now for the roads only in India.
- Moderator:** The next question is from the line of Jay Shah from Joy International India Private Limited.
- Jay Shah:** So my question was, what is the execution period for our order book? Yes, that was my question.
- Pandurang Dandawate:** Our order book as of now stands roughly to the extent to the amount of INR300 crores plus. And the timelines almost with all the clients are 36 months. That is the main construction period. And after defect liability period, wherein very few, I can say, percentage of amounts, maybe 10% to 15% of our fees is payable in another 3 years. So I can say, with EBITDA of 20% plus. Our profits are booked in initial 30 months only. So a straight answer to the question is, order book shall be executed -- 90% of the order book shall be executed in a period of 2 to 3 years.
- Jay Shah:** And my second question was, what is the export contribution in total order book?
- Pandurang Dandawate:** As on now, zero. But I can say, it will start adding definitely with current calendar year-end. Maybe 2 projects we are aiming at government level and 1 or 2 projects at private level and 1 or 2 projects at EXIM Bank level as a consultant in various capacities. 140-plus expression of interest are submitted, out of which results for only 30 are out. Evaluation processes are very,

very slow in the international market, particularly the World Bank aided projects. And we are qualified in 22. We have submitted bids for 10 plus. We are responsive bidder in 4 plus. But again, like, for example, Dhaka, we were on the verge of getting the things in line in this month only, but there is unrest now and further 1 week delay is there for opening the financial bids.

Moderator: The next question is from the line of Pranav, who is an individual investor.

Pranav: Yes. Any delay in payment receipt?

Pandurang Dandawate: See, our payment cycle for supervision work, that is we call authority engineer's work, for NHAI, it is 45 to 60 days; for Ministry of Road Transport and Highways, it is from 90 to 120 days. For other clients, it is, I can say, 60 to 90 days. So average receipt of the supervision work is 60 to 75 days, which is 100% guaranteed, because we only work with the clients where there is a sufficient fund provision and where there is a good budget backup and good, you can say, payment mechanism.

As far as DPRs are concerned, which are contributing only to the 20% of our order book, DPR payments are based on the milestones, which is again dependent on how fast we deliver the things. So payment is not issue from the client side as far as we are concerned. We are very selective while selecting the client.

Pranav: Okay, sir. And my second question is what are company's strengths and competitors?

Pandurang Dandawate: Company's strength, I can say, it is a technical strength wherein the consultancy projects are awarded. When we entered into business in a large way in 2014-'15, we were scoring 85 marks technically out of 100, and financial marks are 20. So if I'm the lowest financial quoter, then I will get 20 out of 20.

Now technical weightage is given 80%. So from 85 in 2014, 10 years down the line, we are scoring now minimum 95 in each of the assignment. So this technical score enables us to quote with a higher quote, that is extra profitability or EBIT. And secondly, the good chance of winning the bid because we are technically highest.

Now there are only 4 to 5 competitors in this industry, which score 95 plus marks. I can say, considering all the clients pan-India level, all the opportunities in 30-plus states of India, including the union territories, there are maximum 10 to 12 competitors, but -- I should not say, but few of the competitors in recent past are debarred by the client for service issues.

Moderator: The next question is from the line of Ayush Agarwal from MAPL Value Investing Fund.

Ayush Agarwal: Sir, I'm new to the company, so maybe I'll spend some time on our past numbers as well. Like we saw very good growth from 2015 to 2019. And like you said that our technical score was increasing also at that time. But like if you see after that, growth has normalized for us when we touched the INR60 crores kind of mark. And in the last 3, 4 years, the loss of government projects has happened. So if you can talk about like why could you not grow? And what are we doing to change that?



Pandurang Dandawate: See, our order book, as initially I told, it consists of 2 parts, 1 is 30 or 36 months construction period, and similar 30 to 36 months defect liability period. I am now working on the orders 4 years back or 3 years back, which were in a competitive way, and because our technical scores at that time were 91, 92.

Also, you have to consider the COVID impact in last 5 years. The COVID impact was there almost all over the world for 2 years. So if you remove that 2 years of the COVID, our performance is consistent. I'm not saying it is abnormally high or even very good growth. But what happened, again, this 2 years COVID and 1 year is election year.

All the government machineries focused on shutting down the budget for the 5 years. And our main client was the NHAI and MoRTH, and, of course, central elections were on cards. So there was a straight impact on the order book as well as the payment receivable because of code of conduct. All the government machineries focused only on the elections, that was the priority.

Now what I can say that stable government is now formed in the month of June. And 5-year plans are ready for this government, almost 95% of the plans are continuing for India government, which was Modi 1 and Modi 2, previously. And now if you see the Prime Minister's speeches or recent announcement of the various infrastructure ministers in the parliament session, they always say that they are going to double the performance in coming 5 years. And we are the front runner to get the benefits of that.

Just, I will explain. Our order book, when I say, executed is INR300 crores plus today, we have submitted bids for INR1,000 crores as of now after the election, after the code of conduct. Before also, from January onwards, and the results of them are now coming out. We also widened our base, other than central government departments, to the state government, again, focusing mainly on the Maharashtra, because we are a Mumbai-based company.

And in Maharashtra, we found 4 good clients. One first client is MSRDC, who have come up with a Ring Road Pune-Alibaug-Virar multimodal Corridor, and we are shortlisted there, and we are hoping to get sizable order book in another 1 month or so. And second client, which is new to the infrastructure is MSIDC, Maharashtra State Infrastructure Development Corporation, wherein we are empaneled, along with 15 consultants, to bid for the 15 packages. So 1 work is guaranteed to us. We may get 2 also.

Thirdly, we focused on PWD also, because I myself am from PWD, retired government officer, wherein we again concentrated on ADB-funded projects and HUDCO funded projects, where the funds are guaranteed, and we are on the verge of getting the contracts there also. So in short, my order book of INR300 crores should reach to INR700 crores by end of the financial year. Effect of COVID and effect of election is now null and void for next 5 years.

Ayush Agarwal: This was a very helpful answer, sir, and quite a detailed one. Sir, next question is like given the increase in order book that we are expecting, and consultancy is an employee-heavy business, so do we -- like what are our current employee strength? And where do we see that number going in the next 1 year given the increase in order book?

Pandurang Dandawate: Increase in order book has no direct relationship with number of employees, because most of the employees who are working on the projects, their assignments are project-based, or you can say on contract base. Once the project is over, the assignments are over. Now whatever the projects I was assigned in 2017 and '18 are getting closed or were closed and another 15, 16 projects are getting closed this year. So all that, you can say, company employee strength will be reduced.

Today, we have 350-plus employees onboard, out of which only 50 are, you can say, non-project-based appointment, and 300 are project-based appointment. So the original completed project people are getting retired or you can say concluded, and new projects are coming up. So more or less, I can say 350-plus employee strength will increase by another 50 to 70 in number.

Ayush Agarwal: To execute the incremental order book?

Pandurang Dandawate: Of course, because it is plus/minus. It is like share market, plus/minus always.

Ayush Agarwal: Sir, my next question is on the international orders, and you sound very optimistic about them. So if you can tell us like what is the opportunity size there? And when do you see things happening on that front?

Pandurang Dandawate: Like I said, Dhaka was on the verge of we getting it, because technically we scored highest number. I cannot disclose it because they are not on the website, and I have not come to the exchanges also, but we were hopeful to get success at the end of August in Dhaka, but now you know, unrest is there, and now things will get delayed for 15, 20 days, I don't know.

Secondly, we are most responsive bidder in Tanzania for 2 out of 4 projects, wherein we scored H2 number. I can say we are H2. Highest technically number 2. And number one, H1, somehow in one package, they are backing out. So now they are negotiating with us to match to the H1 number, which is financially lower than us, and we are evaluating the possibilities of matching that. So what in short I can say, we will definitely get at least 1 to 2 orders whatever we have submitted the bids for various World Bank and African Nation Development Bank funded projects.

Also, we are getting a few opportunities through our own sources and efforts to work in private sector, through EXIM Bank, also through the FICCI efforts, to get some assignments in the private sector. So I can -- see, as on date, my number is 0, I cannot commit any future things for international market. But once we enter, then we will definitely grow multifold, because the opportunities are there in 15 to 20 countries, not only 1 country.

Ayush Agarwal: Okay. Got it. Sir, final question from my side. Given the expected increase in top line, and you mentioned that not a lot of employees will be added. So can we expect margins to go back to 20%, 25% EBITDA level?

Pandurang Dandawate: Definitely. Two reasons for that. Number 1 reason is, international market, we don't bid below the 35% EBIT. Because we are batting on unknown pitch, we are working in unknown conditions, and it will be our first assignment. So we are not going to take any heavy financial

risk. If we get the work, okay. If we don't get the work, that is also okay. But we will not go very competitively, to begin with. In that way, again, example of Dhaka.

Second is, our technical marks now reached to the apex, almost 95 plus we are scoring. And since we are now successful in raising INR33 crores plus funds. Only exchange's approvals in principle are awaited, but investors are ready to deposit the money once the formalities are completed. So with that money, I'm going to buy some extraordinary equipment, which will give me more marks in number. So that 95 should reach 96 or 97, then I will not be beatable by any Indian competitor in terms of technical strength.

So more the technical strength, more the EBIT. 1 mark extra carries weightage of INR50 lakh. So if I score 1 mark more, so INR50 lakh, so average assignment is about INR10 crores. So you can imagine almost 5% profitability will be increased without any expenses. So EBIT, we are eyeing at 20% to 25%. Current year, definitely 20% plus.

- Moderator:** The next question is from the line of Gunit Singh from Counter Cyclical PMS.
- Gunit Singh:** Given the current order book, what is the amount of revenue that we expect to recognize in FY '25? What kind of growth over FY '24...?
- Pandurang Dandawate:** It is a future -- I feel it is a perfect number. I cannot commit on the earnings call.
- Gunit Singh:** Yes, sir, directionally, are we looking at any growth internally like 25%, 30%...
- Pandurang Dandawate:** Order book will definitely be double. And EBIT also will be increased. So you can imagine the top line current year and next year also.
- Gunit Singh:** I'm sorry, sir, what did you -- could you repeat that again, your voice was unclear, regarding the order book?
- Pandurang Dandawate:** Order book, as I explained in previous discussion, order book is expected to be double. Today, it is INR300 crores plus. It is expected to be double by end of current financial year, because now there are no restrictions for the code of conduct or anything. And we already put our bids. Financial bids are opening now. That is one thing what I explained to you. Secondly, since we are scoring more technical marks, so we have already started bidding with better EBIT or better profitability, because we are now sure of getting more technical marks. So profitability will also increase.
- Gunit Singh:** And sir, what is the execution time for this? You mentioned 30, 36 months, right? So most of the orders which are...
- Pandurang Dandawate:** 30 to 36 months for construction period and 30 to 36 months for defect liability period. But our chunk of the revenue comes in construction period only. So we can consider 3 years comfortably.
- Gunit Singh:** All right. So most of the revenues from the new order book would be recognized probably in FY '28 or something like that?

- Pandurang Dandawate:** Yes. That will be -- at the end, we get low revenue, but our order book will always go and increase, because the international market, once we enter, we are going to hit sixes everywhere in all countries because, again, there, we are scoring good technical marks. So order book will definitely increase and ticket size in international market is much more than the Indian ticket size. It starts from INR25 crores. Here, it ends at INR10 crores average, I'm saying.
- Gunit Singh:** Sir, who do you consider as the main competitors in the space?
- Pandurang Dandawate:** I can name few of them. Louis Berger Group, America; Scott Wilson, U.K., their Indian arms, of course. AECOM Asia, again, U.S.-based main client, they are multinational. Then in India, F. Infrastructure, Malviya, then Feedback, then RV, and 1 or 2 more. So they are our competitors.
- Gunit Singh:** All right. And sir, currently, what portion of our order book is from Indian market and what portion is from...
- Pandurang Dandawate:** 100% Indian, 0% international.
- Gunit Singh:** All right. And sir, with the order book doubling in, do we expect any international orders coming in?
- Pandurang Dandawate:** Definitely, at least 2.
- Gunit Singh:** All right. So I mean, at the end of FY '25, what portion of our order book do we expect to be from India and what from abroad?
- Pandurang Dandawate:** As on today, order book is 100% India, that is INR300 crores plus. Additional INR300 crores, I can expect only INR50 crores to INR100 crores from international markets, even less than that. Because all of sudden, uncertainties happen in international market, and we can't imagine that. Because we have put our bids to 15 to 20 countries, not 1 country. Few of them are politically volatile.
- Moderator:** The next question is from the line of Yashvanti from Kojin Finvest Private Limited.
- Yashvanti:** Congratulations for the great run in the top line. Sir, you mentioned there is a mobilization expense and that has taken pressure on your EBITDA margin. But by year-end what kind of a margin we can expect?
- Pandurang Dandawate:** 20% plus. Last year, we touched 17% plus. Forget about quarter-to-quarter, because quarters are not giving correct picture. But year-on-year if you see, our EBIT has been increased year-on-year post COVID. Last year if you see, it is 17% plus. Now this year, we are expecting 20% plus.
- Yashvanti:** Sir, you were also explaining about your score of around 95% to 96% that helps you to gain contacts...
- Pandurang Dandawate:** Madam, your voice is cracking.

- Yashvanti:** Am I audible now?
- Pandurang Dandawate:** Yes, yes. You are audible now.
- Yashvanti:** Yes. So you've explained earlier your qualification score of around 96% in domestic market. The same score is also applicable when you proceed for your export orders?
- Pandurang Dandawate:** Yes, yes. Definitely. Not exactly 96, but there, we scored 90 to 93, sometimes 95, but 90-plus. And which is a good score as far as international competitions are concerned. In India now, as far as road infrastructure is concerned, we are touching to the international level. So road infrastructure industry is now better than, I can say, not world, but better or we are in top 5 as far as highways are concerned all over the world.
- Obviously, the technology and the quality of manpower and the quality of consultants, they are also too good in India compared to international market, because we are only focusing on underdeveloped or developing countries, wherein we are putting the bid. So there is a limitation.
- Yashvanti:** Okay. And sir, the margin is comparatively better in the overseas market, you said, right?
- Pandurang Dandawate:** Yes, yes. Because we are working in unknown conditions, we are not bidding below the 35% EBIT, whether work is ours or whether work is not ours.
- Yashvanti:** Okay. And sir, you also mentioned that you need to be with any local partners there. Sir, what...
- Pandurang Dandawate:** Yes, we have to take the local partners, but they are normally associates. So their role is only for localizing and local language issues.
- Yashvanti:** So for any contract, we will be having the major share of around 75% to 80%?
- Pandurang Dandawate:** Always, Always. Always, we are lead partner. Always. So the money will come in our accounts only.
- Yashvanti:** Okay. And then you will be paying them off.
- Pandurang Dandawate:** Yes.
- Yashvanti:** Yes. Sir, there are 2 more questions. One is, why more focus in the African and Dubai and this market. Is it opportunity is better or comparatively the profit margins are better?
- Pandurang Dandawate:** No, no. See, in India, we are saturated. Almost we are in top 5 now. We are the only public limited listed company in highway sector, consultancy. And now we want to expand ourselves beyond the border line. Basically, why Africa, because African Development Bank is funding in Africa for road development work like anything. And our technology, our knowledge, our know-how, our intelligence will prove useful to work there with better profitability.

As far as Dubai market is concerned or Middle East, we are not focusing to work with government sector. We are focusing to work with the private sector, because private sector, they are very much, you can say, focusing on the quality and progress issues, not on the money part. Here we are getting 2% to 3% as a consultancy fee of the project cost. And in Middle East, the fee starts itself from 5%.

- Yashvanti:** Okay. And the profit margin is again 30%?
- Pandurang Dandawate:** Of course, obviously. If you are making your fee double, so things will be much better.
- Yashvanti:** Okay. And sir, when you employ or when you take any projects in the overseas market, say for Africa or say for the Gulf countries or Dubai is concerned, normally, we have to source the talent from India or we have to take the local talent over there?
- Pandurang Dandawate:** Key professionals or the top level people, engineers, they are only from India. But support staff and middle-level staff can be from the local market to save on the cost.
- Yashvanti:** Okay. So it is comparatively cheaper on the local -- I mean, the...
- Pandurang Dandawate:** Of course, of course.
- Moderator:** The next question is from the line of Pooja Gupta, who is an individual investor.
- Pooja Gupta:** Are we looking for office in overseas market to handle projects there?
- Pandurang Dandawate:** No. We directly handle the overseas projects. We don't outsource anything.
- Pooja Gupta:** Okay. And my next question is, what is the budget benefits to the company?
- Pandurang Dandawate:** Budget benefits, when you are saying budget, budget of what, who client? Because normally, our order book is with Government of India right now, wherein we are working with MoRTH and NHAI. If you ask that budget, or union budget, which was in June, I think, June, July, the budget has a direct influence on our order book and revenues.
- Moderator:** The next question is from the line of Ayush Agarwal from MAPL Value Investing Fund.
- Ayush Agarwal:** Sir, one question from my end. Despite having low fixed assets, our depreciation is very high. And earlier it was not the case, before 2024. Any change in depreciation policy. I understand that right-of-use assets now have been classified under fixed assets, but despite that also, our depreciation feels very high.
- Pandurang Dandawate:** Depreciation, I think, comes with the assets. We have acquired quality equipments in last 2 years to score more marks technically. So obviously, because of more asset acquisition or purchase, depreciations are on higher side.
- Ayush Agarwal:** Okay. But as a percentage of gross block also, it looks very high.
- Pandurang Dandawate:** I can't understand. Rohit, can you answer this question?

Management: Yes, sir.

Pandurang Dandawate: Please answer.

Management: Sir, can you please repeat the question?

Ayush Agarwal: Yes. So I was saying that despite having a low gross block, our depreciation seems very high. So why is that the case?

Management: No, because of the leased assets, which Pandurang sir just described, these were acquired last year, in '22-'23, and the term is for 5 years.

Ayush Agarwal: How much would be from depreciation of leased assets and how much would be like core depreciation in the INR5 crores in FY '24?

Management: Yes, approx 40% is for the leased assets.

Ayush Agarwal: 40% is from leased assets?

Management: Yes.

Ayush Agarwal: Okay. And another question, Rohit. For the last 2 years, FY '23 and FY '24, our tax rate was low, around 14%, 15%. So what's the reason for that? And when can we see tax rate normalizing?

Management: Yes. Since our turnover is less than INR400 crores, we are opting under lower tax benefit.

Ayush Agarwal: So till when can we have this benefit?

Management: Till the time we have a turnover of less than INR400 crores. Once we cross INR400 crores, the normal tax rate will apply.

Moderator: The next question is from the line of Kush Tandon from Ananta Capital.

Kush Tandon: Congratulations. I'm seeing, sir, the order book is very interesting for us. Can you give some growth guidance for the year? How much of this will be executed? If you can talk on the execution timeline, sir?

Pandurang Dandawate: Definitely. Unexecuted order book as on today is INR300 crores plus, which is to be executed in another 3 financial years, because half is over now, 2.5 financial years. And what I can say, order book, now the Maharashtra State Government elections are due somewhere in October, November. And they are concluding all their assignments of infrastructure projects, which also includes our consultancy assignments, in the month of August and September, so we are expecting a huge expansion or increasing our order book by end of September.

Kush Tandon: Okay. And sir, so if we have INR300 crores order book for 3 years, can we expect INR100 crores revenue from current order book in this fiscal?

Pandurang Dandawate: Definitely.

- Kush Tandon:** Okay. And we are also expecting to win more orders in coming quarters, sir?
- Pandurang Dandawate:** Yes, yes. We are expecting to make our order book double by end of this financial year.
- Kush Tandon:** Okay, sir. So what you are saying is there is a possibility of our unexecuted order book at INR600 crores by March '25.
- Pandurang Dandawate:** Correct. Perfect.
- Kush Tandon:** Okay, sir. Okay. And sir, if you, let's say, win new orders, some of those orders will also be executed in this current financial year?
- Pandurang Dandawate:** Definitely, because everywhere there is a provision of advances, mobilization advance. So we would like to take that opportunity. Few of them are interest-free. So we would like to take that opportunity to improvise on our cash flows. And definitely, revenue will be much better in current financial year also.
- Kush Tandon:** Okay, sir. And typically, sir, quarter 1 is a little slow for infrastructure projects, and even quarter 2, because of rain and all. So sir, are we expecting the next 2 quarters to be better than the first quarter?
- Pandurang Dandawate:** Second quarter should be better than first one, definitely, for the reason first quarter totally impacted on code of conduct. The new government formed in June. So almost out of 3 months, 2 months were gone, and 1 month for initial mobilization of new government. So what I can say, the spillover of Q1 will be captured in Q2, so nullifying the effect of the monsoon. And Q3 and Q4, definitely, we will fly very high.
- Kush Tandon:** Okay, sir. Okay. And sir, last year we did 17% EBITDA margin, FY '24. Sir, any margin guidance? This quarter margin has come down a little bit.
- Pandurang Dandawate:** Don't go on quarter-to-quarter. As I said, because of that code of conduct impact, Q1 was very passive, I can say. But overall, as I already explained, we are expecting this year to make the EBIT crossing 20% as far as year is concerned.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Jainam Savla from Kirin Advisors for closing comments.
- Jainam Savla:** Thank you, everyone, for joining the conference call of Dhruv Consultancy Services Limited. If you have any queries, you can write us at research@kirinadvisors.com. Once again, thank you. Thank you, everyone, for joining the conference call.
- Moderator:** Thank you very much, sir. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.