



Dhruv Consultancy Services Limited

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DHRUV /OUTWARD/2022-23/1361

August 17, 2022

**Corporate Relationship Department
BSE Limited**

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001
Fax No. 022-22723121/3027/2039/2061
Security Code: 541302, Security ID: DHRUV

Listing Department

National Stock Exchange of India Limited

Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai -400 051
Fax No. 022-26598120/38
Scrip Symbol: DHRUV

Dear Sir/Ma'am,

Re: ISIN - INE506Z01015

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Transcript of Earnings Call.

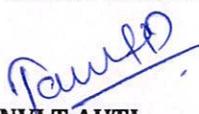
Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held with the investors/shareholders on August 12, 2022, at 12.00 HRS (IST) to discuss the Un-Audited Financial Results of the Company for the quarter ended June 30, 2022.

The above information along with the audio recordings has been made available on the website of the company www.dhruvconsultancy.in

You are requested to take note of the same.

Thanking you,

Yours faithfully,
for **DHRUV CONSULTANCY SERVICES LIMITED**


TANVI T AUTI
Managing Director
DIN 07618878



Encl: As above



“Dhruv Consultancy Services Limited Q1 FY2023 Earnings Conference Call

August 12, 2022



ANALYST: MR. VASTUPAL SHAH - KIRIN ADVISORS

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

Moderator: Ladies and gentlemen, good day and welcome to the Dhruv Consultancy Services Limited Q1 FY2023 Results Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shah from Kirin Advisors. Thank you and over to you, Sir!

Vastupal Shah: Thank you. Good afternoon everyone for joining the conference of Dhruv Consultancy Services Limited for Q1 FY2023 results. I would like to welcome Mr. Pandurang Dandawate - Director of Dhruv Consultancy Services Limited, Ms. Tanvi Auti – Managing Director of the company and Mr. Rajesh Sindhav – GM – Finance and Accounts. Pandurang, Sir over to you!

Pandurang Dandawate: Good morning, all. I would first like to see that I will just speak about the first quarter result and then I will also talk about the company. Over to you, Tanvi!

Tanvi Auti: Good afternoon everyone. Before coming to the result, those who are knew I would like to welcome them all and just give a small brief about the company. Dhruv consultancy services were incorporated in August 26, 2003 and in the last year 19 years, we have grown as a project management consultancy firm in India. We are working in six sectors highways, bridges, metros, architecture, environmental and ports and recently diversified ourselves into the solid waste management as well. We provide a variety of services, which includes pretender that is preparation of detail project report and feasibility study. Post under service which includes supervision for construction activities as well as maintenance activities, advisory services to carry out technical and structural audits and design services varying the offer design of highways and structures on the highways.

So, we got ourselves listed on the BSC SMA platform in May 2018, and recently migrated to the main board of BSA and got listed on MSE on November 25, 2021. We have seen in the last financial year that the company has bagged the orders close to 100 Crores. This year I am very happy to tell you that in the first three, four months itself we have bagged closed to 100 Crores, so we are expecting double and triple addition to our order book by the end of FY2023. We have also entered into the international consultancy market bidding projects funded by the Asian Development Bank, World Bank and African Development Bank. As on date we have submitted close to 45 tenders and out of them we have been short listed in for namely Cambodia, Bangladesh, and Zambia and before the end of this financial year we are very positive to bag one or two international projects, which will be the beginning of marking returns. So, I now hand

over to Rajesh Sindhav, General Manager, Finance and Accounts to give an overview about the Q1 results.

Rajesh Sindhav: Thank you everyone Tanvi, and welcome to all our shareholders and investors. I would like to present the Q1 results of the Dhruv Consultancy. The company has earned the total revenue in the quarter one 17,76 Crores against which the total expenditure of 17.07 Crores, so total profit of 69 lakhs, which has been earned, which is against the previous quarter was the loss of Rs.19 lakhs, so the company has big shift from the loss into the profit in this current quarter. As compared to the previous quarter in the same period Q1 FY2021 against Q1 FY2022, the profitability has been gone down from 1.73 Crores to 69 lakhs because there are two, three elements are contributing to that, the employee cost has been increased by Rs.50 lakhs, at the same time the depreciation has gone up by 22 lakhs and we have make the provision of ECL, which has not been a part of the last year the same quarter, so that is the reason the profit has been gone down from 1 Crores 73 lakhs to 69 lakhs. This is from my side from the financial statement of the Q1 result.

Pandurang Dandawate: I am Chairman of the company, Dandawate. So as briefed by Tanvi, we are very close to you can say making the record of order book in current financial year, 100 Crores already bagged in first four months and what I can add is that almost Rs.400 Crores of the consultancy work are already tender for which results are awaited and results are expected to be in next two months that it is one. We are aggressively bidding with other clients of state governments wherein only in August they are planning to put 20 bid approximately amounting to 120 Crores to 130 Crores together and considering our technical capability and high technical score in recent results, I am very much confident that we should get the order book of 300 Crores plus in current year only against the bids submitted and bids to be submitted that is one. Secondly, the international consultancy, I am very confident of getting at least one work in current financial year. That is all from my side.

Moderator: Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Yeshwanti Khedkar an Individual Investor. Please go ahead.

Yeshwanti Khedkar: Thank you for the opportunity. Sir, we have seen very good growth in the top line as backed by our orders but what literally concerns me is the profitability to the investors what would like to tell us thus when we are despite going to good rated offline nothing is coming at the bottom line, I mean not the great things coming about the mix?

Tanvi Auti: So, I would like to answer this question, as I already mentioned this first quarter we have had projects close to 100 Crores and initial mobilization expenses are very high and though in Q4 we had booked a loss, but now we are able to come into the profit side and Q1 and Q2, there has always been a trend in the infrastructure sector that expenditures are going on, but due to monsoon in the country everywhere the progress of the work is slow, but Q3 and Q4, you will definitely see a great jump in the profits, but due to these initial mobilization expenses of the newly received orders, we had to procure certain fixed assets, we had to hire more employees so the profitability has gone down due to the increase in the operating expenses.

Yeshwanti Khedkar: So, this increase in the employee cost will be rationalized over the next three quarters?

Tanvi Auti: As the progress of the work goes on, so the revenues will be on a higher side as well as the profitability, initially the expenditures are high close to first three, four months because we have to do the office site setup, then there is the vehicle then traveling cost and payment start coming after two, three months once we are mobilized on the site, so once the payment process smoothen the profitability also will be back on track.

Yeshwanti Khedkar: Madam, there would be some order relatively some work which has been passed from Q4, there was a continuous process, so this cost is going to be higher, normally it is higher for the first quarter?

Tanvi Auti: If we receive more orders going ahead again mobilization expenses would go on a higher side, but the projects that we have received now they would be going smoothly like you said the projects, which we had received in Q4 or Q3 last year, they have now smoothened out, so the expenditures are monthly fixed, but during the initial phase of the project because we have to procure a lot of things, the expenditure is always on the higher side.

Pandurang Dandawate: I would like to add, Madam, our trajectory would be that if the budget of government of India because our clients, transport in highway and the National Highway Authority of India that now if you see the typical feature of the budget normally the last quarter they release the funds project wise and head wise and if you see last fifteen years history of our bank statements or balance sheet, we are getting most you can say double the revenue and double the profit in last quarter or if conservatively go first quarter is normally a little bit on the outside because the budgets which are expired on March 31, 2021, again making the budget provision for first quarter and all others normally take one month's or 45 days in government, so that is why recite is on lower side and we have to continue, if it again go our gross year top line or sales is almost five times the first quarter.

Yeshwanti Khedkar: That is what. I was asking, like when we are going it is a good rate at the top line what is hammering out our goal that is what I just wanted to understand?

Pandurang Dandawate: Yes, it is our first experience of quarterly result and again we are dependent on government revenue only, so it is typical of the government framework because it is not equal like the revenue from the private sectors.

Yeshwanti Khedkar: Sir, if I understand it correctly, does this mean SME new project comes, first two quarters will be higher that is to the extent of 80% on of the project and 20% on the balance two quarter, would it be the same number?

Pandurang Dandawate: Yes, almost, see what happens in last quarter suppose certain head has no budget provision for first quarter, so even we submit the bill we are not getting the payments so again to award the GST hit we delay the submission of the bill because fund availability is not there, so that happens normally in first quarter, second quarter normally hit by monsoon because our few of the revenue is dependent on progress of the work so first and second quarters are on downside, I can 40% of the revenue comes in from first and second quarters and 60% revenue comes in third and fourth quarter, whereas expenditures are continued.

Moderator: Sir, I think the line for the participant who was asking question is disconnected. We will move to the question. We will take the next question from the line of Sandeep Mane. Please go ahead, Sir.

Sandeep Mane: Good afternoon. Madam, I wanted to know what is your total order book and what is the breakup of the order book?

Tanvi Auti: As on date our total order book is 423 Crores out of which 215 is unexecuted.

Sandeep Mane: Madam, what is the status of our other vertical for solid waste management, can you throw some light on numbers of projects, which are currently under execution?

Tanvi Auti: So, for solid waste management presently we are working at Yavatmal Municipal Parishad that is the one that we have bagged and projects close to 50 Crores to 60 Crores have already been bid for the results are awaited.

Sandeep Mane: And what is your current bidding pipeline and how much new order can be expected?

Pandurang Dandawate: Basically as expected earlier, we have submitted expression of interest in 45 assignments international consultancy 15 or 16 countries the main clients or developing countries

through World Bank of Asian Development Bank or African Development Bank, we submitted this in Cambodia, Zambia, Ethiopia, Nepal, Vietnam like that, so wherein we are expecting minimum one firm order in current financial year, in domestic market as I explained in earlier speech we have submitted bids to the extent of 400 Crores for which results are awaited and our success ratio or success rate is increasing from 20% to 30% in current year because our high technical score because we are crossing the average annual turnover of 60 Crores in last three years, so we are getting more marks, we are getting more bids, we are having the sufficient bid capacity available, so comfortably I can say this an executed order book of 215 Crores shall grow and reach to 400 Crores by end of the financial year.

Sandeep Mane:

Can you share details of some big tickets and iconic projects that we are working on?

Tanvi Auti:

So, since the last financial year we have seen that the company was earlier working only in two lane or four lane projects, but now company has shifted to six lane and eight lane expressway projects and in the past the most iconic project that we have done is the capacity augmentation of the Mumbai-Pune expressway DPR preparation, so if you have traveled from Mumbai to Pune can see right now that an alternate route is being developed and construction is going, so from there are going to be two tunnels close to 9 kilometers of length and there is going to be a big wired up, which will reduce the travelling time and avoid the guard section on the Mumbai-Pune expressway where a lot of traffic jams take place and this is going to be one of a kind of a structure as we tunneled are going to pass below the Lonavala lake and there is a lot of terrain difficulty, so it was the most challenging job that we have done till date and recently we are working on the part of the Delhi Vadodara section and I am very happy to tell you that these are eight lane access controlled expressway and they are passing through rural areas, districts which would provide a boost to employment in those areas and Delhi to Mumbai travel time will be reduced down to 12 hours that are going to be wayside amenities used IT logistics parks there and a lot of forest developments also being done in those areas along with that I would like to highlight that our Honorable Nitin Ji Gadkari and the Prime Minister's office they have planned to even land site of jet planes on these roads, so these roads are also going to act as emergency landing situation in case of wars or such events, so I am very happy to tell you that Dhruv is proud to be working on such prestigious projects and contributing to the economic development of the nation.

Sandeep Mane:

Madam, who is the contractor in Mumbai-Pune express DPR preparation?

Tanvi Auti:

What, who was the?

Pandurang Dandawate: Two contractors are there appointed business MSRDC, one is who is doing the Bridge Park.

Sandeep Mane: Sir, my last question is, which state contribute most to your business?

Tanvi Auti: Right now till this financial year also at present it is Maharashtra, but going ahead we have increased our presence in Andhra Pradesh also and at present we are working on eight projects in Andhra Pradesh and this year since in FY2022-FY2023 most of our projects have been received in the state of Andhra Pradesh.

Sandeep Mane: One more Madam, what is the contribution of expressway in order book?

Tanvi Auti: Expressway is around 50 Crores.

Sandeep Mane: Thank you.

Moderator: Thank you. We take the next question from the line of Yeshwanti Khedkar. Please go ahead, Madam.

Yeshwanti Khedkar: Last time my line was disconnected. Sir, as I was asking about the question on the expenses which has been proportionately exhibited over the year, so what do you mean is that you said that the expenses will continue so only because of the finance, which we required, the budget allocation, which we received the impact on the profit is better?

Pandurang Dandawate: Absolutely, correct, so normally we got a great experience of quarterly result, for current year we will analyze it properly, but what I can say the results of the quarter four is almost double the revenue of quarter one which is the profitability and everything double.

Yeshwanti Khedkar: And what is our debt level as on June 30, 2022?

Rajesh Sindhav: 11 Crores.

Yeshwanti Khedkar: 11 Crores is the debt.

Rajesh Sindhav: And has wanted to contribute one more thing every year in the expenditure side there is a ECL provision we are making right now which has not been the part of the earlier period, so there is a notional entry as per the accounting standard we are making in the books of account, so we have to make the provision of the initial provisions in the books of account which has not been a part of the earlier financial statements or comparable statement, so this is as per the Indians counting, this is the notional increase which we

have been booking in the books of account and that is why the profit, which has been seen in the lower side.

Yeshwanti Khedkar: What is the quantum of it?

Rajesh Sindhav: Rs.3000000 per quarter.

Yeshwanti Khedkar: Rajesh, Sir, I had one more question for you like how is our working capital cycle?

Rajesh Sindhav: Working capital cycle is around 90 days we have after the submission of bill, getting the bill preparation and everything, collection of bills it is take 90 days.

Yeshwanti Khedkar: Thank you. I just wanted to understand as we are entering into the export market, like how you could define its margins in the domestic projects and then international projects, how would they react for us?

Pandurang Dandawate: Very good question actually, ticket size in India is normally 8 to 10 per hour last financial year, current year it may increase from 10 to 12 so that is the upper limit Indian markets even we get the expressway assignment, however, in the export market the minimum size of assignment is 18 Crores to 20 Crores and average assignment size is about 25 Crores, nature of the work is same what we are doing in India even varies about 20% to 25% gross profits are their our EBITDA is there, so for international market considering that the cost and dollar fluctuations and all other things, our expenditure in 1.5 times increase still the profitability will be very, very high almost 40% of that, so I am assuming about 10 Crores of profit in 25 Crores assignment for international market that to the revenue will be in dollar.

Yeshwanti Khedkar: Sir, last is we again need to spend more on our talent pool and all we were sourcing it from the country in where we are operating?

Pandurang Dandawate: Yes, that is why I am saying it is 1.5 times, the travel cost is 15% to 20% for that, but majority of the outflow will be the extract faster cost for the talent pool and also international you can say manpower.

Yeshwanti Khedkar: That is what I am trying to understand weather will be sending it from here or we will be able to source it from there?

Tanvi Auti: It is both actually, they do allow international professional also do work, so we would be making maximum use of our present staff also, but yes, local staff is also a requirement national experts that we would be procuring from that particular content.

Yeshwanti Khedkar: What is your future growth strategy for two years or three years down the line, I mean to go at about some two to three year down the line?

Pandurang Dandawate: Today, the order book stands at about 400 Crores out of this unexhibited roughly, so I am expecting to touch the order book by end of 2025 to the 1000 Crores, which will mainly contribute upwards the core area will be there the domestic consultancy added will be the international consultancy and two verticals added that one is a solid waste management and also the small vertical that is a structural repair work for the metros and monos and the concrete roads in Asia, so put together I am expecting 1000 Crores order book in next three years.

Yeshwanti Khedkar: Sir, can you brief about what is our progress on the solid waste management?

Tanvi Auti: It is not much on the books of account, we have only that one project in Yavatmal, but we have put our bid for Rs.50 Crores to Rs.60 Crores project and we are expecting to get the results, the scrutiny is very slow because all the solid waste management business is with the principal corporation can build parties, so I am expecting the order book again back in end of this financial year maybe ten times what we are doing now.

Yeshwanti Khedkar: The main regard for the business cash flow is getting the budget approval and allocated from the government?

Pandurang Dandawate: The system of the government is that every quarter or end of every quarter so normally if you could see there are corrections in the budget allocation, but gross outlay for example, for road highway out of it current financial year it Rs.134000 Crores only from the government side and much more is also from the private side I am not accounting for that, so out of that 134000 Crores they have to spend in a year, now obviously because of the system the expenditure start somewhere in the month of May or even at the end of the May because of the budget systems in the software and the first month or second month is hit and then we get the payments smoothly till the month of December, at the end of December the progress support a sector or a state is doing much better than B sector, so they diversify B sector to A sector wherein the performers are getting the fund so it is the typical of the government budget if you read the economic times or any budget related thing on the website you understand that better way.

Yeshwanti Khedkar: Sir and just one more things are we looking at entering into the private place segment?

Pandurang Dandawate: No, if you see the government itself they are coming up with PPP model or HAM model where in 60% of the revenue in HAM models or 60% of the grand or you can say funding is from the private sector that is 40% debt and 20% equity of the concessionary and

government only spend 40% forty percent of the project cost, in that sense I was talking this 134000 Crores would be 5 lakhs Crores roughly for a year for outlay of the private sector.

Yeshwanti Khedkar: Wish to the very best for the coming quarter.

Moderator: Thank you. We take the next question from the line of Mukesh Panjwani from Value Securities. Please go ahead, Sir.

Mukesh Panjwani: Good afternoon. My question is when we see our quarterly operating profit margins, we see there is a lot of volatility, so can you please explain the reason behind it and will this volatility continue going ahead also?

Rajesh Sindhav: The volatility there is a comparable figures will definitely be going forward because we are first time adoption of INDAS accounts in the month of December itself, so in the first six months, we were in MSME segment so there is only a half yearly IGAAP accounts we are giving that it's the reason at the accounting so there is the volatility in the comparable figure you can see after one year or after the six months from the ninth months onwards you will see the comparable figure in a proper manner.

Mukesh Panjwani: Got it and my second question is, as you said that by 20225, we can see that our order book would be around 1000 Crores, so that was in the terms of order book, but I want to know where should we see our company three to four years from now in terms of top line and bottom line?

Pandurang Dandawate: It all depends on our order book only, i' a not supposed to make any forward statement, but I can say top line last year is 75 Crores plus, currently also it will be much more than that, but I can expect the top or self by end of 2025 roughly 200 Crores.

Mukesh Panjwani: That is great. Thanks a lot, Sir. That was from my side. Thank you.

Moderator: Thank you, Sir. We take the next question from the line of Apoorva Mehta an Individual Investor. Please go ahead.

Apoorva Mehta: Good morning, Madam. My question is what is the contribution of central and state government in revenue?

Tanvi Auti: When we started the company from 2003 to 2010 we were working with private sector and state government line namely MSRDC, PWD government of Maharashtra, since 2014 we are now working only with the central government, Ministry of Road Transport,

and Highway, and NHAI you can say 90% of our revenue comes from work in HI and some session from two private clients when we offer design selectively.

Apoorva Mehta: And what is the margin profile of your projects at EBITDA level?

Tanvi Auti: EBITDA level close to 20%.

Apoorva Mehta: And sustainable margin that we can maintain?

Tanvi Auti: Also going ahead as we told you that we are entering into the international consultancy segment so there the EBITDA margins are high because revenues are on the higher side and of course income will be in foreign currency so we are expecting EBITDA to increase to 30% to 35%.

Apoorva Mehta: Any progress on solar vertical?

Pandurang Dandawate: Presently, we are not very aggressive on that sector it was a try we were doing it the era of COVID to have a another vertical, so we were trying structural repair work, solid waste management and this solar vertical, but as one now solar vertical we have kept on the back burner because of the dim market conditions.

Apoorva Mehta: What is the current bid orders?

Pandurang Dandawate: Overall?

Apoorva Mehta: Yes.

Pandurang Dandawate: Unexecuted order book is 215 Crores almost 100% in consultancy only.

Apoorva Mehta: And new bidding?

Pandurang Dandawate: New bidding, we have submitted bids for 400 Crores for which results are awaited and we are planning to submit additional 300 Crores bid in the next one month that is up to September 15, 2022, so put together Rs.700 Crores bidding will be done and results are normally coming in two or three months considering holidays maybe four months, so the success rate for current year I am expecting 30% last year it was 20%, so again comfortably I can say that today's current year's order book unexecuted is 100 Crores plus in four months, so it should be almost 400 Crores by end of this financial year.

Apoorva Mehta: Thank you. That is all from my side.

Moderator: Thank you very much, Sir. Ladies and gentlemen, that was the last question for the day. I now hand conference over to Mr. Shah for closing comments. Thank you and over to you, Sir!

Vastupal Shah: Thank you everyone for joining the conference call of Dhruv Consultancy Services Limited. If you have any query you can write up at info@kirinadvisors.com and once more many thanks to management team and all the participants. Thank you.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.