



“Deep Industries Limited
Q1 FY '26 Earnings Conference Call”
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**MANAGEMENT: MR. PARAS SAVLA – CHAIRMAN AND MANAGING
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LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Deep Industries Q1 FY '26 Earnings Conference Call hosted by AdFactors PR. 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 a touchtone phone. Please note that this call is being recorded.

With this, I now hand the conference over to Mr. Paras Savla, Chairman and MD of Deep Industries, for their opening remarks. Thank you, and over to you, sir.

Paras Savla: Good morning, everyone. It gives me immense pleasure to speak to you all today as we present our first quarter performance for the financial year 2026. Thank you very much for joining this call. Our results, press release and investor presentations are available on our website and on the 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 take your questions thereafter.

I'm pleased to present the promising outlook of India's oil and gas support services sector. A robust strategic imperative for national energy security is catalyzing unprecedented upstream activity, thereby expanding the market for our specialized capability. This emerging exploration and production landscape directly translates into robust demand for advanced support services.

As India progresses towards energy self-reliance, our sector will play an integral role in unlocking its hydrocarbon potential. We believe this represents an exceptionally opportune moment for strategic investment in India's dynamic oil and gas support services market.

Aligning with national objective of self-reliance in hydrocarbons and capitalizing on the available opportunities, Deep Industries Limited is strengthening its presence across value chain through continued offering of value-added solutions for Exploration and Production segment.

Continuing with our last year's growth momentum, the first quarter has witnessed robust activities across all segments. We successfully took charge of the Rajahmundry field enhancement operations and have already started with baseline production. We fully expect this to significantly boost our output in the coming quarters.

In another significant development, we secured a Letter of Award from Oil India Limited for the hiring of workover rigs valued at Rs. 45 crores and have secured Rs. 96.72 crore contract from Oil India for 7-year charter hiring of workover rigs in Assam and Arunachal Pradesh.

Adding to this positive momentum, our Prabha barge has been begun generating revenue in May 2025, marking yet another crucial milestone in our diversified operations. These developments collectively highlight our strong operational progress and position us for a very positive financial outlook.

On the midstream front, Deep Industries continues to operate one of the India's largest fleet of gas compression units under services contract. We are also scaling up our modular gas processing offering under a Lease-Operate-Maintain model, particularly in high condensate and far-go-away gas zones. These solutions are increasingly being adopted by PSU clients seeking cost-effective and scalable processing support.

Our strategic priorities for the remainder of FY '26 are clearly defined. We aim to maximize asset utilization and safety across our drilling and workover fleet, expand our footprint in EOR and unconventional segments through new PECs, scale up charter hiring development of gas processing plants, and pursue selective value-accretive M&A to broaden our service capabilities.

In order, we are confident in our strategy, our people and our execution capability. With a strong start to the year, a favorable policy environment and rising energy demand, Deep Industries is well positioned to deliver sustainable growth and long-term value.

With this, I now invite Mr. Rohan Shah to provide a detailed overview of the financial performance for quarter FY '26. Following his remarks, we will be happy to address any questions you may have. Thank you.

Rohan Shah:

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

Revenue for Q1 FY '26 rose to Rs. 199.5 crores, up by 61.6% year-on-year. Control over costing and operational efficiencies have helped us post 54.7% Y-o-Y growth in EBITDA to Rs. 95 crores in Q1 FY '26, with EBITDA margin of 44.6%. We have been maintaining EBITDA margins in the range of 40% to 45%, providing us a decent cash flow to strategize our future growth trajectory.

Net profit for the first quarter was at Rs. 61.7 crores, up by 59.3% year-on-year. As on date, our order book stood at Rs. 3,051 crores, up by 152.15% year-on-year. As we look ahead to the remainder of FY '26, Deep Industries stands on a strong operational and financial foundation. The momentum built over the recent quarters, driven by disciplined capital allocation, efficient cost structures and consistent contract execution, positions us well to navigate evolving market dynamics and capitalize on emerging opportunities.

As Paras bhai highlighted, our success is anchored in execution, strength and strategic foresight. From a financial standpoint, we remain focused on sustaining healthy cash flow, optimizing return on deployed capital and supporting the group's growth ambitions with a prudent performance-driven approach. With a clear road map and robust fundamentals, we are confident in Deep Industries' ability to deliver long-term value to all stakeholders.

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

Moderator:

The first question comes from the line of Raman from Sequent Investments.

- Raman:** Hello Sir, Congratulations on a good set of numbers. My first question is with respect to the revenue growth. We have achieved around 60-plus percent revenue growth during this quarter. Is this a one-off? Or was this on the back of acquisition -- recent acquisition of Kandla Energy? And can you throw some light on how will be the growth from this quarter onwards?
- Rohan Shah:** So the growth is primarily on result of execution of various different contracts on our various service segments, which has been awarded last year and we have executed in Q1. So there is no contribution from Kandla Energy in revenue. So we are expecting Kandla to start contributing from next financial year. So, growth is primarily because of our all varied services contracts and their efficient execution.
- Raman:** So, sir, going forward in the coming quarters, can we expect the growth to be slowed down because you have over-executed orders or you can continue this growth?
- Rohan Shah:** So we are expecting growth on a year-on-year basis for more than 30% based on our existing order book itself. And this revenue generation is a testimony of execution of those contracts on time. So, similar kind of growth is expected over a period of time. And for at least next 2 to 3 years, we should continue to grow with the same kind of pace.
- Raman:** Okay, sir. Sir, my next question is with respect to Kandla Energy. One is the previous quarter, you took around Rs. 208 crores of write-off with respect to the receivables. And you also stated that you are optimistic about getting back half of the receivables. Do we expect that to continue? And can we expect the margins to improve due to this merger?
- Rohan Shah:** So the write-off we took in March was primarily of inventory and not of receivables. And for receivables we are continuously following up with them for their recovery. And we are quite positive that we would recover quite a good or decent amount out of old receivables.
- Raman:** And sir, about the margins?
- Rohan Shah:** Yes, margins going to improve going further. So the contribution from Dolphin, once it starts increasing in overall revenue pool, overall margin would definitely increase on EBITDA level. And after starting contribution from Kandla also, it will further improve our operating margins.
- Raman:** And sir, with respect to Dolphin, can you give any guidance of how much revenue and -- can we do in FY '26?
- Rohan Shah:** Dolphin, we are quite positive on its growth and the revenue largely for this financial year is almost fixed kind of it -- because we have entered into a contract for \$30,000 a day and that operation has already started. So, if we put it in numbers, it should be around INR100 crores a year kind of revenue.
- Raman:** And sir, with the robust demand in the -- across the sector, even with respect to robust demand in natural gas as well as normal oil, do you expect to add any additional fleet? And what will be its contribution in the upcoming financial year?

- Rohan Shah:** Yes. So with regards to the demand in the industry pertaining to our kind of services are excellent. And we are anticipating good amount of growth going forward with increasing in demand. So we believe this momentum should continue at least for next 3 years.
- Raman:** And are you planning to add more fleets to your existing fleet?
- Rohan Shah:** Yes. On the opportunity basis, we would definitely add new equipments in our fleet. We have recently been awarded with 2 new rig contracts, and we are adding 2 new rigs in our fleet. So going forward as well, as and when opportunity comes, we'll add new equipment in our fleet.
- Moderator:** The next question comes from the line of Nirvana Laha from Badrinath Holdings.
- Nirvana Laha:** Hi Sir, Good Morning and Congratulations on a great set of results. Sir, my first question is on Dolphin and Prabha. So at INR90 crores to INR100 crores a year, the quarterly run rate of revenue should be around INR23 crores to INR25 crores, right? So, this quarter, it was INR16 crores. Is it because we started the contract in May and not in April?
- Rohan Shah:** Correct.
- Nirvana Laha:** Okay. And sir, in Dolphin, we see an interest and depreciation cost of INR2 crores each in this quarter, Q1. So is that the run rate that we can expect for the rest of the year? Or is there an escalation expected there?
- Rohan Shah:** It would be in range of that only.
- Nirvana Laha:** Okay. Okay. And sir, you mentioned that stand-alone revenue this quarter increased because of execution of contracts. Has the PEC contract started contributing? And if so, how much?
- Rohan Shah:** Yes, PEC has started with the baseline production. So the growth revenue we are expecting from H2 onwards. So it has started with that minimum fixed price against the baseline production.
- Nirvana Laha:** Okay. So we haven't recognized any revenues against that contract in Q1?
- Rohan Shah:** No, we have recognized revenue, but that is a minimum fixed fee, which we are getting to maintain the baseline production.
- Nirvana Laha:** Sure, sir. Can you give us the quantum, how much we have recognized?
- Rohan Shah:** That's not material. So it's a significant -- around INR1 crore a month kind of.
- Nirvana Laha:** Okay. Got it. And you had said that INR160 crores capex will be required for this contract. So when do you expect -- which quarter do you expect that capex to start happening?
- Rohan Shah:** So it should start probably later in this financial year and would be completed by next financial year.

Nirvana Laha: Got it. And sir, coming to this quarter, we have seen like an INR82 crore kind of EBITDA number. You mentioned that the stand-alone growth has come from execution of existing contracts. So just following up on an earlier participant's question, is there a little bit of lumpiness here, which means this 54% kind of growth should not be extrapolated for the remaining 9 months, and we should look at 30%, 35% growth in stand-alone only?

Rohan Shah: So this kind of growth when we are comparing it is year-on-year. And for us, it has been history that has always been least quarter in our history. So when we are comparing this performance with last year's Q1, this growth appears quite high. But nevertheless, growth we are gunning is -- obviously, it's a great amount of growth, which we are gunning towards. And we expect at least 30-plus percent kind of growth going forward.

Nirvana Laha: Got it, sir. And last question from my side. Kandla Energy, Dolphin, we have certain assets where there could be more write-offs, receivables, inventory, we don't know maybe other assets also. Can you give us an overview of what is the asset pool across these different categories, across Dolphin and Kandla, which may require some kind of write-off?

And what is your expectation for write-offs in FY '26, FY '27? I'm sure, sir, when you're looking at the assets and doing budgeting, you will have a kind of figure in mind. Last quarter the numbers sort of came out of the blue. Your explanation was well understood. But if you can give us a little bit of understanding of what is the asset pool...

Rohan Shah: The assets out of these targets are primarily receivables. There are old receivables for which we have not paid while acquiring this company. So these old receivables, which we believe are a bonus for us with tagging along these acquisitions. And for those receivables, we are trying our hard to recover them.

So we have got some decent amount of success in recovering old receivables of Dolphin. And we believe that we should also get some good amount of recovery out of Kandla old receivables as well. Speaking today, we are not anticipating any kind of write-off in FY '26. Anything to say on FY '27 would be too early.

Nirvana Laha: Sure, sir. Could you tell us the amount of the total old receivables between Kandla and Dolphin, the total amount?

Rohan Shah: I think they are more than INR350 crore types. Amount exactly I'm not having. It is mentioned in my previous quarter's results.

Nirvana Laha: Sure, sir. Sir, wouldn't it be prudent to have some provisioning for this?

Moderator: The next question comes from the line of Sudeep Anand from Systematix Group.

Sudeep Anand: Many congratulations for a good set of numbers, sir. So, sir, first question on rig, the charter hire rates on rigs are dollar-denominated or rupee denominated and whether we will get the benefit of the rupee depreciation?

Rohan Shah: So, the recent awards are of workover rigs and their rates are in rupees, not in dollar.

- Sudeep Anand:** And the previous contract which is going on?
- Rohan Shah:** Yes. So we have six drilling rigs. So drilling rigs are getting dollar rates. I think five of them are into dollar contracts and rest all other rigs are into rupee contracts.
- Sudeep Anand:** Okay. And sir, the recent contract which we have received from Oil India, when it's going to be deployed?
- Rohan Shah:** So we have been given mobilization time of around 5 months.
- Sudeep Anand:** Okay. So somewhere around Q4 FY '26?
- Rohan Shah:** Correct.
- Sudeep Anand:** And sir, what are our capex plan on Dolphin? How many tugs, DSVs we are expecting in FY '26 and '27?
- Rohan Shah:** So we have planned to add few vessels in Dolphins fleet in current financial year. So we have shortlisted 1 or 2 tugs and 1 or 2 vessels. So, having an opportunity, we wish to add at least 2 of them in this financial year.
- Sudeep Anand** okay Thank you sir
- Rohan Shah** Thank You
- Moderator:** The next question comes from the line of Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** I wanted to understand in terms of Kandla, what sort of contribution we can expect? I mean, you mentioned from next year, we are expecting some kind of contribution, right? So what sort of top line, what sort of margins this company can see for us?
- Rohan Shah:** See, it is a little early to answer this question because Kandla primarily we were focusing on get those hydrocarbon fluids, which we use it in our drilling operations. So our first focus would be to take care of our internal consumption and then to scale it up going forward. So on top line or margins, we have not yet reached to the numbers.
- Deepak Poddar:** Okay. But any rough indication would also be very helpful. I mean, I don't want to pinpoint -- a rough range would also be helpful.
- Rohan Shah:** For that also, we'll have to wait for a quarter or so, then probably we can give some idea. Largely, we believe that it should improve our operating cost by -- at least by 1.5% to 2% from next financial year.
- Deepak Poddar:** Operating cost in the sense, I mean, it will bring some efficiency, I mean?
- Rohan Shah:** Correct.
- Deepak Poddar:** Okay. And in terms of your PEC contract, that's a 10-year contract, right? So per year, INR140 crores revenue accretion can we expect, I mean, from this year onwards?

- Rohan Shah:** So that contract will start contributing later on this financial year. So for this financial year, we are expecting around 5 to 6 months kind of revenue from that particular contract. Full year revenue we can expect from next financial year.
- Deepak Poddar:** Okay. But per annum, INR140 crores would be a right kind of indication for the year?
- Rohan Shah:** Yes, yes, approximately around that only. It can be lower, it can be higher, but largely in that range itself.
- Deepak Poddar:** Okay. Okay. Fair enough. And given that first quarter we have grown so handsomely, so -- but we're still saying 30%. I mean, are we being conservative when we are saying 30% kind of a growth because...
- Rohan Shah:** We are saying 30% year-on-year, on a yearly basis. So in our business, we always suggest to compare it on year-on-year basis. Quarter-on-quarter maybe sometimes it looks very high or sometimes it looks flat also. But year-on-year, we believe we should be growing more than 30%.
- Deepak Poddar:** No. The reason I'm asking this because in your second half, this contribution from PEC will also come. And Dolphin contribution will also increase by maybe INR9 crores, INR10 crores because we had seen only couple of months of impact in this first quarter. So ideally, you have a lot of levers where your revenue can increase, right?
- Rohan Shah:** Ya Ya. So it is always good to be conservative.
- Deepak Poddar:** Yes, that's what. Fair enough. And just one last small thing. What's the Dolphin margins, sir, at INR100 crores revenue?
- Rohan Shah:** That's huge. I would say it's more than 65% because the contract which we have entered is net of opex rate. And so, my margin would be 60% plus.
- Moderator:** The next question comes from the line of Rajesh Jain from RK Capital.
- Rajesh Jain:** Yes, sir. So I started tracking your company just from the last quarter. And I was just going through the company history, and I came to know that the earlier Deep Industries was probably merged into Prabha Energy Limited. And this Deep Industries is the demerged entity of the earlier one, right? Now, are there any related party transactions between your company and Prabha Energy or any of the other related parties? So have you given any loans to any related parties? And if yes, then at what rate of interest?
- Rohan Shah:** Yes. So, the recent Deep Industries is the demerged entity, as you rightly said. And with regards to related party transaction, I think all transactions are disclosed in our annual report. We have given loans to Prabha Energy, which were given in past. They are still standing there and they carry rate of interest of 12%.
- Rajesh Jain:** You have given loan to Prabha Energy at 12% interest rate?
- Rohan Shah:** Correct.

- Rajesh Jain:** Okay. Understood. Okay. Sir, the receivables that you mentioned in the last quarter, that was around INR363 crores. So in how much time you -- and you clarified in today's call that this year, FY '26, there will be no additional write-offs. So in how much time you are expecting the old receivables to be collected?
- Rohan Shah:** So we have given timeline of 2 years to collect these receivables. Within 2 years after giving all efforts, we'll decide for next course of action. And I think it would be, again, important to mention here that these receivables are not paid receivables. The acquisition cost is very miniscule while getting these companies along with receivables.
- Rajesh Jain:** Okay. Okay. Understood. Sir, you have guided for a 30% growth in revenue on a full year basis, now -- 30%, 35%. So how much can the 30%, 35% growth in revenue lead to increase in profit? Will the profit growth be also 30%, 35% or it will be materially more than 30%, 35%?
- Rohan Shah:** Yes, it should be a little more than 30%, 35% because we are expecting improvement in margins as well.
- Rajesh Jain:** From this year itself?
- Rohan Shah:** Correct.
- Rajesh Jain:** Sir, in the last call, you had mentioned about some fundraising plans which you had deferred for -- and you were waiting for better market conditions. So, now that the conditions are slightly better, so what are your fundraising plans now?
- Rohan Shah:** So we are just reviewing it. And if we'll find it the correct time, we can think of it. So all approvals are in place. So we'll just have to time it.
- Moderator:** The next question comes from the line of Manan Shah from Moneybee Investment Advisors.
- Manan Shah:** Hi Sir, Thank you for the opportunity and Congratulations for a good set of numbers. Sir, my first question is on the stand-alone side. Is there any major change in the revenue mix on our stand-alone numbers? Because if I look at our gross margins as well as EBITDA margins at stand-alone level, there is some compression over there.
- So going forward, is this sort of margins that we should look forward to at a stand-alone basis? Or there has been some major shift or one-off at the stand-alone level? And also, on the other income, what are the major contributions in the other income?
- Rohan Shah:** Yes. So, revenue mix is more or less same. So there is no major change in revenue mix. Margins overall are in range, 1% or 2% here and there. So there is no one-off kind of element here in this mix. So it would be more or less in line. As we are into the business which is backed by heavy equipment. More or less you have some of other expenses related to repair, maintenance of those equipments, maybe a little higher in one quarter, a little less in another quarter kind of. So Q-on-Q, I would again suggest, please do not compare Q-on-Q in our business.

- Manan Shah:** Understood. Secondly, my question was on the earlier participant, you mentioned about acquiring some tug and some vessel for Dolphin. What sort of capex will this equipment entail?
- Rohan Shah:** So, the capex which we are eyeing on in Dolphin is in range of around INR350 crores to INR400 crores types for acquiring these vessels and -- based on opportunity. So we will follow the same philosophy which we are following in Deep, that we'll do capex only on getting firm orders. And I think that philosophy will continue to follow in Dolphin as well.
- Manan Shah:** And in terms of funding for this capex?
- Rohan Shah:** Yes. So we are exploring various options in Dolphin, including taking debt and other structured products and equity as well. So, depending on the finalization of capex, we can take it forward.
- Manan Shah:** Understood. And on the other income, what is the major contribution from other income?
- Rohan Shah:** So other income more or less is from treasury. This particular year, we had one item of profit on sale of asset to the tune of around INR2.7 crores. I think that is one item which is in addition to normal treasury income.
- Manan Shah:** Okay. And in terms of the gas processing facility on charter hire, any other major contracts that we have built? And then overall, what is the bid pipeline that is looking like for the company?
- Rohan Shah:** So currently, we are operating 3 different contracts for this gas processing, one with Cairn Oil & Gas and 2 with ONGC. And currently there is no further bid on those, but we have given expression of interest to a few more contracts.
- Manan Shah:** Okay. And what overall bid -- Sorry, you were saying something?
- Rohan Shah:** Those expression of interest will convert into bidding going forward.
- Manan Shah:** Okay. And overall, what is the bid pipeline looking like?
- Paras Savla:** It's close to around INR700-odd crores.
- Moderator:** The next question comes from the line of Rikin Shah from the Boring AMC.
- Rikin Shah:** Hi Sir, Congrats on a great set of numbers. I wanted to ask pertaining Prabha, what are the timelines for the pipeline to come in?
- Rikin Shah:** Sure. So, I was asking what the timelines would be for the pipelines in Prabha Energy?
- Rohan Shah:** I think this is not the forum to answer about Prabha Energy. We should avoid that question.
- Rikin Shah:** All right. So the other questions on margin and product enhancements for Deep have been answered. So I have no other questions.

- Moderator:** The next question comes from the line of Vinay Maheswari from IGE.
- Vinay Maheswari:** So sir, you mentioned about the Dolphin for the INR300 crores or INR350 crores. Was it related for the capex or it was for the acquisition?
- Rohan Shah:** Capex.
- Vinay Maheswari:** It was for the capex?
- Rohan Shah:** Yes, yes.
- Vinay Maheswari:** And what are the current utilization of our workover rigs and normal rigs?
- Rohan Shah:** They are 100% utilized.
- Vinay Maheswari:** 100%. Okay. Thank You
- Rohan Shah** Thank You
- Moderator:** The next question comes from the line of Nikunj Bhanushali from Kosh Wealth Management. Please go ahead.
- Nikunj Bhanushali:** Hi Sir, First of all, congratulations for a good set of numbers. So my question is regarding one of our subsidiaries, RAAS Equipment. So, for last couple of years, the numbers have been falling. And for the last 2 years, I think the subsidiary is loss making. So what are the challenges we are facing in that segment? And what are the utilizations that we are having there?
- Paras Savla:** See, RAAS Equipment was basically -- was set up for packaging the gas compressors for city gas distribution. There is a good amount of fall into that business, and that is the reason not much activities are seen into it. While we are still focused on upcoming opportunities, but as what we are witnessing since last 1.5 years or maybe 2 years now, the activities have been a little slow as far as the city gas distribution activities are going forward. And therefore, you are not able to see any major movement into RAAS Equipment.
- Nikunj Bhanushali:** Okay. So going forward, what is the plan for RAAS Equipment? Like, would we see any demand coming up there?
- Paras Savla:** I believe that market is more -- it is more fluctuated, and we cannot time it properly that when it would be giving good numbers or how could it be projected. We are sitting on the infrastructure and having a good opportunity, definitely, we will embark upon it. So the timing, how it is going to happen would be a bit difficult for us to comment.
- Nikunj Bhanushali:** Okay. My second question is regarding the investment that we made in HF Hunter of about \$2.2 million. So could you give us some flavor what kind of revenues are we expecting there? And what are the margins we are expecting there?

- Rohan Shah:** So that investment is primarily for acquiring, one, tug in to joint venture. And that tug has started operation in current financial year. We are expecting revenue of around \$17,000 to \$20,000 a day from that particular tug and margins would be in range of 50% kind of, and our stake in that JV is 37%.
- Nikunj Bhanushali:** Okay. And we made another \$1 million investment in a company called Frisco Global PTE. So could you give -- could you share some details about that?
- Rohan Shah:** I need to check on those parts. Currently I'm not having those papers with me.
- Moderator:** The next question comes from the line of Viral Shah from AMBIT.
- Viral Shah:** Yes. Congratulations on a great set of numbers. Sir, just a couple of these new contracts which we have won, that is 3 years and 7 years, are the amount very miniscule or it is per year or it is for 3 years put together?
- Rohan Shah:** So the amount of contract is for entire contract tenure.
- Viral Shah:** Contract tenure. Sir, our workover rate will be utilized for the entire contract tenure of 3 years, right?
- Rohan Shah:** Correct.
- Viral Shah:** Got it. Sir, secondly, what is the order inflow guidance for the full year as a whole?
- Viral Shah:** Yes. Yes, sir, what is our order inflow guidance for the full year? And last second question is on the update on the -- what is the update on the production enhancement contract of ONGC?
- Rohan Shah:** So the bidding pipeline, as Paras Bhai has suggested, is around INR700 crores and, of which we are expecting good amount of conversion going forward. So, we can expect conversion out of that bidding pipeline, plus the new tenders we would be bidding going forward. So, to comment on any particular amount is little difficult.
- With regards to production enhancement, we have taken over that feild and have started with baseline production. So the process and the applications which are required to apply for enhancing the production, we have started applying those. And as we estimated before, we should get some incremental revenue later in this financial year.
- Viral Shah:** Got it. Got it. And what is the capex envisage for this production enhancement for the FY '26 put together?
- Rohan Shah:** So overall, we have envisaged capex of around INR160 crores for this production enhancement, and that should start in later -- in this financial year and should be spill over to next financial year.
- Viral Shah:** So it is fair to assume that we'll be spending around INR70 crores, INR80 crores in this financial year and maybe spill over in the next financial year?

- Rohan Shah:** It's in fluid condition. So for assumption you can take, it can be little here and there.
- Viral Shah** Thank you Rohanbhai and all the best for future
- Rohan Shah** Thank You
- Moderator:** The next follow-up question comes from the line of Nirvana Laha from Badrinath Holdings.
- Nirvana Laha:** Sir, I think I heard you mention that you're planning to do INR350 crores, INR400 crores capex in Dolphin. So given that you've acquired a tug for only \$2.2 million for 37% kind of stake, this INR350, INR400 crores figure looks really big. So if you can help us understand like what kind of assets are we looking at, how many numbers? I know you won't have exact details. And from this capex, what kind of revenue and margins can we expect?
- Rohan Shah:** Yes. So tugs are little less costly than vessels. So we are eyeing on acquiring tugs as well as vessels, which would be diving support vessel and platform supply vessel. So those vessels are a little more costly, I would say almost double than tugs. And the revenue, if we talk about from a particular anchor handling tug, we can expect revenue of around \$17,000 to \$20,000 a day versus revenue from diving support vessel or platform supply vessel would range in \$50,000 a day kind. So, depending on the opportunity and contract, we would go for those capex.
- Nirvana Laha:** Sure, sir. And these PSV OSVs, you expect to deploy them in India? Or are they more Gulf focused or any geography you can talk about?
- Rohan Shah:** So as of now [inaudible 0:43:15] regions other than India.
- Nirvana Laha:** Regions other than India. Okay. Okay. And sir, you mentioned that -- will it be a capital raise in Dolphin? Or are you also looking at possibilities of another JV formation for this kind of capex?
- Rohan Shah:** So as of now we are evaluating various other options. So capital raising can be an option. JV or acquisition is also an option. So as of now, nothing is crystallized yet.
- Nirvana Laha:** Sure, sir. When do you expect this to crystallize? Like how much time do you think it might take?
- Rohan Shah:** Probably by next 1 or 2 quarters.
- Nirvana Laha:** Got it, Thanks thanks Sir for answering all the questions, All the Best.
- Rohan Shah** Thank You
- Moderator:** The next question comes from the line of Yash from Dante Equity Capital.
- Yash:** Ya hi, Congratulations on a great set of numbers. My question is regarding -- my first question is regarding your QIP, right? As far as I remember, when your con call happened in -- when

your last con call sort of happened, the stock price was at around INR440, INR450-ish. And you said the market conditions were not right for you to obviously dilute your stake?

But obviously, that's one thing I'm really, really concerned about as a shareholder. So, my question is, at what valuation do you think diluting -- you're okay with diluting equity in Deep Industries via QIP. And any -- obviously, I'm not expecting you to share a share price, but I'm seeing any guidance, any understanding on how you're looking at the QIP if you're looking at diluting?

Rohan Shah:

See, for us, the better, or I would say, best part is, we are good with our available liquidity in a way that business generates good amount of cash, and we are sitting on also some good amount of liquidity, which can help us in completing our targets of doing capex or acquiring assets and can give us a flexibility to time the dilution.

And that is how we are not much worried that if my QIP is getting a little delayed, my capex requirement or my growth requirement are otherwise being satisfied. So that is how we are in - - I would say we are in some good flexibility situation where we can time dilution as per our expectation.

Yash:

Yes. So just to confirm and conclude from what you're saying basically is that because -- see, because our order book also has grown significantly, right, in the last maybe 2 years, our order book has grown significantly. Our numbers are fantastic, and we have a decent growth trajectory over the next sort of 3 years, like you pointed out that you have visible growth at least for the next 3 years. So diluting at an inferior price would be something that would be very disappointing as a shareholder. And I just wanted to kind of point that out. And of course, the rest is up to you.

And my second question is regarding the receivable part, right? You said around INR300 crores, INR350 crores of receivables, right? But let's say, why didn't we write it off -- why didn't we write off more in terms of inventory loss or receivable loss? Because we could have gained the tax benefit and then we could have written it back when we got the money and if we got the money, right? Because you can technically, basically try and receive the money back, you can try and get the money back even after you write it off. Am I getting something wrong here?

Rohan Shah:

From accounting or investor perspective, you are right. But if you are into some cases or if you want to bring your debtors into some legal net, that amount should be there in your books as receivable. Then only you have right to put claim. And I think that factor we are considering. Your point is well accepted, and we have deliberated a lot on those areas.

But due to some other reasons, we have kept them outstanding till the time we believe that we can recover them. And I think, again, to mention that we have acquired Kandla in just INR2 crores and Dolphin Shipping in just INR7 crores. So practically, we haven't paid anything for getting those receivables.

- Yash:** Yes. So what is the quality of these receivables? If you could just point that one last thing out. What is the quality of these receivables? What kind of companies are there on the receivable end basically? Any idea on that?
- Paras Savla:** Yes, they are good number of customers, more than 200 in numbers. And they are fairly good operating companies. We stands good chance of recovery.
- Yash:** Perfect. Great. Great. So, just in case you don't receive this money, you will look to make another write-off in the next -- after 2 years, right, is what you said? Whatever was not received from this INR350 crores you will write it off after 2 years?
- Rohan Shah:** Yes. Currently, that is the plan. Correct.
- Yash** Okay Thank you thank you so much for taking my opinion on the Fund raising Part. Thank you so much
- Rohan Shah** Thank you
- Moderator:** The next follow-up question comes from the line of Manan Shah from Moneybee Investment Advisor.
- Manan Shah:** My question was regarding the offshore vessels that you're looking to acquire. Now, at least on the offshore rig side, with the correction in the oil prices, we've seen the rig charter higher prices also correct. While on the onshore we don't see such type of volatility. So these equipments which we are looking to acquire, do these also see that type of volatility as the offshore rigs or the pricing are more stable over here?
- Rohan Shah:** No. So, these are falls into support service category, these equipment or vessels, and they are not having that high volatility as compared to offshore rigs. And I think that is the reason why we are not entering into offshore rig segments.
- Manan Shah:** So the prices over here are fairly stable? And the contract terms are also like long-term, like 3 years and -- like how we have currently or they are more of a short-term contract...
- Rohan Shah:** So they are in range of 1 to 3 years. Sometimes it is more than 5 years also. So depending on the opportunity and availability, we can enter into a contract.
- Manan Shah:** Okay. And the basis that you gave earlier is that we would be going for acquiring these assets only after we have some sort of visibility on their deployment?
- Rohan Shah:** Correct.
- Moderator:** The next question comes from the line of Mehul from 40 Cents.
- Mehul:** Hello Sir, Thank you so much for the opportunity. Sir, I'm new to our company. So I don't know what was the last quarter looked like, but I was just going through the numbers, and I found that we were in a loss for the consolidated statement. So can you throw some light on what was the reason for the loss in last quarter?

- Rohan Shah:** That was a onetime exceptional item. The loss was primarily because of some write-off in a company which we acquired from insolvency called Kandla Energy & Chemicals. And we had to write it off inventory which were not there physically, and it was showing in the books. So that was an exceptional item of onetime loss, which was primarily a noncash loss because we acquired that company in just INR2 crores.
- Mehul:** Right. Right, sir. Sir, my second question is about the group company, sir. So are we having -- we are having Deep Industries, Deep Energy and Prabha Energy also. All these 3 are the group companies and which of them are listed?
- Rohan Shah:** So Deep Industries and Dolphin is under one group. And Prabha Energy is another company, which is other group, I would say. It is not directly in our group. But yes, it is same promoter company, I would say.
- Mehul:** And sir, they are also -- they are listed company, Prabha Energy?
- Rohan Shah:** Yes.
- Mehul:** Okay. And same business, is it, sir?
- Rohan Shah:** No, they are into different business, of exploration and production.
- Mehul:** Okay. Okay. And sir, what about the Deep Energy, Deep Energy is itself renamed as Prabha Energy or it's a different company again?
- Rohan Shah:** Deep Energy has been reverse merged into Prabha Energy.
- Moderator:** The next follow-up question comes from the line of Raman from Sequent Investments.
- Raman:** Hi Sir, Thank you for allowing the follow up question, Sir, how much is the loan did we -- how much of loan did we give to Prabha Energy?
- Rohan Shah:** It would be around INR90 crores.
- Raman:** So, it's more like a clarification. I just want to understand how much fleet do we have under Dolphin Offshore currently? And are we planning to -- you said that we are planning to add at least 2 fleets by the end of this year, right?
- Rohan Shah:** So currently we have 2 vessels, or I would say, one barge and one tug operational, and we wish to add 2 more.
- Raman:** And also, sir, with respect to the recent order win from Oil India, you said you are planning to add a workover rig?
- Rohan Shah:** Correct.
- Raman:** How many workover rigs are you planning to add?
- Rohan Shah:** So, against the recent order, one workover rig.

- Moderator:** The next question comes from the line of Pankaj Motwani from Equirus.
- Pankaj Motwani:** yes thank you for the opportunity. So I just want to know the status of the Dolphin debtors. Like I think we have around INR140 crores of old debtors from?
- Rohan Shah:** YA. So of which we have received an order in our favor of INR31 crores.
- Pankaj Motwani:** Yes. So I think that order has been received around 5, 6 months back. But like do we have received any collections from that, because the debtors are, I think, around 2 years old? So like, don't you think like we have to provide -- we have to provide provision for that?
- Rohan Shah:** YA. So the -- see, in legal matters, it takes time. So the order needs to be solved and then to recover. It takes a little time. With regards to provide provisioning, we are evaluating them, and we are in constant follow-up for recovering as well. We have get some good award in our favor for their overseas receivables as well. So having said that, we would continue to pursue for their recovery.
- Pankaj Motwani:** Got it. And just one more question. So like I was seeing the cash flow statement of Dolphin. So like it was given that around INR170 crores of -- there was a fixed asset purchase of INR170 crores. So like can you just give me the breakup of that INR170 crores, like what comprise of barge, what comprise of tugs, like what is the amount of the barge and tugs?
- Rohan Shah:** So INR170 crores is all for barge only.
- Pankaj Motwani:** Okay. But I think earlier we have mentioned that we have done around -- we have done refurbishment of around INR120 crores. So like the additional INR50 crores is based on what - is for what?
- Rohan Shah:** No. So, total refurbishment cost reached somewhere around INR150 crores plus. And balance would be -- I'm not sure. Cash flow of Dolphin is not with me as of now. We can take it one-on-one.
- Moderator:** The next question comes from the line of Amit Agicha from HG Hawa.
- Amit Agicha:** Ya Good afternoon Sir, Thank you for the opportunity Sir, how are the Rajasthan, Assam and Arunachal Pradesh contracts likely to contribute to the top line in the coming year?
- Rohan Shah:** So it has a mobilization period of 5 to 6 months. And post mobilization, it will start contributing it. The contract value which we have given is for the contract tenure. So like Rajasthan contract is 45 [inaudible 0:58:46] 6 months and can consider revenue contribution from that, similarly with this 7-year contract.
- Amit Agicha:** Sir, could you elaborate on the expected output growth from Rajahmundry post baseline enhancement?
- Rohan Shah:** So I think that we have already said in past and this call as well that we are expecting around INR140 crores of revenue on year -- full year basis from that particular contract.

Amit Agicha: Thank you sir and all the best for future.

Rohan Shah Thank You

Moderator: Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to Mr. Rohan Shah for closing comments.

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

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