



Dhruv Consultancy Services Limited

501, Plot No. 67, Pujit Plaza, Opp. K-Star Hotel, Sector-11, C.B.D. Belapur, Navi Mumbai – 400 614
Telefax No. +91 022 27570710, Mobile No. 9619497305, Website : www.dhruvconsultancy.in
Email ID: services@dhruvconsultancy.in, info@dhruvconsultancy.in, CIN No. L74999MH2003PLC141887

DHRUV /OUTWARD/2023-24/3511

November 17, 2023

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
---	---

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 November 10, 2023 at 02:30 PM (IST) to discuss the unaudited Financial Results of the Company for the Second Quarter and Half Year ended September 30, 2023.

This intimation will also be 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 Limited Q2 FY2024 Earnings Conference Call”

November 10, 2023



ANALYST: MR. GOPAL CHANDAK – KIRIN ADVISORS PRIVATE LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to Dhruv Consultancy Services Limited Q2 FY2024 Results Conference Call 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gopal Chandak from Kirin Advisors. Over to you, sir.

Gopal Chandak: Thank you. On behalf of Kirin Advisors, I welcome you all to Dhruv Consultancy Services Limited Q2 FY2024 con call. From the management side, we have Mr. Pandurang Dandawate - Director, Ms. Tanvi Auti – Managing Director; and Mr. Rajesh Sindhav – General Manager – Finance and Accounts. Now I hand over the call to Ms. Tanvi Auti. Over to you ma'am.

Tanvi Auti: Good afternoon, ladies and gentlemen. I would like to extend a warm welcome to all of you who have joined us today for Dhruv Consultancy's Investor Call to discuss our financial results for the second quarter of fiscal year 2024. We greatly value your participation and interest in our company's performance. We will be giving a brief of the Q2 FY2024 financials, providing insights into our achievements, the challenges and our future strategies. But before we dive into the numbers, I would like to take a moment to reflect on our journey so far.

The past year has been really good for our company and with significant revenue jump, continuous order flow from NHAI and MORTH have been coming. For this financial year as on date we have an unexecuted order book of 340 Crores to be executed in the next three years. Despite all this, Dhruv Consultancy has remained resilient and are focused on our mission to deliver value to our clients, shareholders and stakeholders. Our team has continued to adapt and innovate and pursue excellence in our services, which has enabled us to navigate any challenges that may come ahead. As we present our Q2 FY2024 results, you will definitely see the fruits of our dedication and determination. A few months back we visited our NHAI Chairman office at Delhi as well and they have appreciated our performance a lot and have given example of our company amongst all our competitors as most of our projects are ahead of schedule and our team members were highly appreciated there as well. I now hand over to Mr. Rajesh Sindhav to give a brief about the financial results of Q2 FY2024.

Rajesh Sindhav: Good afternoon investors and the management of the Dhruv Consultancy and giving the Q2 as well as the H1 results for the FY2024. Now the company has clocked a total income from the operation in the H1 FY2024 of Rs.34 Crores against 38 Crores in the previous

same period. Total expenditure is 31 Crores, against which 34 Crores in the same period in the last year. So there is a downfall in the revenue by 10% by 3.8 Crores, multiple reasons are there. There is a reduction in the revenue due to the closure of the some MORTH projects. There is a revision in the budget. There is a financial implication of few projects is yet to be received from the authority and the new project which has been awarded during this period is yet to generate the revenue. So in the next half yearly you can see the good amount of the revenue from the company. The company has achieved the EBITDA margin of 20% against the last year was 15%. The EBITDA margin is 6.99 Crores against which last year the 5.86 Crores. The profit before tax cost is at 3.12 Crores against which last year was 4.11 Crores. Profit after tax is 2.77 Crores against last year is Rs.2.9 Crores. So there is an increase in the profit margin by slightly 8.1% against the last year was 7.64%. This is the financial result for the H1 FY2024.

Pandurang Dandawate: Happy Diwali to all the stakeholders, investors and the people attending the call. This little bit drop in revenue mainly because of the nature of the construction sites, they are offline in the monsoon period, and since now have settled in 28 states in India and few of the states got very heavy rain this year and the work was totally stopped there. So that revenue will be realized in October, November. So I am not worried about a little bit drop in revenue for H1, which traditionally happens because of the monsoon. So that is all from my side. Anything to be discussed Tanvi can take over.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jainam Shah. Please go ahead.

Jainam Shah: Good afternoon, Sir. I am just new to the company. Can you just explain your business model in detail?

Tanvi Auti: Yes. This company was established in 2003. We are presently working in six sectors as an infrastructure consultant, highways, bridges, tunnels, railways, environmental and the port sector. Our business model is divided into three services that we offer. First is the design and engineering services. Under these we carry out the feasibility studies and prepare a detailed project report as well as carry out detailed designs and checking of any infrastructure project. Second is project management consultancy wherein if it is a government project, we act as authorities engineer or an independent engineer. So we carry out supervision of construction activities and maintenance activities. Third comes advisory services wherein we carry out technical and structural audits as well as road reference management services. So if any, so that we find out the cracks that are there. So we are using high tech machineries for the same which the company already has purchased and we submit these reports either to the government or if it is required by a contractor. So it can be both from the government side as well as the contractor side and we got ourselves listed on

BSE, SME first in the year 2018 and 2021 we migrated to the main board as well as listed on main board of NSE.

Jainam Shah: I just want to know the difference between DPR and project management consultancy.

Tanvi Auti: Yes, DPR means that if it is a road that is decided, a road is to be built. So right from the alignment finalization, the detailed designs to be done, the entire planning from where the material is going to be purchased. What is going to be the cost of the construction, the land acquisition, forest clearances, utility, all these things come under DPR. This is one. Now once the DPR is completed, we prepare the tender documents for the appointment of contractors. Then the contractor is appointed. Now when the contractor is on site, we need to supervise his activity that comes under project management consultancy. So if it is an EPC project funded by the government then we act as an authority engineer. If it is a hybrid annuity model or a BOT to transfer model, then public private partnership model, then we act as an independent engineer. So it is just the terminology difference, but the work remains the same that is supervision of the quality, the quantity, the milestones and certification of the drawings and designs as well.

Jainam Shah: I have just one more question. What are the margin profile in both the business? Margin profile and lifecycle.

Tanvi Auti: Yes. So DPR, usually the life cycle goes up to 9 months to 24 months for the preparation of DPR, depending on the length of the project. These payments are milestone based payments as and when we complete the milestone we get our payments. Here the EBITDA is 30% then in supervision consultancy we have an EBITDA of 15% to 20% here the payments are on a monthly basis. So it is basically after every month we raise our bills and we get the payment in a timely manner. So the cash flows are much better when it is project management consultancy.

Jainam Shah: So, what are major clients, state government or central government?

Tanvi Auti: Our major clients are central government, National Highway Authority of India, Ministry of Road Transport and Highways. Few state governments also like UPEIDA, the Uttar Pradesh Expressway Industrial Authority under Ganga Expressway Project, then in Madhya Pradesh, we are working with MPRDC. So few state government clients, but major revenue comes from the central government.

Jainam Shah: And what will be our order book size.

Tanvi Auti: Our unexecuted order book as on date is 340 Crores.

- Jainam Shah:** Can you repeat the order book size?
- Tanvi Auti:** Unexecuted order book is 340 Crores.
- Jainam Shah:** And what is our execution period.
- Tanvi Auti:** Three years.
- Jainam Shah:** Okay ma'am. Thank you so much, ma'am, for the information. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Deepika Chadda from Kojin Finvest. Please go ahead.
- Deepika Chadda:** Hi, ma'am. Could you elaborate on factors contributing to the growth in revenue during the second quarter?
- Tanvi Auti:** So the major factors are high order. First is the high order flow from NHAI and MORTH. We all know that the union budget provision has been very good on the infrastructure sector, especially the railways and the road sector for FY2023-2024. So there is continuous flow of order from there. As on date for this financial year, we have received close to 100 Crores of orders. For last year it was 100 Crores for the entire year, but this year half year itself we have achieved 100 Crores and the unexecuted order book as I said it is 340 Crores. So that has been a significant factor. Second is the traffic survey projects, which we got from the IHMCL Indian Highway Management Company Limited, which is also a subsidiary of NHAI. So these projects are also very good revenue stream as well as high end profitability. So we carry out traffic surveys in two zones, in three states of India, Rajasthan, Gujarat, Maharashtra, Haryana. So for these states we are covering close to 450 locations and 24/7 traffic survey is being carried out. So these are the two main sources of revenue.
- Deepika Chadda:** So considering our current order book of 340 Crores, any specific plan for expansion in both domestic and international markets.
- Tanvi Auti:** Yes, for domestic flow of orders is definitely coming and now again election year is going to be there in central government. So we are expecting much more double the orders that we had received in the last financial year. This is from the domestic market. We are also, like we have said in our earlier conference call, we are expecting an international assignment to be awarded to us very soon and we have submitted close to 75 tenders in different regions of Africa and Southeast Asia. So with World Bank, Asian Development Bank, African Development Bank. So these are multilateral bank funded projects only. We have been shortlisted in seven among them and recently actually one tender in Cambodia was opened,

but we could not bag that tender. But technically we were the highest. So this shows that we are not just in India, but in the world as well we are standing at a very high point technically. So we are very confident that in this financial year we would definitely mark our presence in the global map.

Deepika Chadda: Could you share more information about the international ventures and strategic collaboration?

Tanvi Auti: We have signed MoU's with local consultancy firms for submission of the bids itself. So there are developing nations in Africa like Zambia, there is Tanzania, there is Uganda, Mozambique, Nigeria, then in Southeast Asia, there is Cambodia, there is Vietnam, Nepal, Bangladesh, all these countries we are continuously bidding here. So it is a two stage process. First stage is the EOI which is expression of interest where we submit our technical expertise, our team, our strength, our experience in the past. So, based on that we are shortlisted and after the shortlisting, once we have shortlisted, we are asked to submit our financial bid and so like in India, it is an 80-20 pattern again. The QCBS method where 80% weighted is given to the technical marks and 20% to the financial. So there compared to the domestic market, the revenues are almost four or five times than in India.

Deepika Chadda: Thank you so much, ma'am.

Moderator: Thank you. The next question is from the line of Ananya Swaminathan from C Square. Please go ahead.

Ananya Swaminathan: Hi, ma'am. I wanted to know how do you plan to capitalize on positive earnings outlook for upcoming period.

Tanvi Auti: Yes. So like we have seen that the Q2 itself has shown improvement in the EBITDA margin. So for the half year, if you compare FY2023 and FY2024. So there has been a significant improvement in the margins and with international order definitely coming in now, we are confident that this will definitely add up not just to our revenue, but to our profits as well. Secondly with the traffic survey projects that we had mentioned from IHMCL, so one cycle is already completed and revenues are expected in a month or two. That will again give a boost to our revenue and profitability.

Ananya Swaminathan: So can you provide insights into anticipated sources of new orders and how do you plan to manage its cost structure?

Tanvi Auti: We are into consultancy. So basically more orders are coming from the supervision, for supervision of the projects. So like we all know that the Union budget 2023-2024 has the provision of 10 lakh Crore for the infrastructure sector. So you can anticipate that our

success rate has been 25%-30% in the past. So consultancy fees equivalent to 5%. So almost 60000 to 70000 Crores of orders are yet to be awarded. So with the success rate of 25% to 30%, we are definitely confident of increasing this order book year-on-year with our Prime Minister and Honorable authority's vision for a developed India. This will only happen when there is proper infrastructure in the country and we are confident that we are one of the top five consultants in India today has declared recently by the National Highway Authority of India also and we are definitely confident of getting double the order that we have received in the past from the domestic sector.

Ananya Swaminathan: And what is the potential of Indian infrastructure market and are you exploring new infrastructures like metro, railways, etc.

Tanvi Auti: Yes. So the potential, as I already mentioned that potential is definitely there. Our Prime Minister has a vision of taking India to a developed nation by 2047. So this can only be possible when infrastructure is at its peak and right now 12 expressways are being constructed in India. Among that nine of them we are doing. So our eligibility is the topmost at present and we can qualify for any large assignment and so there is absolutely no challenge when it comes to highways in India with the central government, NHAI and the Ministry of Transport and Highways. Then secondly, what was your second question? Can you repeat? Exploring other infrastructure sectors. Yes. So we have entered into the railways and the metro sector. In the metros we completed the project management consultancy of Line 2, Line 2A and 7 for the MMRDA in Mumbai. Secondly, for the railway sector, we have bagged major assignment in the state of Tamil Nadu. So 17 stations under the Tamil Nadu and all the tracks being developed. The project management consultancy work has been awarded to us. Along with this, we have bid 50 Crores of orders in Lucknow, in Rajasthan, in Gujarat, in the railway sector. So at present the union budget has given maximum provision to the roads and the railway sector. So we are definitely making our marks there and taking advantage of the budget provisions being done.

Ananya Swaminathan: Last question from my side. What are the major risk or threat in the business, also if any change in government regulation could affect you.

Tanvi Auti: Our company is 20 years old, so it is not that there have been multiple change in governments in the past. So, it did not affect back then also and it would not affect much now as we have confirmed the order from directly from the National Highway Authority of India and not from any regulation change. So those orders are binding any officer comes or anyone who comes in place, those orders will definitely be binding to us. There is definitely one risk is there regarding the manpower. So with many works going on in the infrastructure sector, there is huge demand of manpower in the market and right now there

is no shortage, but if there is a shortage in the future that may affect our bidding capacity. But we have a very strong business development team in place and through their network and with the central government also being very transparent with the processes. This should not be much of a challenge, but yes, definitely that is the risk.

Ananya Swaminathan: Okay ma'am. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Shivam Sharma from PGR. Please go ahead.

Shivam Sharma: Hello, ma'am. Considering with the current order book value of 340 Crores as mentioned, what specific plan does the company have for expansion in both domestic and international market.

Tanvi Auti: We definitely have a business plan to double in order book, right now the book is close to 500 Crores among which 340 Crores is unexecuted. So say in the next five years, we definitely plan to take this order book to 1000 Crores and right now from two lane to four lane to six lane and now only 12 expressways are constructed. But the terrain in India is so huge that infrastructure in the hilly areas right from Jammu Kashmir in the north to the northeast regions, Assam, Meghalaya, there is lot of infrastructure development pending there as well with traffic continuously increasing the tourism boost in India, there is going to be much more made of infrastructure. So we are definitely confident of doubling this order book in the next five years and definitely the international orders also coming in like if it is a one assignment is for 5 Crores in India for similar kind of work it is 20 Crores in the international market. So we are only targeting the multilateral banks and its projects like I mentioned the Asian Development Bank, World Bank, African Development Banks, UNBP also. So only to these multilateral funded banks we are soon expecting orders from there. So there will be very high in revenue and very high in profits as well as compared to India.

Shivam Sharma: My second question was how does the company ensure the consistency in delivering of top notch services and hence to project timeline.

Tanvi Auti: Can you repeat, I did not hear it properly.

Shivam Sharma: How does the company ensures consistent delivery of top notch services and enhance to project timelines.

Tanvi Auti: Unlike our competitors, we have a very big corporate office in Mumbai wherein all the project controls are operated from our head office. As our head office we have a very good second line of leadership available. Our CEO has worked in various multinational

companies. He is the overall in charge of the operations and the chief technical officer is a retired government officer. He was a chief engineer in public works department, Maharashtra. With them we have a big team of Vice President. So we have an in-house design for highways and in-house design for structures as well who are experts in their field along with that there are about 40 engineers working diligently day and night to adhere to these timeline. With the 96 live project going on at present, we are also implementing an ERP software which will be a tracker for all the activities and which will give us timely update regarding the project, this will ensure the management for better MIS and also assist us in taking better and informed decisions. Our average experience at the head office is 15 years. so all of them have been working with us since years now and all the approvals and the processes are approved at our corporate office itself. So there is a real time communication happening with the site team and the corporate office team. So this is how we ensure that we have a very good team in place to take a lot of efforts in adhering to the project time.

Shivam Sharma: So one exception was when can we see margin improvement of the business in the level of FY2017 and 2018?

Tanvi Auti: So, like I said, there is continuous flow of orders. So once the project completes, again new projects comes in and the cash flow then again goes there. Projects like traffic survey projects and DPR are giving a boost to the profit, but a major boost will definitely be there to launch an international project is there in place. So as well as the railway sector now that we have started working, they are also good in margins. So we are with the mix of all these things. We are definitely targeting in a year or two years because this year would be an election year so the growth would be stable but after two years definitely there will be a marginal improvement. For that it has already improved since the last year to this year if you compare our H1 financials. So further year-on-year that will be improvement.

Shivam Sharma: My last question was what is the sustainable margin company can maintain in the upcoming year.

Tanvi Auti: As I said that depending on the services so for DPR, it is 30% EBITDA that we can definitely maintain and for project management consultancy it is 15% to 20%.

Shivam Sharma: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Jainam Shah. Please go ahead.

Jainam Shah: I have just one question. Can you just explain in detail the evaluation process, so basically how we tender for any projects for both DPR and project management?

- Tanvi Auti:** Yes, the process remains the same whether it is the DPR or supervision assignment. It is divided into 80% technical score, 20% financial score. So we prepare our technical proposal. We have a business development team who identifies the tender, the management decides whether to go ahead or not, and once we decide to go ahead after that the technical proposal is prepared which is a combination of the company experience. So how many? What is the age of the company, what is the turnover of the company, what equipment and software the company is using, and what similar assignments the company has carried out in the past with this company experience. Second, which is 60% weightage among the technical experience, 40% weightage is given to the key professionals that we are providing, so we have to provide a team leader, resident head engineer, a bridge engineer, a pavement specialist, material engineer, road safety experts. So if all these key professionals their CV's are uploaded on our website known as Infracon where all these CV's are available. They give their consent to us and to the central government and it remains binding. So these CV's are uploaded along with the build which carries a 40% weightage so they are again evaluated whether what is our educational qualification what similar assignments they have carried in the past, etc. So, this is the 80% technical proposal. 20% becomes the financial proposal. So whoever is the lowest among the competitive gets 20 on 20 and proportionately whoever is the second, third will get a proportionate score. So 80% plus 20% whatever is a score out of 100, whoever is the highest will be awarded with the work. So, from the past four years we have increased our numbers from 89, 90 to 96 and 97 presently with the recent bid that we were awarded.
- Jainam Shah:** Okay, yes, ma'am. What are our team size.
- Tanvi Auti:** We have our 340 engineers working with us.
- Jainam Shah:** And also 340 is all count of engineers or just the seniors.
- Tanvi Auti:** All of the engineers among them 180 are seniors and around 260-270 are juniors.
- Jainam Shah:** How much is our bidding capacity for all the new projects.
- Tanvi Auti:** Yes, our bidding capacity is since we are 60 Crores about turnover, so our bidding capacity is total we can take 30 projects in a single year this is for NHAI, for MORTH there is no bidding capacity but for NHAI we have more than 50% of our bidding capacity available at present.
- Jainam Shah:** What is our highest ticket size projects.
- Tanvi Auti:** Highest ticket size projects is Ganga Expressway which is 22 Crores.

- Jainam Shah:** And how much we can bid for the highest ticket size.
- Tanvi Auti:** Ticket size is not a problem we can bid 20, 30, 40 Crores also that is not a problem for international we are bidding 20 Crores one single assignment so ticket size and experience is not an issue because our turnover allows us for more also.
- Jainam Shah:** Ma'am just the last question. Any growth capital needed for next few years CapEx?
- Tanvi Auti:** CapEx we presently own a few machineries like I said for the advisory services to carry out maintenance activities on the site. Among five we have four equipment in place, the 5th equipment that is network survey vehicle, we are presently using that on a hiring basis. So in future we might plan to purchase that.
- Jainam Shah:** And ma'am, what is our working capital cycle and working capital requirement.
- Tanvi Auti:** Working capital cycle is 90 days, 90 to 120 days with the central government working capital requirement is also the revenue that we receive because when a new project is awarded to us first bill comes after three months that is a contract law itself and then it comes on a monthly basis. So that three month gap the working capital is always going to be there.
- Jainam Shah:** Are we looking for any fundraising?
- Tanvi Auti:** We have already done a preferential allotment in the last year. But if there is any I will have to inform the exchange first, I would not be able to answer that in a conference call.
- Jainam Shah:** Okay ma'am. Thank you. That is all from my side. Thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. Gopal Chandak from Kirin Advisors for the closing comments.
- Gopal Chandak:** Thanks for joining the conference call of Dhruv Consultancy Services Limited. If you have any queries you can write us at info@kirinadvisors.com. Once more thank you everyone for joining the conference.
- Moderator:** On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.