



“Deep Industries Limited
Q1 FY27 Earnings Conference Call”
July 29, 2026



InCred! Equities



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

MODERATOR: **MR. SIDDHARTH RATH – INCRED EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Deep Industries Q1 FY27 Earnings Conference Call. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddharth Rath from InCred Equities. Thank you, and over to you, sir.

Siddharth Rath: Yes. Thank you, and good morning, everyone. Thanks for joining us today for Q1 FY27 Earnings Call of Deep Industries Limited. On behalf of the InCred Equities, I would like to thank the management for giving us the opportunity to host the call.

Today, we have with us Mr. Paras Savla, Chairman and Managing Director; and Mr. Rohan Shah, Director of Finance and CFO. Now, I would like to hand over the call to the management for the opening remarks, and then, we can open the call for a Q&A. 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 2027. We sincerely appreciate your continued interest and confidence in Deep Industries. I trust you have had the opportunity to review our financial results, press release and investor presentation, which have been made available on the company website and stock exchanges.

I'm joined today by our -- with our Director, Finance and CFO, Mr. Rohan Shah, who will take you through the financial performance for the quarter ended 30th June 2026 in detail after my remarks.

So let me briefly take you through the India's macroeconomic environment and the evolving dynamics of the energy sector. The global energy landscape is undergoing a pivotal shift. While the acute high tension crisis management of early 2026 triggered by the sharp closure of the Strait of Hormus has begun to settle into a structural rebalancing of supply chain, the underlying gravity of the situation remains.

With the Strait still operating under restricted capacity, lingering geopolitical friction and operational bottlenecks continue to keep global markets on edge even as supply networks gradually adapt to the new realities. Driven primarily by Asian economy, global oil demand is projected to rebound sharply through FY 2027.

However, the overarching theme across boardrooms is clear, energy security over short-term expediency. To achieve long-term security, natural gas is firmly taking -- as the critical bridge fuel. Emerging markets across Asia, led aggressively by India and China, are accelerating LNG regasification infrastructure investments to insulate domestic manufacturing from crude markets.

I'll give an idea about the domestic landscape. So here in India, the regulatory policy backdrop has shifted dramatically in favour of domestic exploration and production that is E&P players.

The government strategy has undergone a fundamental transformation, pivoting from a revenue-sharing mindset to an aggressive exploration first agenda. This policy overhaul aims to reverse a decade-long decline in domestic crude oil production, which fell from 28.4 MMT in '24-'25 and dramatically slashed our national import dependency.

Upstream discovery is only half the battle, bringing molecules to market efficiently is what yield cash flows. Through the implementation of the unified pipeline tariff, a manufacturing unit in a remote district space, the exact same gas transportation tariff as one located next to an import terminal. This creates a truly democratic steady national market for every standard cubic meter of gas we produce.

Guided by the vision of Honourable Prime Minister Shri. Narendra Modiji for an Atmanirbhar Bharat, India is actively positioning itself to attract capital into its E&P sector, part of the broader USD500 billion energy infrastructure opportunity by 2030.

The Ministry of Petroleum and Natural Gas is drawing up INR80,000 crores incentive package under the National Deepwater Exploration Mission termed as Samudra Manthan. The mission aims to derisk high-stakes offshore oil and gas exploration and attract global energy majors to India's deepwater basins.

Government to bear up 50% of the cost of drilling exploratory wells. India imports over 85% of its crude oil requirements. Boosting domestic offshore production is key to insulating the economy from global energy volatility and supply chain disruptions.

As a leader covering over 70% of the post-exploration services value chain, spanning gas compression, gas dehydration, gas processing facilities, workover rigs, drilling rig services, integrated project management and production enhancement contract and offshore support, these macro shifts and policy overhauls act as direct structural tailwinds for our core business.

I'll just take you through our business verticals. Basically, we are active into 4 business verticals. The first one is gas processing. Charter Hire of entire natural gas processing A gas processing facility is a specialized industrial plant designed to receive raw natural gas from wells and process it into marketable products suitable for distribution and use. This is a value-added services by Deep and a unique proposition by Deep wherein, we have converted EPC projects into Charter Hire model.

Deep Industries Limited has started providing design, supply, installation, commissioning and regular operation and maintenance of production system to receive, process and deliver hydrocarbons at custody transfer points, which are produced from the wells.

The development of facility signifies the continuous efforts of the company to offer various value-added services to the client as a key player in oil and gas industry. It started with one such plant of Cairn site in Jaya and then has been adding a few more of such facilities with ONGC.

With gas compression, this is the first services that the company has started with in 1996. Natural gas compression refers to the process of increasing the pressure of natural gas to make it usable for different end uses.

Various type of compressors are used in natural gas compression, including reciprocating compressors, centrifugal compressors and screw compressors. These compressors are designed to handle different volumes and pressures of natural gas based on specific operational requirements.

Out of approximate 30% of the business being outsourced, currently, almost 85% of that outsourced gas compression has been executed by Deep Industries Limited throughout the country. We own more than 80 gas compressor units, which is highest fleet in India. The gas dehydration is a process which ensures to remove water moisture and heavy hydrocarbons out of natural gas before putting the same in pipeline so as to ensure safety of national grid.

Natural gas dehydration services are crucial in natural gas processing plants, pipeline and facilities, where dry gas is essential for transportation, storage and use in industrial and residential applications. Deep Industries Limited is one of the first companies in India who qualifies to provide gas dehydration services.

The second vertical is an integrated project management. We have adopted the integrated project management services as our turnkey solutions to drill and complete wells under single contract. We have capabilities to provide pool of niche services involving highly technical jobs and services under one roof, improves coordination, time and cost management.

Deep is the first Indian company to offer integrated solutions. The company has adopted various services of oil and gas exploration since 2016, considering the opportunity in the space and unconventional energy being the future. Deep is one of the only Indian incorporated company who has the unique combination of providing services to upstream and midstream.

Deep's experience, expertise and quality equipment helps to deliver results to the challenging projects and meet stringent client demands. Our integrated project management services include surface hole drilling, air drilling, cementing, geophysical logging, wireline service, hydro fracturing and coiled tubing units.

Deep commands a healthy market position in the area of providing the drilling and workover services on Charter Hire basis in India. Deep is having vision to expand rig business in overseas market, too. Deep is also approved drilling contractor in Kuwait Oil Company for providing the rigs.

We own total 20 numbers of onshore drilling rigs and workover rigs, of which 14 are workover rigs, the capacity ranging from 30 to 150 tons, and 6 drilling rigs with capacity of 1,000 horsepower. The company has remarkably carried out and successfully completed various contracts for different operators and in diverse areas spreading from deserts of India, eco-sensitive areas and difficult terrain of mountain range areas.

Our fleet utilization is 100% in the segment as on date. Considering huge demand on onshore drilling rigs under integrated project management, the company is exploring opportunities of entering into higher capacity drilling rigs, which can add further to the growth of business.

The third vertical is production enhancement services. Deep Industries has secured INR1,402 crores contract from ONGC for 15 years. The said contract offers comprehensive services to boost production from one of the mature fields of ONGC. Under the production enhancement contract, Deep is expected to enhance the hydrocarbon production and extend the overall lifespan of the field by deploying advanced techniques, operating practices and specialized field equipment. We had taken over the field in April 2025 and started with the baseline production. But due to an unfortunate incident at one of our wells at Mori 5, the incremental production was delayed by 5 to 6 months.

However, we expect to deploy our rigs soon and restart with all the facilities. We also plan to drill new wells to support the incremental production. We expect to start contributing through incremental production by October 2026. We also plan to do a capex of closely INR150 crores by March 2027.

The fourth vertical, offshore services. Deep Industries has been engaged into onshore services segment for more than 3 decades and with an intention to expand its services portfolio in the offshore segment. Deep acquired Dolphin Offshore Enterprises through NCLT in 2022 and gained control in January 2023. It is a step-down subsidiary of the company.

We are currently reviving the business of the company step by step and have put its DP2 barge, that is Prabha Barge into operations. We wish to explore both the national and international markets, keeping the current scenario in mind. We are pursuing a disciplined contract-backed fleet expansion strategy to ensure optimal capital allocation and minimal exposure.

Capital expenditure is strictly committed only upon securing firm deployment contracts. We are actively evaluating both national and international tenders to drive sustainable risk-managed growth. The mission aims to derisk high-stakes offshore oil and gas exploration and attract global energy majors to India's deepwater basins. This is also an excellent opportunity for us to deploy our various offshore support services in national waters.

-Now, I'll speak on green energy and new initiatives. In FY26, we entered into an MoU for venturing into green hydrogen business to explore the new business areas to add into our services portfolio. This MoU aims to bid for and execute various green hydrogen project tenders and contracts. We are actively evaluating opportunities in the said field.

Deep is actively exploring new opportunities within geothermal energy resources. Geothermal energy is heat derived from beneath the Earth surface. In this venture, our extensive industry experience in onshore drilling will provide a strategic advantage, enabling efficient resource extraction and project development because geothermal projects is heavily on the same subsurface extraction techniques used in oil and gas well drilling. Many of our core competencies transfer directly.

The mechanics of operating heavy onshore drilling rigs, managing drill strings, selecting drill bits and handling circulation systems are nearly identical, though geothermal environments require handling higher temperatures and abrasive volcanic rock. Beyond geothermal, we are also evaluating various types of hydrogen energy production.

Our established expertise in gas processing will play a crucial role in scaling and optimizing these emerging hydrogen initiatives. Our background in gas processing provides a powerful technical foundation for entering into the hydrogen sector.

Because hydrogen production, purification and handling rely heavily on unit operations already standard in oil and gas industry, many of our core competencies translate directly. We are continuously exploring new opportunities to venture into innovative segments and expand our industry footprint.

Business momentum.

Across our core service offerings, onshore drilling, workover services, gas processing and production enhancement, asset utilization remained healthy during the quarter. Continued policy thrust on expanding exploration acreage, strengthening gas infrastructure and enhancing domestic production capabilities is supporting sustained demand for integrated oilfield services.

Our strategic priorities for the remainder of FY27 are clearly defined. We aim to maximize asset utilization and safety across our drilling and workover fleet, expanding our footprint in EOR and unconventional segments through new PECs, scaled up Charter Hire deployment of gas processing plant modules and accommodation units to broaden -- accretive M&A to broaden our service capabilities.

As we move forward, our commitment to rigorous corporate governance and uncompromising safety standard remains our guiding priority. We want to take a moment to express our sincere thanks to our employees for setting a high standard of professionalism, to our clients and partners for their collaborative trust and to our investors for their continued confidence in Deep Industries.

With this, I now invite Mr. Rohan Shah to provide a detailed overview of the financial performance of quarter 1 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. Happy to share with you another excellent quarterly performance of Deep Industries Limited. All the comparisons are on year-on-year basis, which would provide fair evaluation.

Revenue for quarter 1 FY27 rose to INR278.92 crores, up by 40% year-on-year. Operational efficiencies have helped us post 38.7% Y-o-Y growth in EBITDA to INR131.8 crores in FY21 -- in Q1 FY27 with EBITDA margin of 43.6%. We have been maintaining EBITDA margins in the range of 43% to 45%, providing us a decent cash flow to strategize our future growth trajectory. Net profit for the first quarter stood at INR89.14 crores, up by 44.5% year-on-year.

As on June 30, our order book stood at INR3,047 crores. Entering the remainder of FY27, Deep Industries is backed by strong operational resilience and financial discipline. Our recent momentum, anchored by strategic capital allocation, lean operations and flawless execution equips us to effectively navigate market shift and seize growth opportunities.

Moving forward, we prioritize generating healthy cash flows, maximizing return on deployed capital and supporting our expansion with performance-driven approach. With sharp strategic clarity and solid core fundamentals, we remain fully committed to maximizing long-term stakeholder value.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parth Sodha from Trinetra Asset Managers.

Parth Sodha: Good Morning Paras Sir and Rohan Sir Congratulations on a good set of numbers. And also thank you for incorporating the detailed order book bridge in the presentation. It definitely improves the transparency for investors. So, my first question is on offshore business. Like how do you see the offshore business evolving over, let's say, next 2 to 3 years? Is the focus on adding assets or improving utilization of the existing assets?

Paras Savla: See, as I mentioned in the call today, there is an immense opportunity in the offshore segment. Indian government has already allotted a sizable amount for the development of these offshore facilities. Definitely, the growth has to come in with addition of more assets to the fleet.

So currently, we have 1 -- we have 2 assets and which are completely deployed. So, utilization of the current assets is complete. It's with the new assets that would be added to the pool and the growth has to happen thereafter.

Parth Sodha: Okay. Got it. And how do you see like it evolving over, let's say, next 2 to 3 years? What are the targets for -- especially for the offshore business?

Paras Savla: We are very bullish on the fact that the entire offshore segment would have an excellent opportunity for growth. And all the services related to this sector would in one way or another would definitely be impacting. So, I expect a good amount of significant growth to happening in this sector in next 2 to 3 years.

Parth Sodha: Got it, Thank you so much for the oppourtunity.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital. Please Proceed.

Balasubramanian: Good Morning Sir thank you so much for the oppourtunity. Congratulations for a good set of numbers. And sir, you have listed your top priorities like PEC, higher-HP drilling rigs and offshore fleet expansions. And how do your explorations of new adjacencies like green hydrogen, coal gasifications, geothermal fit into this priority list? And whether we have entire capability on internally or through partnerships? And then, we can expect all these adjacencies to contribute materially on the top line side.

- Paras Savla:** See as mentioned, we are into the segment of gas compression. We are into the business of drilling. Both these activities in one way or another complement the segments that we are now trying to look at. So be it in hydrogen or be it either geothermal services, we would directly be having an advantage because we are well aware about how the fundamentals in the industry work. Having said that, there would be definitely a possibility of collaborating or doing a joint venture as we go ahead to develop these fields to the maximum possible level.
- Balasubramanian:** Okay, sir. Sir, on that gas processing capacity side, what is our capacities? And what is our current utilization, sir?
- Rohan Shah:** So, in entire gas processing, currently, we are operating from 3 different fields, 2 of ONGC and 1 of Cairn. And with regards to capacity, we can definitely increase it as and when the opportunity comes.
- Balasubramanian:** Okay, sir. And sir, this Dolphin acquisition, I think we are reviving, and Kandla merger synergies also there. So, could you please explain these both areas like when we can expect complete synergies from this merger and acquisitions?
- Rohan Shah:** So, Dolphin has already started contributing in our top line as well as bottom line. With an increase in fleet in offshore segments, this growth will continue in next 2, 3 years with an excellent pace. With regards to Kandla, the primary motive to acquire was to improve on our operating margins by manufacturing the hydrocarbon fluids in-house.
- So, on that part, we are working on it on reviving their manufacturing facilities. So, we are expecting probably later in this current financial year to start getting contribution from Kandla as well on improvement of our operating margin.
- Balasubramanian:** okay got it sir. Thank you
- Moderator:** The next question is from the line of Sudhir Bheda from Bheda Family Office. Please Proceed.
- Sudhir Bheda:** Hi Ya Congratulations to entire management team of Deep Industries for outstanding numbers. Hearty congratulations. Sir, your company is growing at, say, last 5 years at -- the top line is growing at more than 35% and bottom line is growing at more than 40% since last 5 years. So, is it right to assume that the same growth rate will continue for next couple of years?
- Paras Savla:** So, looking to the development and the need of the country for the oil and gas, we won't be surprised that this momentum should continue, and we are quite bullish on this.
- Sudhir Bheda:** Great. So that means even if we look at the FY28, is it fair to assume the company can deliver a profit of, say, INR450 crores to INR500 crores going by the same run rate what company has delivered in the past?
- Paras Savla:** We believe it should. With the momentum currently going on, it won't surprise us if we can do that much.

- Sudhir Bheda:** Great. And sir, can you throw some light on production sharing enhancement contract? From second half, I think it should contribute to the top line and bottom line, right? So, what is the outlook on -- in FY28 for this particular segment?
- Rohan Shah:** So, yes, in current financial year, production enhancement with incremental production would start contributing from second half of this current financial year. And for FY28, we are quite bullish on getting almost more than INR150 crores of revenue from this particular contract.
- Sudhir Bheda:** Great. That is very nice to hear that. And are you -- are we looking at the further contract like this as ONGC is also coming out with a lot of blocks for this? And the government is also planning to invest billions of dollars into oil and gas sector. So, your take on that?
- Rohan Shah:** Yes, definitely. So, production enhancement contract, we would definitely add a few more along with the existing ones. So, as you rightly said, ONGC has came up with similar requirement recently. So, we are evaluating that, and we would definitely would like to bid those contracts as well.
- Sudhir Bheda:** Great. Great. Thank you very much and all the best and Again, congratulation for delivering the consistent numbers since last many years. Thank you very much
- Rohan Shah:** Thank You
- Moderator:** The next question is from the line of Manan Shah from Moneybee Investment. Please Proceed
- Manan Shah:** Ya hi, Thank you for the opportunity. Sir, in previous calls, we highlighted 3 strategic priorities for this year. The first one was on the PEC, and we had also mentioned that there was one tender floated in the previous call, which we were evaluating. So, have we decided anything on that particular tender? Apart from that, also, we were in the process of identifying a DSV or a PSV for our offshore opportunities. So, have we been able to identify any asset or any opportunity on that side?
- And thirdly, if you can throw some light on the market size or market opportunity in terms of 1,000 HP drilling rigs versus the 2,000 HP drilling rigs? And where are we in the process of bidding for any tender for the 2,000 HP?
- Rohan Shah:** Right. So, with regards to PEC, the tender has been floated probably a month ago only. So yes, we are actively evaluating that, and we wish to bid for this depending on the results which we get on our evaluation of that particular field. So that is one.
- With regards to offshore opportunities, we are evaluating various tenders internationally as well as nationally. So as a policy, we always go for capex only after getting the firm order. And this policy we will continue here as well. So based on the award of any particular contract, we will go for capex or for adding a new vessel in the fleet.
- And third, with regards to higher capacity drilling rigs, so of course, 1,000 horsepower is largely in demand because in India, we believe that majority of production can be achieved within 3,000-meter well depth. But having said so, the demand of 2,000 horsepower and 3,000

horsepower are also good and coming up in a great way in near future. So, we are in process of evaluating and bidding this higher capacity drilling rigs in -- probably in the next few months.

Manan Shah: Okay. So, what would be the current bid pipeline? And does it include any bids for any of these 3 priorities?

Rohan Shah: So as of now, the existing bidding pipeline is not having any of these 3, which I believe would be coming up in bidding stage in coming few months.

Manan Shah: Okay. And what is the current...

Rohan Shah: And the bidding pipeline would be continuously hovering around INR700 crores to INR800 crores.

Manan Shah: Okay. Understood. I would like to welcome Mr. Rajeev Sinha to the Deep team as well. If you can just highlight what sort of experience he brings? And what sort of role is he going to play in our company?

Paras Savla: So, he has been appointed as the Head of Operations, and he has got an immense experience into the oil and gas sector, over 2 decades. And he was quite active while he was working with Vedanta, and he has good amount of experience on the onshore operations.

Manan Shah: So, he would be playing a key role in the PEC contract that we have or it is in the entire existing operations that we are running?

Paras Savla: It would be under the entire operating -- operations of the compressors and the rigs and also PEC to a certain extent.

Manan Shah: Understood. Lastly, in terms of our numbers, it seems there have been some other subsidiaries which have contributed to our overall performance for this quarter. So, if you can help me understand which subsidiary was it? And what was this contribution from? Because apart from the Dolphin, there seems to be some decent contribution from some other of our subsidiaries.

Rohan Shah: Right. So apart from Dolphin contributing around INR43 crores in this quarter, we have a good amount of contribution from other subsidiaries, including our Dubai subsidiary. So, I think around more than INR50 crores revenue has come from Dubai -- 2 Dubai subsidiaries as well as the Indian subsidiary put together.

Manan Shah: Okay. And this sort of performance is expected to continue for the subsidiaries? And what sort of contracts or services are these subsidiaries providing in those geographies?

Rohan Shah: So, the Dubai subsidiaries are primarily into same gas processing services as well as they are having some opportunities in equipment sales as well, so 2 subsidiaries are focusing on 2 different areas. And we believe this kind of opportunities will continue throughout the year.

Manan Shah: okay thanks I will get back in the que.

Rohan Shah: Thanks

- Moderator:** The next question is from the line of Bhavya Gandhi from Bajaj Alternate Investment. Please Proceed
- Bhavya Gandhi:** Ya Hi Thank you Paras Bhai and Rohan Bhai and Congratulations on a very good set of numbers. A couple of questions from my end. Sir, if you were to dissect the incremental revenue from Dolphin, Kandla and PEC for '27 and '28, that will be great. How much we have already booked? And how much is yet to come in?
- Rohan Shah:** So, with regards to Dolphin, we are working on a contract of 3 years, which is for the barge, which is our DP2 barge, Prabha. So that single contract, we believe, would continue to contribute more than INR150 crores a year. With an addition into fleet, we are expecting some good amount of growth in Dolphin in FY28.
- With regards to Kandla, as I said before, we have taken that company for backward integration to improve on our operating margins. So probably on revenue side, we are not expecting much from Kandla going forward. So, it will help us in improving our operating margins.
- Bhavya Gandhi:** Okay. And sir, in case of PEC contract, suppose hypothetically, if gas prices fall below USD 8 MMBtu, still we will receive USD 8 per MMBtu irrespective of the spot rate?
- Rohan Shah:** No. So, it's a -- this block is under free-price mechanism. So, it would govern with spot price and the market-driven prices. So, we don't foresee any possibility of falling gas price below that.
- Bhavya Gandhi:** Okay. Okay. And what would be the current rate for dollar per MMBtu, if you can just quantify that?
- Rohan Shah:** Around -- it's ranging from USD 8 to even USD 14, USD 15 as well in spot market.
- Bhavya Gandhi:** Okay. Got it. Sir, if you were to quantify the total number of onshore workover and drilling rigs in the country, and how much would be the outsourced rig market, total number of rigs in the country, that would be really helpful?
- Paras Savla:** So, while I'm saying this, this is purely a guesstimate. But around -- there should be a fleet of close to 120, 125 rigs, which are outsourced and close to that much amount of rigs, which would be captive by the producers. So, in all, if I have to say the total market would be close to around 215 to 220 kinds of workover and drilling rigs onshore.
- Bhavya Gandhi:** Okay. And sir, this shift, we are seeing that outsourced market is increasing gradually on the rig side as well?
- Paras Savla:** Yes, yes, absolutely.
- Bhavya Gandhi:** Okay. Okay. And sir, how often is this rig tender opening process? I mean, it opens every 6 months, yearly? How is it usually?
- Paras Savla:** Basically, you can't time that out, but basis on the requirement and the services that they require, they may come one after the another. Maybe that frequency could be even a few days

and that can even be a few months. So that is not in order to what a 3 months or 6 months' timing.

Bhavya Gandhi: Got it. And just one last thing on the green hydrogen business, sir. Is the contract tendering started? And if you can provide some unit economics or revenue metrics on that front? And when can we expect some revenues fructifying in terms of numbers for us?

Paras Savla: For now, we are evaluating the possibilities to get into the sector. We have already bidden one of the tender wherein we have undertaken the job to do a balance of plant that is the EPC jobs, and the electrolyzer was something that was provided by another joint venture partner. So, we don't have the outcome of that tender yet, but we are still closely monitoring any such opportunities that keep coming in this sector.

Bhavya Gandhi: Okay Wonderful sir. Congratulations that's it from my end. Thank you so much.

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

Raman KV: I just have a few questions. One is with respect to write-off which we did in the previous year as well as a year before with respect to Kandla. Can we expect any further write-off during the year? Or are we completely done with it?

Rohan Shah: With regards to Kandla, we are completely done with the legacy issues. And so no more further write-off in the current year.

Raman KV: Understood, sir. And sir, I just want to understand with respect to the production enhancement contract, the vertical, what's the business opportunity as in like how much the government is -- how much of the government's mature well is under -- you expect that will go through a production enhancement requirement?

Paras Savla: So, we don't have exact numbers of what kind of strategies would government be doing. But what -- as I understand, government is actively looking into enhance oil and gas production through various mediums, and PEC being one of them, it assumingly seems to be one of the best opportunities. There were a few PECs that happened before a year or so. And now, we have a few more PECs that have already arrived. So going forward, we foresee a good amount of such drives coming in from the government.

Raman KV: Understood, sir. And sir, with respect to offshore business, you said currently 2 assets have been deployed and you are looking to add more assets. Is there any particular bid pipeline for you wherein you are bidding for offshore business? And if so, can you give a ballpark number for it?

Paras Savla: So, for now, we don't have any bidding pipeline, but there are a few tenders which are upcoming, and we are eyeing on those tenders. So, the moment we bid it, then we will be able to tell what kind of a pipeline could that be.

Raman KV: So, the nature of the tender, because it's an offshore drilling business, it will be a long term, so will it be on a fixed price basis? Or will it be on varying -- where it be on the market price?

- Rohan Shah:** So, we would be bidding for support services, not for offshore drilling. So, it would be kind of charter hiring of barges, tugs and a few vessels. So, it would be fixed price kind of contracts.
- Raman KV:** Understood Sir. Thank You.
- Moderator:** The next question is from the line of Manan from Wallfort PMS. Please Proceed
- Manan:** Thank you so much for the opportunity and Congratulations to the team on the great set of numbers. Sir, 2, 3 questions I had. One is on the Kandla Energy. I know that you said that we have taken that up due to -- for our margin expansion. So, can you quantify how much margin expansion can that have? That is one.
- And second, how much capex will we have to do so that the Kandla Energy becomes beneficial for us? And any sort of debt we have to take for that?
- Rohan Shah:** So ya, one of the critical chemical, I would say, which we use in our drilling and integrated project management can be manufactured in Kandla's manufacturing facility. So, our primary estimate suggests that we can improve on operating margin by 1.5% with the help of manufacturing this chemical in-house.
- With regards to capex, we are not foreseeing much capex for reviving these facilities because those facilities are available. Of course, they need certain amount of repair and modification. So, it would not be more than INR10 crores, INR15 crores as our initial estimate suggests. And for that, probably we'll not go for any debt.
- Manan:** Okay. Perfect. So, the 1.5% increase you said, was it in the EBITDA margin?
- Rohan Shah:** Would improve our EBITDA margin going forward, yes.
- Manan:** Okay. Perfect. So first done. Sir second would be on the -- our PAT, which was almost INR90 crores this quarter. So just assuming some things, you can correct me if I'm wrong, sir, annualizing our PAT leads us to almost INR360 crores for this year. Last quarter, we guided for almost INR400 crores in FY28. So, do you think we should increase our guidance for FY28 or we might do -- like what are your thoughts on this, sir?
- Rohan Shah:** No, on FY28, we are gunning for a PAT of almost INR 500 crores. So, I'm not sure we have said INR 400 crores for FY28 because in FY27 only, we are expecting somewhere about INR 350 crores kind of PAT.
- Manan:** Okay. Perfect, sir. Thank you so much. And sir, last would be, in our coal gasification part, where would we be placed in the value chain? Please, can you help in that?
- Rohan Shah:** No, no. So, in coal gasification, we are not there.
- Manan:** Okay. Because last quarter, we said we are looking into it. Okay, no problem. And then just last question would be, sir, you said we have 2 offshore assets. Sir, one of them is DP2, the Prabha Barge, and which is the other one, sir? And how much more are we planning to add?

- Rohan Shah:** So Other one is AHTSV, which is anchor handling tug. And other than this, we wish to add a few more tugs and barge and probably 1 or 2 support vessels one by one over a period of next 3 to 5 years.
- Manan:** Okay understood. That's it from my side Sir, thank you so much.
- Rohan Shah:** Thank you
- Moderator:** The next question is from the line of Pankaj from Avis Capital. Please Proceed
- Pankaj:** Hello Paras Ji, Rohan Ji, Let me add my congratulations to a great set of results to yourself and the entire management team and thank you for giving me the opportunity. I have 3 quick questions. One is on the working capital/cash side. Historically, we have been able to convert our EBITDA to cash to the tune of 75% to 80-odd percent. Is quarter 1 on the similar lines? Or is it different? It will be...
- Rohan Shah:** Yes, yes, it is on similar lines.
- Pankaj:** Okay. Fantastic. I think in the presentation, you mentioned that you are planning to enter into high-capacity drilling rigs. So, is there a capex which is expected in '27 because of that? If yes, then are we planning to take debt? Or I mean, what is the plan we have for funding that piece?
- Rohan Shah:** Yes, because in this higher capacity drilling rigs, as of now, we do not have the asset. So, if it would be awarded to us, we'll go for adding higher capacity rig in our fleet, which will require capex, but that would be funded by debt as well as internal accrual.
- Pankaj:** Okay. But do you have some plan of what kind of capex you are looking forward to in FY27 for that reason?
- Rohan Shah:** See, in our business, capex is always backed by firm order. So, we cannot just estimate that how much capex we'll be doing unless we win the contracts. But yes, based on our broad estimates, we may do capex of around INR 250 crores to INR 300 crores in FY27.
- Pankaj:** Okay. Great. Thank you, Thank you for this. My next question is about the margin profile. I think we have seen a good 200, 250-odd basis points improvement in our EBITDA percentages in Q1 as compared to the guidance we saw or historical trends we have seen.
- So -- and also, we understood basis what you said and explained in the early part of your session that our focus is also moving towards offshore in addition to the onshore stuff we are doing. So how do you see the blended EBITDA margins going forward, say, in FY27 or FY28?
- Rohan Shah:** So, we believe that blended EBITDA should improve in FY28 and probably in later year as well because by getting incremental contribution from offshore as well as production enhancement contracts will help us improving on blended EBITDA.
- Pankaj:** Right. And is it fair to assume that the EBITDA margins on offshore stuff would be better than onshore?

Rohan Shah: Yes.

Pankaj: Okay. That's fantastic. And last question, sir, from my side, we have some INR3,000-odd crores open order book we have. So how much of that we plan to execute in FY27 and '28, sir?

Rohan Shah: So, of this order book, probably more than 60% value is something which is being executed over next 2, 2.5 years. And one major chunk is of production enhancement contract, which is a long tenure contract.

Pankaj: Great. And would you have some number for FY27 out of this INR3,000-odd crores?

Rohan Shah: So, I think you can consider almost INR800 crores kind of contracts would be executed over FY27.

Pankaj: Thank you and All the best for your next endeavours.

Moderator: The next question is from the line of Hemaant Soni, an Individual Investor. Please Proceed

Hemaant Soni: Thank you for providing me the oppourtunity. Actually, I'm new to the company. So, pardon me if I have asked something weird because I just wanted to know how does the pricing and all work. Are they -- is it a revenue sharing model or something or there is a fixed price contract?

Rohan Shah: So largely, our services business runs on fixed price contracts. So, these are all tender-driven contracts with L1 bidding. So, these all are fixed price contracts.

Hemaant Soni Okay okay done. Thank you

Moderator: The next question is from the line of Sourav Mondal, an Individual Investor. Please Proceed

Sourav Mondal: Hello Sir, Thank you for the oppourtunity So, what is your target share of revenue coming from non-PSU and PSU in FY27?

Rohan Shah: See, our larger client base is, of course, PSU. So, PSU will continue to contribute higher amount in overall revenue.

Sourav Mondal: Okay, sir. Sir, so are you involved in exploration service or totally post-exploration?

Rohan Shah: So, we are largely into post-exploration only.

Sourav Mondal: Okay. Okay. Like no, 0% exploration?

Rohan Shah: Yes. But for us, it's a service. It can be pre-exploration, but we will be charging our fixed prices. So, we do not carry any success risks.

Sourav Mondal: okay okay, thank you sir.

Rohan Shah Thank you

- Moderator:** The next question is from the line of Srikar Sai, an Individual Investor. Please Proceed
- Srikar Sai:** Thank you sir for the oppourtunity. Sir, it's regarding our PEC tender. This Mori field, how much was it about to contribute? I mean, in incremental of 1,80,000 SCMD, how much is it about to contribute?
- Rohan Shah:** Sorry, your voice is a little low. If you can just repeat the question.
- Srikar Sai:** Yes. Sir, am I audible now?
- Rohan Shah:** Yes.
- Srikar Sai:** Sir, I mean, we have the auction data from September of 2025. There, out of 1,80,000 SCMD, Mori was only expected to contribute only 2,000 SCMD, which was the smallest of it. So, were we expecting only that much? Or is it more than that, sir?
- Rohan Shah:** No. So, Mori was beyond our surprise, and we had encountered a huge amount of gas with high pressure. But with the recent incident, as of now, Mori-5, we are not operating, but we may explore other wells around Mori-5.
- Srikar Sai:** Great. Sir, it's regarding other 2 production enhancement contracts, which have come out. So, in our present contract, we get around INR1 crore per month to maintain the baseline in the PEC. But for Gamij, it's around INR8 crores or INR9 crores per month. And for Geleki, it's around INR28 crores or something like that.
- So annually, it's coming out to around INR100 crores per year for Gamij Field and around INR300 crores to INR340 crores per year for Geleki Field. So, the contract value, I mean, generally out of INR1,400 crores, for us INR150 crores or INR180 crores was coming as a minimum fixed fee. But here, for these 2 contracts, the minimum fixed fee itself is around INR 1,500 crores and around [inaudible 0:51:56] Are these calculations correct?
- Paras Savla:** See, currently, we are evaluating these tenders. So, it wouldn't be fair for us to comment about what our strategies would be and what kind of revenue visibility would it be because we have not yet been awarded. But once we have these awards, we would be able to give a better guideline on how we are looking at these fields.
- Srikar Sai:** Sure, sir. I mean, this is just the minimum fixed fee, which ONGC was offering according to the [inaudible 0:52:25]. Anyway, sir, the next question is regarding continuity of our other subsidiaries like with Dolphin Shipping or RAAS Equipment, were they contributing anything for our Q1 performance because we saw that INR30 crores to INR40 crores additionally from these subsidiaries? So, are we expecting something from these subsidiaries, anything more in this particular year?
- Rohan Shah:** The subsidiaries which you mentioned, they are contributing in overall revenue, but these 2 are not contributing substantial, but they would continue to contribute over a period of time.

Srikar Sai: Okay. And also, one last question, sir. It's regarding the kind of inquiries being floated right now, like Vedanta itself has floated for Northeast exploration drive. And then recently for Rajasthan, they are asking for drilling rigs of 1,000 to 2,000 horsepower.

And then again, workover services. And again, we have ONGC for 1,000 horsepower. And again, we have Oil India with workover rigs. So, is it a normal inquiry pipeline? Or is it really due to the Iran crisis we are actually seeing more of inquiries coming up?

Paras Savla: Basically, it is a mixture of both. So, there were inquiries. And now because of this situation, these things have ramped up. So, we won't be able to identify that why this inquiry has come up for what reasons. But we believe that these both reasons are equally valid for these inquiries.

Srikar Sai: And also, congratulations on a very, very, very great set of numbers, sir, and all the best.

Rohan Shah: Sorry, we didn't get your point.

Srikar Sai: No, sir. I was just congratulating on such a good numbers, sir. I'm -- also, I'm saying all the best for the future.

Paras Savla: Thank you. Thank you.

Moderator: The next question is from the line of Yash from Mavira AMC. Please Proceed

Yash: Hi Sir, Congratulations on excellent results. Sir, I have a couple of questions. One -- first one is regarding the production enhancement. So, post the mishap, I think we have started the production is what I understand. So, have we already reached the baseline production?

That is one, since you said that incremental production will come from H2 FY27. And with regard to the production enhancement, so in the same contract, when are we expecting to start with newer wells under the same contract?

Rohan Shah: Yes. So, in existing production enhancement operation, we are a little above this baseline production. And so, it is -- except that particular well, we are producing from all other wells, which we are producing.

And with regards to incremental production, we expect to start operations probably in next month or so. And the incremental production should start contributing from September end or October onwards. With regards to new wells, again, we have planned to drill a few wells in this current financial year. And those new wells would start contributing probably in Q4 or Q1 next financial year.

Yash: Understood, sir. Understood. Sir, with regard to the related party transaction, the loan to the group entity, so any progress on that? I mean, we were to evaluate that transaction, right?

Rohan Shah: Yes. So, from the loan given to Prabha Energy, we have received back almost INR86 crores from them. And probably by end of second quarter, we are expecting to clear the entire loan repaid.

Yash: Super, sir. And sir, just last one. So out of the 4 verticals that we spoke about, so could you throw some light on the ROCEs across all the 4 verticals? And how do we see growing each of the verticals with regards to returns that we generate?

Rohan Shah: We do not have ROCE data for individual verticals. But as a whole, we believe that going forward, ROCE would tend to improve because with contribution coming in from offshore and production enhancement with higher margins, overall return ratios will improve only.

Yash: Understood Sir, Thank you so much.

Rohan Shah: Thank you

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

Sanjay Shah: Hi, Thank you very much Can you hear me?

Rohan Shah: Yes Sir.

Sanjay Shah: And again, congratulations for the great set of numbers and the overall transparency. Just if it is possible, Rohan, we spoke about the production enhancement accelerating from the second half of the year. So, if you just go to fiscal '28 and think about production enhancement and only this field, how much do we think, when we talk about the INR500 crores profit number, would we expect the production enhancement contract to contribute? That's one.

And second, with all the plans that we have, do we envisage raising capital in the near term? Or do we think that we are self-sufficient in terms of funding of all our investment plan?

Rohan Shah: Yes, yes. So, with regards to production enhancement, we are expecting revenue of almost INR150-plus crores kind in FY28 with this single field, which we have. And I think these numbers can go up as well depending on the performance we do in current financial year.

With regards to fundraise, as of now, we do not have a major capex plan. And since we are having debt-free on a net debt basis, probably our balance sheet support us for taking some debt as well in case of new capex. So as of now, we are not foreseeing any equity raise.

Sanjay Shah: Perfect. Just on that production enhancement, what kind of volumes does that suggest when you say INR150 crores revenues in fiscal '28?

Rohan Shah: Sorry, the volume of gas you are saying?

Sanjay Shah: What kind of volumes does the production enhancement contracts suggest when you talk about revenues of INR150 crores in fiscal '28?

Rohan Shah: It would be around 2.5 lakh to 3 lakh cubic meter a day.

Sanjay Shah: Sorry, can you repeat that?

Rohan Shah: 2.5 lakh to 3 lakh cubic meters per day.

- Sanjay Shah:** Perfect. And what's the baseline? Sorry, if you can just repeat the baseline that you have to deliver beyond which you start getting the share of the profits?
- Rohan Shah:** Baseline is around 1.44 kind of.
- Sanjay Shah:** Super. Thank you and all the best.
- Rohan Shah:** Thank you.
- Moderator:** The next question is from the line of Pankaj Motwani from Equirus. Please Proceed
- Pankaj Motwani:** Thnak you for the oppourtunity. So, my question was on the stand-alone part. So, I was looking at your stand-alone revenues. So, it has been remained at around INR175 crores for the last 5 quarters. So, I just want to understand like what is constraining growth in this segment?
- And if I see your total order book, so if I exclude the PEC order and Dolphin order from our total order book, our total order book from our traditional onshore business is around INR1,450 crores, and we have an execution timeline of around 2.5 years. So that implies a revenue of around INR600 crores from the traditional onshore business.
- And we have a current run rate of around INR700 crores from the stand-alone part. So, I just want to understand like what is the growth outlook for the stand-alone business? And how do we achieve the guided 30% to 35% in this segment?
- Rohan Shah:** Right. So, on a stand-alone basis, this INR170 crores kind of quarter would improve from Q2 onwards because by adding new contracts into the revenue. So, we are currently working on different 4 to 5 gas compression and processing contracts, where they were supposed to start contributing from late Q1 and Q2.
- So those contracts will give contribution going forward. So, on a stand-alone basis, we are not -- we are expecting growth of somewhere around 18% to 20% in this current financial year with a consolidated growth of more than 25%.
- Pankaj Motwani:** Okay. Got it. So, our current order book will be able to suffice the 18% to 20% growth in the stand-alone because, as I mentioned, like if I exclude the Dolphin orders and PEC orders, then our order from the traditional onshore business is around INR1,450 crores and with the...
- Rohan Shah:** With the existing order book and the tenders which we are expecting to convert, there are a few tenders where we are expecting the outcome and the operation to start immediately on award. So, we have considered that part as well. So, I think we'll be able to achieve that growth.
- Pankaj Motwani:** Okay. Got it. And one more question, like you have mentioned that you have one more fleet, which is the anchor handling tug. So, I just want to understand like the anchor handling tug has started contributing to our bottom line because it is in the JV. So, as it started contributing?
- Rohan Shah:** Yes, it has started contributing, but it is not under any long-term contract as of now. So, the contribution is not significant from that particular asset.

Pankaj Motwani: Okay got it. That's all my questions. Thank you

Rohan Shah Thank you

Moderator: The next question is from the line of Chirag Satiya from Satia Industries Limited. Please Proceed

Chirag Satiya: First, congratulations on the great set of numbers.

Rohan Shah: Thank you.

Chirag Satiya: Can you hear me?

Moderator: Yes, yes.

Chirag Satiya: Yes. So, you have mentioned that currently outstanding order book is INR3,047 crores. And out of this, this INR800 crores will be executed in the next 9 months. Is that correct?

Rohan Shah: Correct.

Chirag Satiya: Okay. So, I wanted to understand another aspect of this is how much intake of orders will be for this year?

Rohan Shah: So, I think you must have observed that over a period of last 4, 5 quarters, more or less, we are adding similar amount of contracts as we are executing. So, we believe this run rate should continue, and probably, we'll add a few more larger contracts in coming future.

Chirag Satiya: Okay Fair Enough, that's it , Thank you.

Rohan Shah Thank You

Moderator: Thank you. Due to time constraints, that was the last question for today. I now 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. If you have any further queries, you can directly connect us. We would be happy to answer all your queries. Thank you.

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