"Deep Industries Limited

Q2 FY27 Earnings Conference Call"

November 04, 2026

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

MODERATOR: **MS. KHUSHI SOLANKI – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Deep Industries Limited Q2 FY27 Earnings Conference Call hosted by Arihant Capital Markets Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Khushi Solanki from Arihant Capital Markets Limited. Thank you, and over to you, ma'am.

Khushi Solanki: Thank you. Good morning, everyone. On behalf of Arihant Capital, I welcome you all to the earnings call of Deep Industries Limited quarter 2 FY27 conference call. From the management side today, we have Mr. Paras Savla, Chairman and Managing Director; Mr. Rohan Shah, Director Finance and Chief Finance Officer. We welcome the management of Deep Industries Limited on this call. Now without any further delay, I invite Mr. Paras Savla to give the opening remarks, following which we will open the floor for Q&A now. Over to you, sir.

Paras Savla: Good morning, everyone. It gives me immense pleasure to speak to you all today as we discuss our performance for the second quarter and first half of FY27. We sincerely appreciate your continued interest and confidence in Deep Industries Limited. I trust you had a chance to review our financial results, press release and investor presentation, which have been made available on the company website and the stock exchanges.

I'm joined today by our Director Finance and CFO, Mr. Rohan Shah, who will share a detailed financial overview for the second quarter and half year ended on 30th September 2026 after my address.

Let me briefly take you through the macroeconomic environment and evolving dynamics of the energy sector. If we look at the global energy situation, I think it is fair to say that uncertainty is likely to stay with us for some time. Despite some efforts towards a diplomatic resolution, there is still no clear visibility on when normalcy will return to global energy supply routes and markets.

While global supply chains are gradually finding way to adapt to the situation, alternative routes and supply arrangements are helping keep energy flowing, but this is coming at a higher cost. Shipping, logistics and insurance costs continue to remain elevated and the risk around supply disruptions are far from over.

So while the world is adjusting to the new reality, it is doing so at a higher cost. For our country, given our dependence on imported energy, this means we are likely to continue facing pressure from elevated crude prices, supply uncertainties and volatility in the energy market over the coming months.

So while the situation may improve gradually, we believe it would be prudent to prepare for the challenging operating environment for some time. This also makes the case for strengthening India's domestic energy production and energy security even more important.

On the demand side, IEA expects some softness in the near term, but the longer-term outlook, particularly for Asia and emerging economies like India remain encouraging. I think the larger point here is that energy security is becoming a much bigger priority than simply sourcing energy at the lowest possible cost.

Countries are increasingly looking at reliable, diversified and domestic sources of energy. And we believe this shift will create important opportunities for India's energy sector over the coming years. The government strategy has fundamentally pivoted from a revenue sharing mindset to an aggressive exploration first agenda. The urgency is evident.

Domestic crude production fell to 28 MMT in 2025, '26, while import dependence touched at a record of 88.7%. The cost of that dependence is now visible. India's crude import bill rose from 48.4% year-on-year to $74.8 billion in April to August, driven by higher prices on broadly unchanged volumes.

The policy response has moved from the intent on execution. On 31st July, the Union Cabinet chaired by Honourable Prime Minister, Shri Narendra Modi Ji, approved Samudra Manthan, the National Offshore Exploration scheme with an outlay of INR84,084 crores through FY 2030 to '31.

The policy shift is now visible on how blocks are awarded. The DGH announced on 26th October that companies can file expression of interest for deepwater and ultra-deepwater blocks every month under a special OLAP round.So bidders no longer have to wait for an annual round. Bidders will now compete on the work program they commit to, which replaces revenue share bids. Bidding for onshore and shallow water blocks under OLAP 10 and 11 closed on 19 June 2026.

Awards of onshore and shallow water blocks should translate into exploration and work programs over the coming quarters. Upstream discovery is only half the battle. Bringing molecules to the market is what yeilds cash flows. Under the unified pipeline tariff, a manufacturing unit in a remote district is essentially the same transportation tariff as one bedside beside and import terminal.

India's operational gas pipeline network has crossed 25,000 kilometers with over 10,000 kilometers more under construction and the government launched National PNG Drive 3.0 on 1st October, running through March 2027 to deepen consumption. Guided by the vision of Atmanirbhar Bharat, India is positioning itself to attract global capital into E&P sector.

As a leader covering 70% of the post-exploration services value chain, spanning gas compression, dehydration, gas processing facilities, workover and drilling rig services, integrated project management, production enhancement contracts and offshore support, Deep Industries is directly aligned with these structural tailwinds.

Higher crude prices, a nation's mandate to reverse production decline and a fully funded offshore exploration mission together create a multiyear demand runway for our services. I'll just run through the various verticals of our sector that we do.

On the gas processing side, is where Deep has mostly clearly redefined an business model. Operators traditionally build surface production facilities as a capital-intensive EPC project. Deep offers them a charter hire service. We design, supply, install, commission, operate and maintain the complete system, taking raw hydrocarbons from the wellhead and delivering on-spec gas to the custody transfer point with no upfront capital from the operator.

Starting from Vedanta's Jaya side, we have since added several ONGC facilities. As the national grid expands and domestic gas becomes a strategic priority, demand for fast capital-light gas monetization is rising, which is exactly what the model delivers.

Gas compression where we began in 1996 remains the backbone of our business.Our fleet of over 80 compressors, the largest in India is matched to each field's volume and pressure profile. Roughly 30% of India's compression requirement is outsourced and Deep executes close to 85% of it.

The government's INR23,731 crore GOBARdhan Scheme, which targets a nearly tenfold rise in compressed biogas output and mandates CBG blending of 3% this year, rising to 5% from FY28 to '29, opens a new avenue for us. Every CBG plant needs purification and compression before grid injection or fuel dispensing and our charter hire model suits producers seeking reliable operations without heavy upfront capital.

We are actively evaluating opportunities in this segment. So before gas enters the national grid, it must be stripped off moisture and heavy hydrocarbons to protect the pipeline integrity and safety. Gas dehydration is essential across processing plants, pipeline and storage facilities. Deep was among the first companies in India to qualify for gas dehydration services. As the grid expands, the need of reliable grid quality gas grows with it.

Through IPM, we take complete responsibility for drilling and completing a well under a single contract. Bringing these specialized services under one roof lead client tighter coordination, better cost control and faster time lines. Deep is one of the first Indian company to offer this integrated model, and we are Indian incorporated company serving both upstream and midstream.

Deep holds a strong position in charter hire drilling and workover rig services in India. Company is currently managing fleet of 20 onshore rigs comprising of 14 workover and 6 drilling rigs. These rigs have operation across deserts, eco-sensitive zones and mountainous stearin. As of today, the fleet is fully utilized.

On the production enhancement services. Production enhancement is where our capabilities come together to deliver measurable output. Under a 15-year INR1,402 crore contract with ONGC, Deep is responsible for raising hydrocarbon production and extending the life of mature fields. We do this through advanced techniques, specialized equipment and disciplined field operations. We took over the field in April 2025 and began with baseline production.

The Mori 5 incident delayed our incremental production program by 5 months to 6 months. We have now deployed our rig, resumed workover jobs and will soon start drilling the new

wells. We expect incremental production to begin contributing from quarter 3 FY27, supported by planned capex of about INR150 crores in next 12 months.

On the offshore services, after more than 3 decades onshore -- decades on, Deep expanded offshore by acquiring Dolphin Offshore through NCLT process. We gained control in January 2023. Dolphin is now a step-down subsidiary. We are reviving the business in a phased manner and our DP2 barge Prabha is already in operation. Our expansion is disciplined and contract backed.

We commit capex only once a firm deployment contract is in hand. We are actively evaluating both domestic and international tenders.

On the new initiatives, we are positioning Deep for energy transition by building on what we already do well. On green hydrogen, in FY26, we signed an MOU to bid for and execute green hydrogen projects, and we are actively evaluating opportunities.

On geothermal, our onshore drilling expertise transfers directly, rig operation, drill string management, bid selection and circulation systems are fundamentally the same in geothermal wells. The main difference are higher temperatures and harder, more aggressive rock.

Hydrogen production. Hydrogen production purification and handling rely on unit operations that are standard in gas processing. That gives us a strong technical foundation to scale in this space. We will continue to look for adjacent segments where our core competencies gives us a natural hedge.

On the business momentum: During the quarter and half year ended 30th September 2026, asset utilization stayed healthy across our core services line, onshore drilling, workover services, gas processing and production enhancements. This was despite a volatile external environment.

Demand for integrated oilfield services remain well supported by the policy push to expand exploration acreage, strengthen gas infrastructure and raise domestic production. The approval of Samudra Manthan, and the sharp rise in India's import bill for this year made the push stronger, not weaker. With the first half behind us, our priorities for H2 FY27 are clearly defined. On the fleet performance, maximize utilization and maintain our safety record across the drilling and workover plays.

On the production enhancement, grow our presence in EOR and unconventional segments by securing new production enhancement contracts, charter higher growth, expand charter hire deployment of gas processing plant modules and accommodation units as operators look to monetize domestic gas faster. Inorganic growth, pursue selective value-accretive M&A that broadens our services capabilities.

On the business outlook of FY27 and '28, the oil and gas industry in India is at an inflection point. It is moving decisively towards reduced dependence on overseas supply. The sector is transitioning from a period of crisis management to one of the structural rebalancing. The

closure of Strait of Hormuz and the sharp rise in crude oil prices have caused significant supply side disruptions.

In response to the government of India has fast tracked its resolve to reduce import dependence, Guided by our Honorable Prime Minister, Shri Narendra Modi Ji, vision of Atmanirbhar Bharat, the country is actively pursuing investment in its exploration and production sector. This forms part of a broader USD 500 billion opportunity in energy infrastructure by 2030. This intent is backed by a concrete policy action.

The government has shifted its focus from revenue sharing to an exploration-first approach. On the offshore side, the global scenario is opening up substantial opportunities for offshore oil and gas support services. Through Dolphin, we are confident of securing a few more long-term charter hire contracts in the coming period. Onshore demand for drilling rigs remains very strong.

Under our integrated project management, we are exploring opportunities to enter the higher capacity drilling rig segment, which we believe can add a further leg to our growth. Finally, on our order book and pipeline. Deep Industries Limited is India's only integrated onshore and offshore oil and gas services provider with more than 30 years in the business. That positions us strongly to benefit from the current industry outlook.

We maintain a constantly revolving order book of over INR3,000 crores, supported by a healthy bidding pipeline. Taken together, we believe the outlook for the business is very promising. Bidding pipeline for '27-'28. The bidding pipeline continues to be in the range of INR700 crores to INR800 crores.

Now on the guidance. Based on existing order book of approx INR3,089 crores, operating revenue is expected to grow in the range of 30% to 35% in FY27. With existing order book and bidding pipeline, operating revenue is expected to grow by 30% to 35% in FY28 over FY27. PAT to be expected in the ranges of around INR350 crores to INR370 crores in FY27 and INR470 crores to INR500 crores in FY28.

As we head in the second half of the year, 2 principles will continue to anchor everything we do: sound governance and a zero compromise approach to safety. In a period of heightened uncertainty, these are not just obligations. They are a foundation of our trust our stakeholders place in us. We want to take a moment to thank our people in the field and at our offices. Thank you for delivering consistently in a demanding environment.

To our clients and partners, thank you for working alongside us as a genuine collaborators. And to our shareholders, thank you for your continued belief in Deep Industries and its long-term journey. With this, I now invite Mr. Rohan Shah to provide a detailed overview of the financial performance for quarter 2 H1 FY27. 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. It gives me immense pleasure to inform that we have reported highest growth across all key financial parameters for our reporting period ended on 30th September 2026. At the first instance, due to

nature of our business, it would be prudent for all analysts and investors to compare our performance on a year-on-year basis.

Coming to key financial numbers of second quarter and half year ended on September 30, 2026. Consolidated revenue from operations for the quarter ended September '26 was INR295.43 crores and for the half year ended September '26 was INR574.34 crores, which translates into an impressive growth of 33.7% and 36.6%, respectively on a year-on-year basis.

While our last 4-year revenue CAGR was around 37%, our H1 FY27 total income of INR616 crores is higher than our full year FY25 total income of INR608 crores, which demonstrates our accelerated growth in the half year gone by. Consolidated EBITDA for the second quarter of FY27 stood at INR124 crores and for the half year stood at INR255.83 crores with EBITDA margin of 39.6% and 41.6%, respectively.

This indicates increase of 10% and 23%, respectively, on a year-on-year basis. Consolidated net profit for the second quarter of the current financial year was INR81.22 crores and for the half year stands at INR170.37 crores with PAT margin of 26% and 28%, respectively. This indicates increase of 14% and 28%, respectively, on a year-on-year basis.

Consolidated cash profit for the quarter stood at INR106.53 crores and for the half year stood at INR219.93 crores with cash PAT margin of 34% and 36%, respectively. Our free cash flow from operations increased by 35% to INR155 crores in H1 FY27. This demonstrates full transmission of our revenue growth of 35% into cash generation.

Our ROCE has improved by 230 bps from 19.3% to 21.6% in H1 FY27. As on date, our order book stood at INR3,089 crores, which provides strong revenue visibility for FY27 and FY28 as guided by Paras Bhai.

About EBITDA margins, we would like to clarify that given the project-based nature of our business, because of operational cadence of transitioning equipment between completed projects and newly awarded projects, some quarters can see 300 bps to 400 bps of EBITDA margin variance. However, our EBITDA margins on a yearly basis would expect it to be in the range of 42% to 43% as per our guidance.

For this reason, we encourage the investor and analyst community to evaluate our EBITDA margins and overall operational performance on year-on-year basis rather than quarterly basis. as annual comparisons provide a truer reflection of underlying operational strength and sustainable margins. As we enter into the next phase of growth, our capital allocation framework remains disciplined.

We are focused on turning scale into strong free cash flows, expanding margins and maximizing return on deployed capital. With a clear operational road map and resilient balance sheet, our team is committed to delivering compounding value to our shareholders. With this, I now open the forum for question and answer. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

Sudhir Bheda: Sir, hearty congratulation to Paras Bhai and the entire Deep team for giving the good number, outstanding number and the improvement in the balance sheet as well and the various ratios like ROE, ROCE. So all-round improvement is seen. And it is amazing is like -- top line of FY23 will become the bottom line in FY27 as per your guidance. So very hearty congratulation sir.

Paras Savla: Thank You

Sudhir Bheda: Sir, my question like there is some disappointment in Q2 because the way you are growing quarter after quarter, like your CAGR is almost top line is 35% to 38% and bottom line is almost 50% for last 4 years. So as per your guidance, you will be able to pick up this subdued growth in Q2. So from where this growth will come in Q3 and Q4, if you can throw some light on that?

Rohan Shah: Sure. So with the incremental projects we have added in Q1 and Q2, the growth will start appearing with their revenue contribution. Secondly, with incremental production and revenue contribution from production enhancement contract, which has started from Q3, we would see a good amount of growth coming in play in our numbers.

Sudhir Bheda: And sir, you have given very strong guidance for FY28. So what gives you that kind of confidence that you will be able to grow at 30%, 35% in the revenue and INR475 crores to INR500 crores in PAT over a very high base of FY27?

Rohan Shah: So as we have said before, our CAGR growth for last 4 years is more than 36%, 37%, and we expect similar amount of growth for coming 2 years as well. So with the same growth guidance, along with full year contribution from production enhancement contracts and additional projects and asset inclusion in Dolphin Offshore, we are quite sure that we'll be able to achieve this growth in FY28 as well.

Sudhir Bheda: Great. And what is the capex outlay for '28, FY28 this year, 6 months and next 1 year, so 1.5 years, the capex outlay?

Rohan Shah: So currently, we are gunning towards capex of around INR150 crores for production enhancement contracts, which can spill over in next financial year to some extent. And over and above that, we might incur capex of around INR100 crores to INR200 crores in Dolphin Offshore depending on the contract awarded.

Sudhir Bheda: So any plan to raise equity to fund this capex or it will be met through internal accruals and debt?

Rohan Shah: So in Deep, the capex would be met through internal accruals and debt only. If required, in Dolphin, we may think of. But as of now, no such idea.

Sudhir Bheda: Ok Sir, Thank You very much for giving me the oppourtunity and All the Best.

Rohan Shah: Thank You

Moderator: The next question is from the line of Krish Salot from Veer Growth AIF.Please go ahead

Krish Salot: Congratulations on good set of numbers. I have a few questions to understand. The PEC contracts recently, ONGC had tendered in September. What is the status of that? And are we looking in Q3, Q4, we might get some award? And besides that, any other PEC bids under pipeline that you may see?

Paras Savla: So the tender that was due in September has been extended. And in all probability, it should happen in the -- by end of this month, that is in November. Getting an award is something that you can -- a company can always try, but we are confident that we should be able to get some awards.

There are other companies also looking to come out with such contracts, and they are already working on it. So there were some expression already coming in. I believe in next quarter or so, we should have an idea about what kind of new PEC should be coming up.

Krish Salot: Okay Sir. So any private players will also be looking like Vedanta or antilopous and are they also looking for similar kind of PEC contracts?

Paras Savla: Yes, yes, they are also. So we had some idea before 6 months, there was an opportunity they were looking at, but I think it is still under discussion. At an appropriate time, maybe they will also come out with such contract.

Krish Salot: Understood. And sir, on the industry front as well if you see [Inaudible 0:28:47] like 7, 8 years, OLF and DSF that were awarded to them. Still after 7 years, 8 years, it has not been able to materialize. And as you see -- as you were talking about the industry outlook, can you see that it would get certain of those would get materialized in near future, like in 3 years to 5 years, and we can see a healthy opportunity in the overall industry and which benefit Deep Industries overall?

Paras Savla: **See** Whenever these kind of contracts are awarded, there is a lot of procedural aspects associated with it. One has to go for an environment clearance, one has to get the petroleum license and there are other formalities which any operator has to undergo. So usually it takes a good amount of time. But now with active involvement of government of India, I think these things have started speeding up. So I believe -- so now that is definitely a point where the actions would be seen on the ground.

And with active involvement coming in from government of India, they are not leaving any operators to take any casual approach. So we are very confident that all these awards that have been given away would definitely result into actions on the field. And in turn, definitely, that would have a reflection on our growth, too.

Krish Salot: Understood, sir. And sir, are we looking for some export opportunities from gas processing in other countries, like we have some presence in UAE, we have set up subsidiary as well, so any traction there?

Paras Savla: Yes, there is a lot of traction in Middle East. There is a lot of traction in African countries. There is a lot of traction also in Venezuela and all, and we are trying to evaluate all these opportunities while keeping intact the growth story of India because it is too exciting u know to cater to the Indian market and as well as the global markets.

Krish Salot: On the Dolphin Offshore receivables, are you seeing to get some collection? Are you planning write-offs in that as well?

Rohan Shah: No, we have been getting some positive response on those receivables. So we have already started providing under ECL, but write-offs as of now, we have not considered.

Krish Salot: So are we seeing positive outlook to recover at least some part of the receivables as well a healthy chunk from the...

Rohan Shah: Correct.

Krish Salot: And sir, just one last question I'll squeeze in our status of Kandla facility, the chemical facility that we have developed, which was going to support at least 1 to 2 percentage in our EBITDA contribution and also the RAAS Equipment subsidiary where we have developed good products and which have a good outlook currently based on the CGD development that are taken place. So what is the utilization in the RAAS Equipment business as well and the Kandla facility?

Rohan Shah: Yes. So I think on Kandla, we have started our process of reviving their production facility. And we believe we should see some flavor in probably Q4. And with regards to RAAS Equipment, yes, we are in constant follow-up for grabbing those opportunities under CGD. And we believe there also we will be able to make some good contribution in coming half year.

Krish Salot: Okay. So sir, any utilization level there from number of units that are sold in the RAAS Equipment?

Rohan Shah: Yes. So the units we have already sold, we are doing O&M for them, and we are currently working on other opportunities as well under RAAS Equipment.

Krish Salot: okay Sir, Thank you so much sir, Thank you and congratulations once again on your good set of numbers.

Rohan Shah: Thank You

Moderator: The next question is from the line of Manan Vandur from Wallfort Fund Management LLP.Please go ahead.

Manan Vandur: Yes, sir. Okay. Congratulations so much. I've been following you for more than a year, great success in the business. Sir, I have most of the answers to my questions. I just have one thing. So what would be a few actionable points that we as analysts should hold you by in the coming quarters and in the coming few years?

Rohan Shah: So as I just said, our business is something that you should evaluate on a year-on-year basis. Since we are dealing with mechanical equipment, there can be some quarters where you have some repair and maintenance costs higher in that particular quarter. So guidance and evaluation should be on a yearly basis is something one should look at.

Secondly, the incremental revenue contribution from production enhancement will be start appearing from Q3 onwards, and that will also add with good amount in top line as well as bottom line. So I think going forward, we believe that our H2 would be definitely better than H1.

Manan Vandur: And sir, I understand that you have not told us the margins in the PEC, but you said that they are going to be very high. So just getting an understanding that you said our margins on the yearly basis revolve around 40% to 42%. So do we think that after the PEC comes in, our margins can go higher than that?

Rohan Shah: Yes. So I think according to us, this margin should be improving only going forward with incremental revenue contribution from production enhancement

Manan Vandur: Margins should increase. And sir, just one last thing would be, going forward, one of the things we need to look out for is PEC, right? What else is something that we as a company are looking forward to and are in constant talks to get something new that will help us as a business.

Rohan Shah: Right. So PEC is one of them. And as Paras Bhai just said, we are exploring opportunity for bidding a few more PEC contracts. So under PEC, with this existing awarded contract and with new contracts, we are quite bullish on the growth front. Along with PEC, our traditional business is also growing at a decent pace.

And in all our existing services, the growth is quite visible. We are also exploring an opportunity for higher capacity drilling rigs as well. So all put together, I think the growth looks quite promising.

Manan Vandur: Okay. Understood. Sir, we have been talking about the higher capacity since, I think, 2 to 3 quarters. So are we getting anything on that front? Any updates?

Rohan Shah: In higher capacity drilling rigs, we alone as a Deep Industries are not having qualifications. So for bidding those higher capacity rigs, we'll have to have some partners along with us who possesses those qualifications. And we are exploring those opportunities to bid such contracts with qualified partners. So once we'll be able to complete one contract under that partnership or under that JV, then we'll get those qualifications by our own. So first contract is something which will take some time. Post that, we can settle ourselves.

Manan Vandur: Okay. So who are we looking to have this JV with?

Moderator: Ladies and gentlemen, the line for the management got disconnected. Please stay on the line while I reconnect them.

Paras Savla: Yes, yes. So I think there was some question going on and the line is disconnected.

Moderator: Yes, Manan, please proceed.

Manan Vandur: Yes, the follow-up last one is that who is the partner we are trying to go for, for this drilling rigs? And why is it that we are not capable, just these 2 things?

Paras Savla: No, no. So it's not about the capability. It is about the qualifications that has been asked by the oil companies. So we are actively looking in for getting a JV. We have already done to a certain extent, we have got these procedures done. And now at an appropriate time when the tender comes in, we would be able to bid for this contract. So it's not about the capability. Operating philosophy always remains the same.

Manan Vandur: Okay. And who is the JV with?

Paras Savla: It is an overseas company. So we are working towards it, yes.

Manan Vandur: Okay Thank you so much Sir, All the best, Congratulations.

Paras Savla: Thank you

Moderator: The next question is from the line of Bhavya Gandhi from Bajaj Alternate Investment Management Limited.Please go ahead.

Bhavya Gandhi: My first question is regarding the EBITDA margin. Rohan Bhai, just wanted to understand because now PEC and the Dolphin Offshore, if you win one more contract, that will contribute -- Dolphin will be contributing almost 60% to the EBITDA margin and almost 50% from PEC. So that will elevate your overall EBITDA margin. So can we assume that FY28, we could inch upwards towards 48% sort of consol level EBITDA margin because the overall EBITDA margin pie share from new projects is going to increase. Is that the right understanding?

Rohan Shah: Yes. So as I said earlier, going forward, this EBITDA tend to improve only. And as you rightly said, with higher margin revenue contribution from production enhancement and Dolphin this EBITDA margins on overall group level would definitely improve.

Bhavya Gandhi: Okay. And on this Dolphin Offshore, the INR100 crore asset that we wanted to acquire INR100 crores to INR200 crores, where are we in the process? And any reasons for a slight delay in this project?

Rohan Shah: So we have identified the assets. The philosophy which we follow for doing capex is with the firm award, we try to do capex. And so we are just scouting for good project, which we can take for that. And once we can finalize the project, the capex is -- we can do it immediately. So the asset identification part is already done. I think the second part is on which we are working.

Bhavya Gandhi: Fair enough. And another question is to Paras Bhai. Paras Bhai, just wanted to understand how big this hydrogen compression opportunity can be on a longer-term basis, on a 3-year- to 4-year basis, not immediately. I believe you've done a tie-up -- I mean, JV with Advait Energy on that front. So if you can throw some light on a very longer term because you are seeing at

Kandla Port, Deendayal Port, you are seeing a lot of hydrogen projects, green hydrogen projects coming up. So are we also trying to bid for those projects? What is the ecosystem like? And what could be the opportunity size on a 3 years to 4 years because we are a leader in gas compression market on the oil and gas front. So can we be a leader on that hydrogen gas compression front as well?

Paras Savla: See the requirement -- if you talk about the philosophy, the requirement of gas compression, what we are doing and the opportunities that can come up in hydrogen as well as the biogas remains the same. We are actively looking in -- it is very difficult for us to give some guidance on what kind of an opportunities would that be because we are also trying to bid these projects, and we are trying to evaluate how these markets are going to take shape. So it would be not feasible for us to comment on what could be the size of opportunity.

But since we are having the same line of business, definitely, it will add to a lot of alignment between the sectors. So we are very bullish. We are actively looking up at all the opportunities which are coming close by for bidding for the EPC projects or as well as looking in for providing the gas compression services as required in the hydrogen field. So -- and also for the biogas. So biogas is also going to pick up in a big way.

And a lot of interest, a lot of people have already been looking to set up these biogas plants. So the moment this CBG plant comes in, the immediate thing would be, of course, the gas compressors, which are definitely required to boost the low-pressure gas into a high-pressure pipeline. So the philosophy would still continue, but now the sources for getting this business are keeping on increasing.

Moderator: The next question is from the line of Sanjay Shah, an Individual Investor. Please go ahead.

Sanjay Shah: Hi Rohan Bhai, Paras Bhsi Congratulations on the strong cash flows. That's pertinent. I just wanted to ask you a couple of things. One, on the existing production enhancement contract, how do we expect the production to shape up in the balance part of the year and next year? And what have you assumed for your guidance for the next year?

That's one. And second, we have a lot of optionalities that we are working on that you've spoken about, including CBG and some of the other initiatives, including moving into the higher-end rigs in a joint venture. So what have you taken or not taken into consideration when we talk about fiscal '28? If it's possible to just give some more granular sense on each of these 2?

Rohan Shah: Sure. So I'll just answer your second question first. So for considering the guidance for FY28, we have not considered the opportunity of higher capacity drilling rigs. So we will be able to enter into it, it would be additional than whatever guidance we have given. With regards to production enhancement for balance part of the year, we are expecting it to ramp up probably from this month itself and should achieve the targeted numbers what we have assumed by Q4 this year.

So on an average, we are expecting something around INR50 crores to INR60 crores of revenue contribution from production enhancement in this particular balance period of this

financial year. And on a full year basis, we are expecting to contribute this contract around INR150 crores in revenue by next financial year.

Sanjay Shah: Thank you thank you very much. And then if I could just ask one more question. I mean there's just so many optionalities which are building up. Is it fair to just give us some kind of a sense on how you expect the company to evolve in the next 2 years, 3 years beyond fiscal '28, not necessarily quantitatively, though it would be great if you can just provide some numbers, but just in terms of how the company will shape up and how the different business streams will probably gain prominence?

Paras Savla: Yes. So looking to the current landscape of what the business is, we are currently -- we have considered for -- at least for '27, '28 for the next financial year, we have considered the ongoing activities. But if someone has to look at objectively coming in, what kind of business could be generated from the other verticals, that is something definitely could be far beyond to what we are currently doing. And these markets are all dynamics.

So which sector would be evolving at what particular time is something very difficult to comment on. But looking to all the opportunities of what the DSF or OLAP plans are going on, looking to what the new PECs are going to come up, looking to everything that is coming to come up with the green hydrogen or coming in with the CBG opportunities.I'm very sure that all these opportunities will bundle up and keep adding to our kitty of business and opportunities we get as time and again. So my outlook, I would be -- it would be difficult to put that in perspective and give some numbers over it. But looking to the opportunities we are currently working on, we are very, very optimistic and very, very confident that company should be able to retain the kind of growth that we are currently doing.

Sanjay Shah: No that's great. Thank you very much. That was very very useful. Thanks once again.

Paras Savla: Thank you

Moderator: The next question is from the line of Anubhav Goel from Cosma Ventures.Please go ahead.

Anubhav Goel: Sir, congratulations on a good set of numbers. Sir, I wanted to understand our core business of gas compressors, like you mentioned, 30% of India's compression is outsourced, and we own 85% share in it. So how much is this outsourced market growing? And I think we are near to full utilization. I think about 12%, 15% is left. So how many compressors do we plan to add this year and next year from our current number of 80? Like will this also grow at 30%? Or what number should be modeling?

Paras Savla: So if you have to see the overall growth of the particular division, it would be almost ranges in the -- about 30%. But it could happen that in a particular year, it would be below 30%, say, 20% there could be a year where it could be reaching 40%. But if someone has to see a view of what it could happen in next average, I believe it could be in the ranges of 25% to 35% per se. So that definitely depends.Now 30% outsourcing is done because they are having their own set of -- I mean, all the clients have their own set of equipment. And slowly, they are deteriorating with passage of time. So many of the facilities, they have been using it over 25 years, 30 years

or 35 years. So all those facilities and technologies are getting redundant. So slowly and steadily, they are getting replaced.

So that numbers of that 30% outsourcing according to us, could grow dramatically. There could be a year where 10% of their facilities could be converted, and that would bring a super abnormal kind of a growth to our compression business. And there could be a year that these facilities would be -- they would be prolonging it to come in. But net-net, if I have to assume it -- see, there is not only the 30% outsourcing game that has been useful.

There is also the play of artificial gas lift, which is increasing the gas compression needs. So even if they have to outsource -- assuming not I'm saying that it is 30%, but assuming that even if they are not going to exceed beyond 30% for a moment, then still the gas compression requirement will grow because the majority of the gas compression is used in artificial gas lift.

So because of the drop in well pressures, they would -- even if they have to outsource 30%, the need of gas compression will keep on increasing. So that is going to be a driver. So there are 2 kind of drives that would be coming in from this division. One, naturally, the need of gas compression would go up with the same percentage what they are outsourced. And secondly, if they keep outsourcing from, say, 30% to 40%, that would also be another added opportunity.

Anubhav Goel: Got it, sir. No, sir, this was very useful. So sir, given -- I'm assuming that given the developments and targets we have for gas output in India over the next few years, this business is poised to grow. And as you said, the growth would be more chunky, like it won't be very steady.

Sir, if you can also just comment on the current global market trends here because I read that it's a very tight market globally with very high lead times. So on one hand, does it lead to better renewal rates for us whenever contracts close? And on the other hand, does it also affect us sourcing compressors and supplying to clients?

Paras Savla: When you're talking of the global situation, it is honestly very uncertain, as I had already mentioned in my earlier remarks. So all the countries, so it would not be true for India, all the countries across the globe are looking for energy security. So the requirement, if someone has to look at how the markets are going to be, so I think every country in the world is looking to explore in one way or other to be self-reliant.

So that drive in itself is going to create a humongous opportunity across the globe. As I had already mentioned in our question before, there are already requirements coming in from Middle East, coming in from Africa and a lot of things coming in from Venezuela, too. And that is only because that everyone wants to either explore or ramp up their oil and gas production.

So these requirements with number of suppliers, there would be -- but the kind of demand that is coming up would be definitely over and above what the supply would be. So definitely, going forward, the scenario would be the requirements surging up from every corner of the world. But again, as we had mentioned, these things are something a little more dynamic.

So if someone has to track every quarter and try to see that what was been given as a guidance and if that has been achieved, that would be really very, very difficult because there could be an opportunity, as Rohan mentioned, that there would be some maintenance cost in a particular quarter, and there could be an opportunity of overlapping contracts. So there could be some slippage of days.

But if someone has to see it objectively at the end of the year, that will give a clear guidance on what the growth looks like. And that is what we mentioned that 30% to 35% growth is something that we are quite hopeful on.

Anubhav Goel: No, sir. Understood, sir. So sir, this -- as you're saying, the market is very dynamic. So we also don't want to maybe procure a compressor at a dynamically higher rate and end up facing downside for it down the road. Is that like a fair thought?

Paras Savla: No. So we have a very clear policy as a governance into our company that we don't want to overtrade on anything. We are providing services. So even if we have to pay a few percentage more on procuring the compressors, if the demand has gone up, it is good with us. We always factor that.

But we won't do an overtrading of buying the compressors or rigs even before getting a contract because that is the financial discipline we are maintaining all these years. And as a policy, we continue to maintain that.

Anubhav Goel: Understood, sir. And sir, the pricing, the compressor can be deployed at the site for a long time. So the pricing is fixed at the initial stage only when we sign the contract?

Paras Savla: Yes, yes. Pricing would be fixed from day 1.

Anubhav Goel: And sir, just my last question, sir, total capex for this year, you mentioned INR150 crore capex for the PEC contract and the remaining INR150 crore capex for procuring rigs and compressors that we are doing?

Rohan Shah: Correct. So as just Paras Bhai mentioned, the remaining capex of INR150 crores of procuring rigs and compressors would all on an assumption of getting contracts. So once we award the -- we get award of contract, we'll do the capex. And I think some amount of it we have already incurred in H1.

Anubhav Goel: Got it Sir, Thank You so much Sir.

Rohan Shah: Thank You

Moderator: The next question is from the line of Chandan Kumar from Narnolia Financial Service Limited.Please go ahead.

Chandan Kumar: Congratulations, a good set of numbers. Most questions have been answered. Sir, some follow-up questions. You have guided 30% to 35% range of revenue growth for FY28 and '27. So the key growth driver -- sorry, so how much of the FY28 growth is secured by the existing order book and dependent on the fresh order book?

Rohan Shah: I think more than 90% is secured by existing order book itself.

Chandan Kumar: Okay. And next question is when we can expect meaningful cash flow and return on the INR150 crores of capex that you have made?

Rohan Shah: So that contract is for 15 years, and we believe that on a full year basis, revenue would start showing up from next financial year itself. So you can say those capex get -- start getting return from next financial year on a full year basis.

Chandan Kumar: Okay That all thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Rohan Shah: Thank you, everyone, for joining this call. It was a pleasure interaction with you all. We want to close this call by reiterating the fact that we are extremely confident of delivering steady growth as guided during this call. Please don't hesitate to reach out to us for any further queries. Thank you, and wish you all a prosperous and joyful Diwali.

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