May 08, 2025

To,
Corporate Relations Department
BSE Limited
2nd Floor, P.J. Towers,
Dalal Street,
Mumbai – 400 001
SCRIP CODE : 543288

To,
Corporate Relations Department
National Stock Exchange of India Ltd.
Exchange Plaza,Plot No. C/1, G-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.
SYMBOL : DEEPINDS

Sub: Transcript of Earnings Call pertaining to Audited Financial Results for the Quarter and Financial Year ended on 31st March, 2025 held on 02nd May, 2025

Respected Sir/ Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of audio call recording of the Company's Earning Call to discuss the Audited Financial Results (standalone and consolidated) for the Quarter and Financial Year ended on 31st March, 2025 held on 02nd May, 2025.

The Transcript will also be made available on the Company's website at https://www.deepindustries.com/call-transcript.html.

Thanking you,

For, Deep Industries Limited

SHILPA SHARMA
Digitally signed by SHILPA SHARMA
Date: 2025.05.08 16:46:36 +05'30'

Shilpa Sharma
Company Secretary & Compliance Officer
M.No.: A34516

Encl: a/a

“Deep Industries Limited

Q4 FY '25 Earnings Conference Call”

May 02, 2025

MANAGEMENT: **MR. PARAS SAVLA – CHAIRMAN AND MANAGING DIRECTOR – DEEP INDUSTRIES LIMITED**
MR. ROHAN SHAH – WHOLE TIME DIRECTOR (FINANCE) AND CHIEF FINANCIAL OFFICER – DEEP INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Deep Industries Limited Q4 FY '25 Earnings Conference Call, hosted by Adfactors PR. From the management, we have Mr. Paras Savla, Chairman and Managing Director; and Mr. Rohan Shah, Whole-Time Director (Finance) and Chief Financial Officer, to take the discussion forward.

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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand this conference over to Mr. Paras Savla from Deep Industries. Thank you, and over to you, Sir.

Paras Savla: Good evening, everyone. It gives me immense pleasure to speak to you all today as we present our fourth quarter and full year performance for the financial year 2025. Thank you very much for joining this call. Our quarter 4 and FY '25 results, press release and investor presentation are available on our website as well as on exchanges. I believe you all had a chance to go through it.

I am joined by Mr. Rohan Shah, Director Finance and CFO, who will assist me in answering your queries. After my brief, he will share the financial performance of the company in detail, and we will then take your questions.

The Indian oil and gas sector is undergoing a transformative phase driven by progressive policy and growing demand. The Oilfields Amendment Bill passed in Lok Sabha in March 2025 has redefined the sector's trajectory. By expanding the definition of mineral oils to include shale gas and unconventional hydrocarbons, streamlining dispute resolution and incentivize enhanced oil recovery techniques, this legislation is unlocking new opportunities for exploration and production.

Complementing this, the 10th round of the Open Acreage Licensing Policy launched during India Energy Week 2025 leverages AI-driven seismic data analysis to accelerate the discovery of new reserves. These reforms align with India's goal to expand its exploration area to 1 million square kilometers by 2030, signaling a robust push towards self-reliance.

At Deep Industries, we are strategically positioned to thrive into this evolving landscape. Our expertise in drilling and workover services directly supports the nation's focus on EOR and unconventional hydrocarbons, the key pillars of the amendment bill.

As India ramps up exploration, our capabilities will play a vital role in tapping into new and marginal fields. Additionally, our proficiency in our value-added services like charter hire of entire gas processing facilities and integrated project management aligns seamlessly with the government's ambition to double natural gas production to 60 billion cubic meters and enhance its share in the energy mix.

In line with this vision, Deep Industries Limited through its group company, Dolphin Offshore Enterprise, has taken a significant step in expanding its offshore services. Beluga International

DMCC, a wholly-owned subsidiary of Dolphin Offshore, has entered into a 3-year lease agreement with Ballast Shipping, a Mexican company for the deployment of Prabha DP2 accommodation barge.

This strategic move is poised to enhance Deep Industries' global footprint in the offshore services sector, thereby leveraging the strong operational capabilities of its group entities. It underscores our commitment to innovation and growth, positioning us to capitalize on emerging opportunities in the global energy market.

Our strategy is clear; enhance operational efficiency, adopt cutting-edge technologies and seize emerging opportunities. We are actively exploring production enhancement contracts and charter hiring of entire gas processing facilities, segments poised to drive our growth in the coming years. These initiatives not only bolster our services portfolio, but also contribute significantly to India's energy security and economic development.

Looking ahead, Deep Industries is committed to leverage the supportive policy framework and favorable market conditions to deliver sustained value. With India's energy demand projected to grow faster than any major economy, reaching 11 million barrels per day by 2045 and natural gas consumption forecast to hit 550 million cubic meters per day by 2030, the opportunities are immense. We will continue to innovate, collaborate, and lead into the dynamic sector, ensuring that your company remains a cornerstone of India's energy future.

With this, I invite Rohan Shah to provide a detailed overview of the financial performance of quarter 4 and FY '25. Following his remarks, we will be happy to address any questions you may have. Thank you.

Rohan Shah: Thank you, Parasbhai. Investor friends, thank you for joining the call today. Happy to share with you another stellar quarterly and full year performance of Deep Industries Limited. All the comparisons are on a year-on-year basis, which would provide fair evaluation.

We would like to inform that during fourth quarter, there was one-time loss of INR251 crores reported under exceptional items due to cleaning exercise post acquisition of Kandla Energy and Chemicals Limited from liquidation and Dolphin Offshore Shipping Limited from CIRP. We have shown both amount with and without these exceptional items in profit and loss and in investor presentation.

For fair comparison purpose, it would be worthwhile to consider PAT without considering this exceptional item. Other details are on a consolidated basis as follows. Revenue from Q4 FY '25 rose to INR167.2 crores, up by 39.7% year-on-year. For full year revenue, operational revenues jumped by 35% to INR576.13 crores. The strong growth momentum in top line comes from execution of our orders as well as consistent new order flows. Tight control over our costing and operational efficiencies have helped us post 27.4% year-on-year growth in EBITDA to INR62.5 crores in Q4 FY '25. For full year EBITDA, it has grown by 35.3% to INR263.8 crores with EBITDA margin of 43%. We have been maintaining EBITDA margins in the range of 41% to 44%, providing us a decent cash flow to strategize our future growth trajectory. Net profit or PAT attributable to owners for the fourth quarter, excluding one-time exceptional loss, was at INR41.9 crores, up by 17.8% year-on-year. For full year, PAT attributable to owners stood at INR161 crores, up by 31.6%. As on date, our order book stood at INR2,960 crores.

We are happy to inform that Board of Directors have recommended a final dividend of INR3.05, that is 61% on the face value of Rs. 5 per equity share, subject to approval of shareholders of the company at the ensuing annual general meeting.

As we look ahead to FY '26, Deep Industries is well positioned for a bright and promising future. Building on our strong performance in recent years, we are confident in our ability to maintain this positive trajectory. As Parasbhai said, our success is driven by a solid foundation of operational excellence, a sharp focus on cost optimization and a steadfast commitment to innovation. These strengths enable us to seize new opportunities as they arise in the energy sector.

With this, I now open the forum for question-and-answer. Thank you.

Moderator: The first question is from the line of Pankaj from Equirus Securities. Please go ahead.

Pankaj: Yeah Hi. Thank you for this opportunity. So if I see the consolidated performance and if I compare quarter-on-quarter, so like the margins of the company is in decline, so like the margins are in a decline from around 43% to 34%. So like what is the reason behind it?

Rohan Shah: So on a quarterly basis, as we consolidated newly acquired companies in addition to their exceptional items, there are certain other expenses also which were consolidated under Q4 and that is the reason particularly for a drop in margin in Q4. If you look from year's perspective, full year perspective, they are in line.

Pankaj: So what is the quantum of the expenses?

Rohan Shah: These are in the range of around INR10 crores to INR11 crores for the quarter.

Rohan Shah: These are one-time, of course. So it would not be a recurring kind of…

Pankaj: Okay. And our guided margin would be 40% to 43%?

Rohan Shah: Yeah.

Pankaj: Got it. And also talking about the Dolphin Offshore book. So like this CWIP of the Dolphin Offshore has reached to around INR222 crores. And I think in the last call, we were discussing that the barge renovation expense took around INR110 crores to INR120 crores, maybe. So like what is the composition of the CWIP?

Rohan Shah: Yes. So in addition to refurbishment costs, we included the book value of barge as well into CWIP. So putting book value as well as refurbishment costs, it has reached to this level.

Pankaj: So I'm saying like what is the life of this asset?

Rohan Shah: Yes, it would be almost 15 years.

Pankaj: And also in your notes, maybe like you have mentioned that one of the -- like our subsidiary Beluga International has made an investment of around $2.2 million in HF Hunter. So like what kind of investment like are we looking into this company?

Rohan Shah: Yeah. So that investment is for joint venture with HF Offshore. And under this JV, we have acquired one Anchor Handling Tug. So our stake in that investment would be 37%. So it would be addition to our fleet for offshore services.

Pankaj: Got it. And one last question on exceptional loss. So like you have posted around INR250 crores of exceptional loss. So like what exactly comprises this? Like you have mentioned that was on account of cleaning up. So like what exactly comprised of this cleaning exercise? Does it comprise of asset write-down or liabilities provisioning or what?

Rohan Shah: Yeah, it is primarily consisting of writing-off of inventory and receivables, which are not recoverable.

Pankaj: Okay. So like whole of the write-off is non-cash in nature?

Rohan Shah: Yeah, yeah. These are non-cash items. And it is just an accounting effect, we'll have to take it in consolidation.

Pankaj: Do you have any update on INR108 crores of ONGC arbitration award?

Rohan Shah: Yes. So that -- out of that INR108 crores, 75% we already have received. And ONGC had challenged that arbitration into civil court where again, we got order in our favor. But ONGC has now appealed to a higher court. And so we are waiting for higher court to get it cleared.

Pankaj: Okay. And just one more question. Like you have mentioned that the Kandla Energy will result in backward integration. So like what kind of margin benefit we can expect from this acquisition?

Rohan Shah: Yeah. So since many chemicals and fluids would be useful, so we believe in our operating margins, we can have an improvement of more than 2% to 3%, at least on a minimum side.

Moderator: The next question is from the line of Viral Shah from Ambit Wealth.

Viral Shah: Yeah hi, good evening Sir.

Paras Savla: Good evening.

Viral Shah: Sir, basically, a couple of questions. One, auditors have given opinion. So it is pertaining to the newly acquired entity right, Kandla and Dolphin, right, that is what...

Rohan Shah: Correct.

Viral Shah: Could you elaborate more into this matter? What is it related to by auditors have given some opinion on to this on the receivables front.

Rohan Shah: Since this acquisition happened in only last day of the financial year, so we are in process of evaluating that receivables in full. So currently, as on 31st March, we believe that we should take all those receivables to next financial year because without evaluating and finalizing on its recoverability, we should not take any action. So with regards to receivables for Kandla, we are continuing them.

Rohan Shah: See, our acquisition cost for taking Kandla is very miniscule against what we are getting as receivables in all other properties and experiences. So we would definitely try to take maximum benefit out of it.

Viral Shah: Got it. So as of now, when you look at this provisioning which we have done, so everything is done and dusted or there is something more expected going forward?

Rohan Shah: So as of now, whatever provisioning we have done, that was very clear from upfront like, this, whatever is required, we have already provided. And with regards to this other provisions, we will take the decision based on our evaluation, and we believe that majority of them can be recovered.

Viral Shah: No, no. So agreed. So as of now, we have made the entire provisioning or there is some more expectation which can come in, whatever the assessment which you want to continue?

Rohan Shah: So as on date, whatever was required, we have done entire provision.

Viral Shah: And for both the thing, right, Dolphin and -- so Dolphin there can be no more surprises, Kandla there can be some expected. Is the understanding correct or no?

Rohan Shah: Yeah, yeah. So I think for both of these companies, whatever was required, we have provided. So surprises, I'm not sure for any of them would be there. But yeah, at the end of day, it's an acquisition. So post evaluation only.

Viral Shah: And you did mention that there are INR11 crores or INR12 crores of extra expenses. So if you add them back, you are at the same margins of last quarter, right? Is the understanding correct?

Rohan Shah: Correct.

Viral Shah: Ok got it so...

Rohan Shah: See, at the end of day, acquisition cost for acquiring both this company put together is just INR9 crores for us. And so against INR9 crores, these two companies with their properties, their receivables and their experiences with their assets is coming in. So we believe these two can give us a great amount of push going forward.

Viral Shah: Got it got it. Understood, Rohanbhai. So lastly, two more questions from my end. One, what is the update on this product enhancement contract? Where are we, ONGC?

Rohan Shah: In production enhancement contracts, we have taken over the charge on the field in first week of April. And we have started doing groundwork there. So we have -- this entire field is now in our control. And baseline production, we are continuing with baseline production. And we have started applying our efforts for increasing production. So as we have said before, it will take 5 to 6 months to reach to the incremental production level. So we are quite poised to get incremental production by H2.

Viral Shah: That was really nice. Lastly, Parasbhai was mentioning on the new opportunities, which are expected. Could you throw some more light onto this space per se? What is the bid pipeline expected? And are we bidding for new tenders and such tenders going forward?

Paras Savla: We have mentioned that the 10th round of OALP is already there, one more round of DSF4 is already out. So likewise, and many such PECs are also -- are not out, they are supposed to get out very soon. So we see in front of us a lot of opportunities in various bidding rounds. So that is the biggest hope we have, as we go forward. The government is also quite excited to be self-reliant and want the Indian producers to produce more oil and gas. So ahead of us, we feel there are immense opportunities in the sector.

Viral Shah: Got it, Parasbhai. But in terms of numbers, can we quantify something which can be coming for this first half? Is there something possibility in first half or second half...?

Paras Savla: I think there is -- Rohan said -- from second quarter onwards, you may have -- you may see some numbers coming up in a big way with these PECs and all. And as we go forward, these numbers will definitely be reflected to what our expectations are.

Viral Shah: Got it got it.. So, lastly, Rohan Bhai, apart from this exceptional item, which we have recovered where we have booked around INR251 crores, is there a possibility that something can be reversed positively as well going forward?

Rohan Shah: Something can be? Sorry.

Viral Shah: Reverse positively. This is a negative part of it, but can we reverse the positive part of it as well, something which can be recovered from the...

Rohan Shah: No. Not from these two targets.

Viral Shah: Not from...Got it ....done.

Moderator: The next question is from the line of Sudhir Bheda from Bheda Family Office.

Sudhir Bheda: Yeah good afternoon sir and thank you. congratulations for the good operational numbers.

Paras Savla: Thank you.

Sudhir Bheda: Sir, my question is, first, with the new opportunity and new avenues of segment coming up this year as far as revenues are concerned, like production enhancement and then Dolphin barge and as you mentioned, other opportunity in the second half and this acquisition, the recent acquisition of Kandla. So what kind of revenue growth do you see in this current year, of '25-26? And of course, profitability, what is your guidance for this year, current year?

Paras Savla: So our expectations with the kind of order book that we have, we are very, very confident. And on a very conservative side, we expect a minimum growth year-on-year of 25% or maybe even 30%. And our profits would always -- should be in line with what our current numbers are in the same ratios as we go forward to 20% to 30%.

Sudhir Bheda: Great. And sir, as I look at the consol balance sheet, so your receivable numbers have doubled from INR276 crores to INR588 crores. I believe that is a receivable of that recently acquired Kandla Chemicals.

Rohan Shah: Correct. So we have categorically given note for these receivables. So as you rightly said, the number is primarily because of the receivables of these two targets which we have acquired.

Sudhir Bheda: Okay. And sir, now we have to take INR250 crores hit and we have spent, I think, only INR9 crores on those acquisitions. Of course, you have explained, but can you elaborate the rationale behind acquiring these two companies and taking the heat on the balance sheet? So whether the networth of the main Deep Industries will be affected? How this entire transaction was done, actually?

Rohan Shah: No. So even after taking this onetime loss, net worth of Deep is positively affected only. So it has increased only. So even after this hit, net worth of Deep is not affected negatively. Second, the primary rationale for acquiring these two targets is more related to business expansion. So with regards to Kandla Energy & Chemicals, they were into manufacturing of various hydrocarbon fluids and chemicals. And as you are aware that in our integrated project management and under production enhancement contract, we are consuming so many such chemicals and hydrocarbon fluids. So by acquiring this, this can be a good opportunity of backward integration by which our operating margins, we have an opportunity to improve our operating margins significantly. So primarily, that was the reason for acquiring Kandla.

And with regards to Dolphin Shipping, they are already having a few tugs running already into Indian Oceans. And by that acquisition, we can immediately increase our fleet in our offshore services.

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

Raman KV: I want to understand working capital cycle and as well as the receivables with respect to the company. So my understanding is INR363 crores of receivable is of the company adjusted for the recent acquisition, right?

Rohan Shah: Correct.

Raman KV: And how much of this is like within 90 days and after 90 days, like...

Rohan Shah: These receivables are old receivables of old management. So we have received this with our acquisition of these companies with miniscule costs.

Raman KV: No, no. I'm talking about the company level receivables, okay, INR363 crores of Deep Industries receivables, how much of this -- what percentage or percent of this receivable is 90 days?

Rohan Shah: So if you remove that INR363 crores, then balance receivables are my regular receivables from Deep and other subsidiaries. And majority of them would be 90 days. I would say more than 70% to 80% would be 90 days and balance would be more than 90 days.

Raman KV: Okay. And sir, my question on the write-offs part, sir, you did say the write-off is with respect to the inventory and receivables and it's like a non-cash items. So are we -- with respect to the receivables front, are we expecting this INR208 crores of receivables in the coming years in FY '26? Or is it like you have totally written-off the INR208 crores of the receivable?

Rohan Shah: No. So we have kept those receivables outstanding because evaluation is going on. And since we have recently acquired and taken control over the company, so all documents and supporting we are going it through. And we are quite hopeful to recover out of this receivables as well.

Raman KV: Okay. And sir, my last question is with respect to the Dolphin Offshore revenue. We have seen that -- Dolphin offshore in Q4 did around INR20 crores of revenue, can we expect in FY '25, the Dolphin Offshore revenue to be around INR120 crores?

Rohan Shah: FY '26, we are expecting revenue of almost INR100 crores, for sure. we can book more than this if we will add a few more projects in Dolphin. But as on date, we are for sure for INR100 crores.

Raman KV: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good evening Sir. Thank you so much for the opportunity. Sir, my first question regarding right now, the oil prices are hovering around $60 per barrel. Generally, if oil prices goes below $60, it's very difficult for like oil exploring companies to make money. I just want to understand at the scenario, is there any slowdown of getting new contracts or execution of current contracts?

I understand we have around nearly INR2,900 crores kind of order book at this point of time. And how much is from short-term and long-term contracts, is there any execution of this? And is there any delay getting in new contracts? This is my first question, sir.

Paras Savla: Okay. As far as the sentiment goes, as I had mentioned earlier, there is a lot of excitement into the sector. So the theory goes that even -- see Government of India largely companies like ONGC or Oil India, they have a mandate to keep producing oil and gas irrespective of the prices going way low or bit high because their endeavor is always to produce oil.

Now 20, 30 years, we have seen that the drilling activities as far as the PSUs are concerned, they have been following a very strong mandate of energy sufficiency. So in all these years, we have seen that this is -- the scenario has not much impacted to the PSUs.

And as we go ahead with the private sector, I think when the crude oil prices, assumingly they go low, it gives a great opportunity for them to do a capex because whenever the prices have to go up they would be still able to get all the services and everything and other costs at a very reasonable rate. It is nothing more than a deferred capex. Those who have an understanding of this diplomatic understanding, they would definitely keep going and we keep doing this investments.

Thirdly, our contracts are of a fixed-price nature assuming that we have a contract for the three years, the prices may go, it does not have any impact on commitments and our services. They are fixed for that period. And therefore, we are not impacted on the crude oil prices, even if they have to go low or even if they have to go high. But we believe that in either of the conditions we have seen in all these years, our businesses have not been impacted because of any of these changes.

Balasubramanian: Got it Sir. Sir, my second question regarding capex of INR500 crores for this year, for this capex? And we're also planning for QIP and when we are going to close for that?

Rohan Shah: See primarily, we would be doing capex of INR500 crores, of which more than INR350 crores would be for equipment. We would be adding a few more rigs and other processing equipment in this financial year. And we are also evaluating a few opportunities of acquisition as well. So all put together, INR500 crores is our plan for this financial year. But having said so, we are quite comfortable on our liquidity position. So we would definitely look for good time to go ahead with QIP.

Moderator: Thank you. The next question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Nirvana Laha: Hi. Thanks for the opportunity. Sir, my question is regarding the DP2 Barge so the contract that Dolphin Enterprises -- Dolphin Offshore declared, it said that the contract is worth INR281 crores of net of opex over three years. So sir, does that mean if I divide it by 3, that comes to around INR94 crores. So does that mean that from this contract, the EBITDA recognized by Dolphin Offshore would be around INR94 crores? Because it says net of opex. So is that understanding correct?

Rohan Shah: Yes. So you have rightly understood it. So since it is net of opex, almost the revenue would be EBITDA. I would say almost, but yes.

Nirvana Laha: Got it. And sir, what will be the estimated cost below EBITDA in terms of interest and depreciation?

Rohan Shah: Depreciation, interest cost and administrative costs would be there.

Nirvana Laha: Any idea on quantification there, sir, I'm just trying to see how much that flow through to PBT?

Rohan Shah: Would be a little early to say, but would not be much. So percentage -- it will be difficult to quantify as of now.

Nirvana Laha: Okay. And sir, how much losses are left to be set off in Dolphin Offshore as a whole for tax purposes?

Rohan Shah: So Dolphin Offshore India has more than INR100 crores carry forward loss, but this revenue would be booked in Dubai. So there, we will have a tax of 9%.

Nirvana Laha: Okay. And sir, for this regarding this exceptional item loss, so can you clarify something? So if I look at H1 consol equity for Deep Industries, that is around INR1,500 crores. And FY '25 and consol equity is around INR1,820 crores even after this write-off. So if I just subtract the two numbers that INR320 crores plus INR250 crores, so is it correct that by paying INR9 crores, what we actually initially added for our book value of equity was around INR500 crores or INR550 crores. And from there, we have taken INR250 crores write-off to arrive at the present balance sheet. Is that right?

Rohan Shah: Correct. It is more or less what you are saying is right.

Nirvana Laha: Okay. Last question, sir, in Kandla Energy, Dolphin Shipping you said that there are some tugs, which are operating. Those are the operating assets. In Kandla Energy, I missed that commentary, what are the kind of operating assets that we have gotten from this acquisition?

Rohan Shah: So they have factory land and machinery. So we'll just have to revive that machineries and we'll have to start working on it.

Nirvana Laha: Okay. And your earlier guidance, sir, of 40% revenue growth for FY '25 and maintaining or improving EBITDA that holds even after this write-off and then you're coming to terms with these acquisitions, there are no changes in those kind of guidance?

Rohan Shah: Yeah, yeah, that guidance will continue to be hold because based on our existing order book, we will definitely be growing on -- See, if you see on operational revenue front, we have grown this year 35% and that is what exactly we were envisaging. And for FY '26, also, we are envisaging growth of more than 30%-or-so. So that growth will continue to be there.

Nirvana Laha: Okay. Alright Sir. All the best, thank you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir, on this Prabha that expected to generate additional revenue from first quarter, right? So what is the quantum, I mean, per quarter, this can add to your revenue from quarter...

Rohan Shah: It is primarily $30,000 a day. So proportionately we'll definitely have revenue starting from Q1. So we are expecting more than almost 55 to 60 days revenue from Q1 and then definitely. So in this contract on a yearly basis, you will have a revenue of more than 330 days.

Deepak Poddar: Correct. 330 days yearly revenue at $30,000 per day?

Rohan Shah: Correct.

Deepak Poddar: Okay. So given this kicker in your revenue, I mean, do you also expect a quarter-on-quarter revenue will see improvement from fourth quarter to first quarter?

Rohan Shah: Yeah. Of course. So quarter-on-quarter, growth would definitely be there because the revenue from barge was not there in last Q4. So it would definitely be added . And from Q2 end or from Q3 starting will have additional revenue from production enhancement as well. So Q-on-Q growth is also quite visible.

Deepak Poddar: Quite possible, right, on Q-on-Q? Because this first quarter, you will have a benefit of Prabha 2. And from second quarter onwards, you will have a production enhancement benefit, right? And what would the production enhancement additional revenue that can kicker in?

Rohan Shah: So our primary estimate says that in H2, we can have a revenue of around INR65 crores to INR70 crores from production enhancement.

Deepak Poddar: In H2, that is about INR35 crores to INR40 crores per quarter.

Rohan Shah: Correct.

Deepak Poddar: Okay. So sir, in second quarter also, you expect a similar jump. I mean that's where your kicker will start, right?

Rohan Shah: No. So our expectation is it will take Q3, but we are trying, if we can get some revenue in end of Q2.

Moderator: The next question is from the line of Rajesh Jain from R&K Capital.

Rajesh Jain: Good evening. You mentioned that you are expecting an increase in operating margins as a result of the acquisition of Kandla Energy. So how much increase you are expecting? And then if you're expecting an increase in the margin, so then the PAT growth must be more than the revenue growth of 25%, 30%, right?

Rohan Shah: Yeah. So PAT will definitely improve in line with incremental operating margins, and that would definitely be reflecting in PAT as well.

Rajesh Jain: But how much improvement you are expecting in the operating margins, how many bps?

Rohan Shah: I just expect that it should improve more than 2% from first year and then probably we can improve further too.

Rajesh Jain: Okay. So you're expecting a 2% increase in FY '26 in the operating margins at a consol level?

Rohan Shah: Correct.

Rajesh Jain: And sir, how much tax rate should we estimate for FY '26, blended tax rate for the full year?

Rohan Shah: See, tax rate for my overseas revenue from Dolphin would be 9% and my entire India business would be 25%.

Rajesh Jain: Okay. Fine. And sir, like what is the bid pipeline now?

Rohan Shah: The bidding pipeline as of now is somewhere around INR550 crores-or-so. And we are expecting -- in fact, we are bidding almost every month, we are bidding 1 or 2 projects. So this bidding pipeline would continue to be there or will be growing.

Rajesh Jain: Sir, the order book that you mentioned, INR2,960 crores, that is executable over how much duration? And in particular, how much order book is executable over FY '26 and FY '27?

Rohan Shah: So out of INR2,960 crores of order book, INR1,400 crores is executable over a period of 10 years. And balance, you can consider 2.5 to 3 years.

Moderator: The next question is from the line of Manan Shah from Moneybee Investment Advisors.

Manan Shah: Yeah hi. Thanks for the opportunity. Regarding these two acquisitions, are we carrying any liabilities also in these or the liabilities have been written-off?

Rohan Shah: No, since one acquisition is from CIRP and another is from liquidation, so all liabilities have been cleaned off. So it's a clean-slate.

Manan Shah: Understood. And this Kandla, which we acquired, was that an operational asset or since when has that asset not been operating? So I mean, I don't think we will be able to straight away start manufacturing from that asset, right? We'll have to invest something into that -- into the plant and machinery to revive that asset or it is an asset that we can immediately start commercialising?

Rohan Shah: No. So you are right. So they were non-operational for, I think, more than 2.5 to 3 years. So we'll not be able to immediately start them. But yeah, we'll have to do some work on it, but that would not be much.

Manan Shah: Okay, understood. So but, I mean, this asset is capable of then generating what sort of revenue or what sort of capacities does this asset is capable of?

Rohan Shah: See, primarily, our focus is to first, try to take benefit out of backward integration. So in addition to backward integration, whatever market we would be doing is still under evaluation.

Manan Shah: Okay. And the receivables that are there for Kandla, what type of companies are these, I mean...

Rohan Shah: They are largely Indian companies.

Manan Shah: Indian companies only. Okay, who would have a similar profile like us?

Rohan Shah: Yeah, would be many like whoever is consuming chemicals and fuels.

Manan Shah: But these chemicals, you mentioned primarily get consumed in processing of gas, right?

Rohan Shah: Yes. So they had a variety of chemicals. A few of them are primarily for our kind of business.

Manan Shah: Okay. Understood.

Moderator: Our next question is from the line of Parin Gala from Mavira AMC.

Parin Gala: Sir, my question was relating to the accumulated losses of the acquired entities. Sorry, if that's a repeat question. But what I understood is Dolphin has a INR100 crore carry forward accumulated loss. Is that correct?

Rohan Shah: Correct. Dolphin Offshore Enterprise has this accumulated loss in income tax, yes.

Parin Gala: Okay and how about the second acquisition of Kandla?

Rohan Shah: No, they do not have much accumulated loss. That's in few lakhs.

Parin Gala: Okay. Sir, second question is regarding the Dolphin. So from the existing -- you said that we are expecting a minimum of INR100 crores of revenue in FY '26. So this is in addition to the existing, so we already have that in operation, right? So is any spillover from the current FY '25 going into '26, plus we are expecting INR100 crores or INR100 crores is old plus new?

Rohan Shah: Yes. So some spillover from '25 and then balances, it would be like from this barge. And of course, we would be getting profit from our joint venture as well, where we are having that anchor handling tug. So since it is a JV with 37% stake, it would not come under line-to-line consolidation, but it would have a contribution at profit level.

Parin Gala: Okay. Okay. Sure. Thank you Sir.

Moderator: The next question is from the line of Vimox Shah from Goyam Labdhi Fintech.

Vimox Shah: Thank you for the opportunity. Yes. Congratulations for the good set of numbers. So most of the questions were answered earlier, so I have just one question, sir. Could you please elaborate on the nature of capex required for these PECs over the next few years? And how it aligns with the overall FY '26 capex plan?

Rohan Shah: So capex for PEC would largely be in laying in connecting wells as well as for drilling few wells, Largely, that would be the capex. And other than that would be opex. So whatever capex we have planned, we have considered PEC full capex in that as well.

Vimox Shah: Okay. Got it. Thank you

Moderator: The next question is from the line of Ankur Sawariya, an individual investor.

Ankur Sawariya: Good evening all. Congratulations on a good set of numbers. Most of my questions was answered. One question is regarding the QIP. Since you have spoken about the QIP, our performance has already gotten better, but the valuation of our company has come down. So is there a ballpark figure which you think below which you will not take the QIP?

Rohan Shah: See, direct ballpark figure is something difficult to quantify. But definitely, in this type of market, we would not do it because we are quite comfortable on liquidity front. And so for us, it is not something that we want fund immediately. So we can definitely wait for a good time.

Paras Savla: And also, we are not very panic about the situation.

Ankur Sawariya: Yeah. But do you also have a last date before which we have to complete the QIP?

Rohan Shah: No, no. So that approval lasts for 1 year.

Ankur Sawariya: Yeah. So is it possible that if in case you do not get your desired valuation, you can also forego the QIP, is that possible, sir?

Rohan Shah: So currently, what we believe is that we'll have to wait for a few months. That is what we believe. Otherwise, other than that, we have not thought of.

Ankur Sawariya: And one thing more, sir, regarding your exceptional losses that you have seen in your balance sheet. It is -- as I understand, it is not a cash loss, but a book accounting loss. But whatever you have kept as receivable can, in future, they also become an exceptional loss in future balance sheet?

Rohan Shah: Yeah. So it's a little early to see on it because we are evaluating their recoverability. And so out of that total receivables, there can be a possibility that we cannot recover all. So there can be a possibility.

Ankur Sawariya: Yes. And would that help us in future to reduce our taxes?

Rohan Shah: Taxes, I would say since it is under consolidation, so it is not a tax benefit as a whole. But yes, for that particular company tax benefit is there.

Moderator: The next question is from the line of Amit Kumar, an individual investor.

Amit Kumar: Thank you for the opportunity. Sir, as per my understanding, I can understand that we have a cash outflow of INR9 crores by acquiring Kandla Chemicals and Dolphin and INR251 crores of onetime loss hitting Q4. So how -- what benefits we are going to get in terms of top line and bottom line in next maybe 2 to 3 years?

Rohan Shah: See, as we are discussing on this Kandla, it has a receivables of more than INR200 crores, where which we are evaluating to recover what best we can do out of it. Secondly, as we speak, we are working on backward integration and benefit out of it, which are quite a decent benefit which we are foreseeing with improvement in our operating margins. So in terms of value or percentage, it is difficult to quantify, but it would definitely be quite a big than what we have paid.

Amit Kumar: Okay. Thats the only question. Thank you.

Rohan Shah: Thank you.

Moderator: The next question is from the line of Pujan an Individual Investor.

Pujan: Yeah hi, Thank you. All of my questions are answered. If you can answer, what is the value of land in Kandla acquisition?

Rohan Shah: So land is having value of around INR1.5 crores to INR1.75 crores.

Pujan: Okay. So not much material?

Rohan Shah: Yeah.

Pujan: And also, can you elaborate on this INR251 crores tax loss -- sorry, INR251 crores of exceptional loss, was it forecasted when we acquired this entity?

Rohan Shah: Sorry?

Pujan: Was this loss forecasted when we acquired this entity?

Rohan Shah: No. So they had inventory on books and we were of the impression that we could be able to recover a few of it -- but when we've taken a control, we found that it's entirely needs to be written off. So loss was forecasted, but not that full. But as you are aware that we have just paid INR2 crores for acquiring Kandla. So monetary-wise it is not at all affecting us.

Pujan: Thank you all of my other questions were already answered regarding the loss.

Rohan Shah: Thank you.

Moderator: The next question is from the line of Srikar Sai, an individual investor.

Srikar Sai: So sir, its regarding offshore supply vessels. So does Dolphin Shipping actually have like latest anchor handling tugs or platform supply vessels or are they age 1970s or 1980s? Because if you see the previous their annual reports, we could see them as 1975 or 1980 like Kamrup, Ganga, Dolphin all of this. And most of them are actually sold off. So how many are actually operational and ready to even go for dry docking? Or are we trying to bring second-hand anchor handling tugs of platforms supply vessels?

Rohan Shah: Yeah. So the vessels you named, they are sold, they are liquidated. So the tugs, which are available are small tugs and they are currently running, but the vessels which are liquidated or auctioned there also, we have a possibility of getting money because those money are lying with court -- maritime court, where you can have your claim in that amount as well.

Srikar Sai: Okay. Sir, just one off-topic question. It's regarding the latest offshore jack-up rig race. So they said that the bidders were like offering for like $35,000, $45,000, so is it actually affecting the offshore segment like the entire segment or if that's a technical blip? Are there any signs of stress because of crude oil going down and bidding rates going down? Is there any negative impact, sir, on offshore?

Rohan Shah: In offshore drilling, the market is global and offshore drilling rates be jack-up or be it semi-submersible. These rates are largely directly linked with crude oil price because the market is global and all global players are competing with each other. And that is the primary reason we are not focusing on those offshore drilling equipment.

Srikar Sai: And one last question regarding the traditional services, sir. So this particular INR2,960 crores order book, I think it also comprises the Dolphin's INR284 crores order or is it excluding INR284 crores?

Rohan Shah: Yes, it is inclusive of INR281 crores of Dolphin.

Srikar Sai: Since last 1 to 2 months, we have in time like last 2 to 3 months, we haven't had any major contracts getting awarded. So are we waiting any tender getting awarded, sir or is there any pricing competition or something like that?

Rohan Shah: If you'll see our traditional service contracts are not that big. So they are -- in numbers, they are so many, but individual contracts are having value, which is not that significant. So that's how our traditional services business operates. And those small contracts, we are getting often. So generally we tend to announce the contracts which are material in nature in terms of value.

Srikar Sai: Okay. Got it, sir. Thank you. All the very best and that's it from my side.

Rohan Shah: Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Jain from R&K Capital. Please go ahead.

Rajesh Jain: Thanks for the follow up. Sir, can you give more details on the production enhancement contract, what is your success rate, how confident you are on the success and how are you going to enhance the production and what is the risk that this contract can be terminated if there are no significant enhancements in production?

Paras Savla: We have done the basic reservoir understanding, geology or understanding. And we are of the view that we definitely have to do some amount of work which are related to either work over or doing air injection and continuing on doing various services to enhance the production. To our understanding and with our data, we are very, very confident that we would be definitely able to enhance the production. So now there are two things that we are going to do one, we are going to enhance the production from the existing wells that have been drilled.

Secondly, maybe a year down the line our plan is that we would be drilling new wells and we already have the data, we have the understanding that what kind of production could be hit. So all net debt put together, we are very, very confident that – see we have been operating into this field for the last more than 15 years, I would say. And we have a reasonable idea about the geology around these fields.

So the production, we have seen some of these fields have declined to a drastic stage in the last 10 years -15 years. And I won't say that putting a little effort, but literally putting a little effort would enhance a good amount of production. And then with drilling a few more wells that would be a complete game changer. So to our mind, we are very confident that we should be able to get the best of the production from these fields.

Rajesh Jain: But is there a risk that the contract can be terminated also, let's say, 2 years or 3 years down the line, there is no significant enhancement, is there a risk that the contract can be terminated? How is the agreement structured?

Paras Savla: By the virtue of any agreement, not with this agreement, any agreement like any other agreement always there is a clause of termination. But usually, these kind of services or these kind of contracts are not meant for terminating, these are always to enhance the production. We've been coming in from the services background, we have a fair understanding on the equipment, fair understanding of the geology.

So, therefore, we believe that having a huge scope in front of us, there is no reason for either party to terminate the contract because it is going to be a win-win situation for both of the parties. So going to an extent of termination is something that is to a wild of thought. It could be with any contract. So that possibility is something that we really don't see.

Rajesh Jain: Just you had mentioned to a previous participant that you paid only INR2 crores for acquiring Kandla Energy. And then to my earlier question where I'd asked you how many bps improvement you are expecting in the margins, you said around 2% improvement you are expecting through this Kandla acquisition. So are we saying that on a console revenue of, let's say, around INR600 crores or even INR700 crores, the 2% of that comes to around INR12 crores to INR14 crores.

So you are expecting that by making a payment of INR2 crores to acquire this company, you will be making an improvement in your EBITDA by -- to the extent of INR12 crores to INR14 crores within a year?

Paras Savla: So we had mentioned that there is some amount of investment that we have to do with the existing things and the assets that Kandla has. So it is not something that with INR2 crores immediately rush to INR12 crores. There would be some amount of investments, which would be done on the plant for setting up all these facilities. And having said that, if that is done, that will definitely yield that kind of a result.

I need not go back on the examples of how Dolphin was acquired. So, if you see the example of Dolphin, it is a clear testimony of what we are seeing it today. In Dolphin also our acquisition was miniscule, but among them we got a property worth more than what our acquisition was and with the more of arbitration claims and the barge and all those stuff. So in the companies where you tend to acquire from liquidation or from a CIRP process, there is always a good amount of possibility to get that kind of profits. So it is not new to us now.

Rajesh Jain: How much additional investments you may need to make in the Kandla business?

Paras Savla: One is we are working towards it, but my gestimate would be that it would be less than INR10 crores, not even that much.

Rajesh Jain: Okay. Then it's a super acquisition, sir, I must really congratulate you. Sir, in the January concall, you had mentioned that FY '25 will not only be the highest ever revenue and EBITDA, but also the highest ever net profit in the history of the company. Now which is the net -- which has been impacted by the onetime loss. You have obviously delivered the highest ever revenue and EBITDA and if not for the exceptional loss, maybe you would have done the highest ever net profit also. But -- so was this onetime write-off not decided in the previous quarter?

Paras Savla: No, it was not decided in the previous quarter. And as you very rightly said that it is an exceptional. But if you have to bar this onetime loss, which is a noncash thing, if you see that what we have committed in January, it is absolutely same what we had committed in January. So our numbers in terms of our top line or EBITDA or maybe even our bottom line are meeting what we said in January.

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

Rohan Shah: Thank you, everyone for joining this call. It was pleasure interaction with you all. If you have any further queries, you can definitely approach us through Adfactors PR or you can directly connect us. We would be happy to answer all your queries. Thank you.

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