To
The Manager- Listing Department,
**BSE Limited**
P.J. Towers, Dalal Street, Fort,
Mumbai- 400001, Maharashtra, India.

**Scrip ID/Code: DESCO/544387**

**Sub:** Transcript of Investors/Analysts Earnings Conference Call held on May 21, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the copy of transcript of the Investors' Earnings Call held on May 21, 2025, with respect to the Audited Standalone and Consolidated Financial Results for half year and year ended March 31, 2025.

The said transcript of the aforesaid earnings call with Investors/Analysts is also available on the Company's website www.descoinfra.co.in.

Kindly take the afore-mentioned submission on your records.

Thank You!

Yours faithfully,
**For DESCO INFRATECH LIMITED**
**(Formerly known as Desco Infratech Private Limited)**

MUSKAN OMPRAKASH KHANDAL
Digitally signed by MUSKAN OMPRAKASH KHANDAL
Date: 2025.05.27 23:42:49 +05'30'

**Muskan Khandal**
**Company Secretary & Compliance Officer**

"Desco Infratech Limited"

Q4 & FY25 Earnings Conference Call

May 21, 2025

**MANAGEMENT:** **MR. MALHAR DESAI – WHOLE TIME DIRECTOR -- DESCO INFRATECH LIMITED**
**MR. SAMARTH PANKAJ DESAI -- EXECUTIVE DIRECTOR -- DESCO INFRATECH LIMITED**

**MODERATOR:** **MS. POOJA GANDHI – EQUIBRIDGEX**

**Moderator:** Ladies and gentlemen, good day and welcome to Q4 and FY25 Earnings Conference Call of Desco Infratech Limited hosted by EquibridgeX. 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 the 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 Ms. Pooja Gandhi from EquibridgeX. Thank you and over to you, ma'am.

**Pooja Gandhi:** Thank you. Good afternoon, everyone, and welcome to H2 and FY25 earnings call of Desco Infratech Limited. From the management today, we have Mr. Malhar Desai, Whole-Time director, and Mr. Samarth Desai, Executive Director.

Before we proceed with this call, I would like to give small disclaimer that this conference call may contain certain forward-looking statements which are based on opinion and expectations of company, a detailed disclaimer already given in company presentation which has been uploaded on stock exchange.

Now, I would like to hand over call to Mr. Samarth Desai for opening remarks. Over to you, sir.

**Samarth Desai:** Hi, everyone, very good afternoon. With immense pride and a deep sense of gratitude, welcome you all to our first-ever investor call at Desco Infratech Limited. This is more than just a corporate event, but for all of us here at Desco, it is a moment of reflection, commitment, and the reaffirmation of purpose.

Let me begin by saying thank you. Thank you for your belief and your faith in a company that began as a humble dream in 2011, driven by a small, but a determined team who dared to think big. Back then, we were just a few passionate professionals laying our first pipeline. But today, we are addressing you as a publicly listed company, a recognized player in India's city gas distribution and infrastructure sector, and most importantly, a trusted custodian of your capital.

This journey has not been easy. It's been built on early mornings, late nights, long road trips to project sites, moments of doubt, but also moments of deep conviction. It has been a story of balancing grit with grace, ambition with discipline, and risk with responsibility.

The listing on BSE platform was a major milestone for us, but more than the bell ringing at the exchange, what echoed loudest in our hearts was the collective promise, commitment and affirmation. We are now answerable, not just to ourselves, but to the people who believe in us, to our investors, our employees, our partners and to the future we are all working towards.

This Investor Meet marks the beginning of a new chapter, the one where transparency, communication and accountability will guide every step we take. We have come a long way from a company executing small-scale connections to now bidding for projects of bigger ticket value and serving some of India's largest and most respected clients in the energy and infrastructure space, and yet we believe sky is the limit.

You will soon see our performance figures of FY25, the numbers we are proud of, because they reflect not just growth, but smart, sustainable, and inclusive growth and also our fighting spirit to achieve whatever we aim for.

But before we get into metrics and margins, I sincerely want to take a moment to appreciate the people behind these numbers; our engineers and site workers who battle heat, rain, and timelines on the ground. Our admin team who ensures we stay ISO compliant, safe and audit ready. Our finance and legal team that makes us investor-ready and compliant in a rapidly evolving regulatory landscape and most importantly, our Board, Promoters, and Directors who dream with their eyes open and back every decision with integrity.

We stand on the shoulders of this collective effort, and today we open our hearts and our books to you all. This is not just a company you have invested in, rather it's a vision you have chosen to believe in. A cleaner, safer, more connected India powered by infrastructure that empowers communities and fuels economic growth. With your support, we will continue to build not just pipelines, but partnerships. Not just revenue, but reliability and not just a balance sheet, but a legacy. Once again, heartfelt thank you for being here.

Now let us all begin this new chapter. Trust, pride and a shared sense of purpose, welcome to the Desco family. Inviting our Whole-Time director, my elder brother, Mr. Malhar Desai to take you through the financial performance, key operational highlights and strategic direction for FY25 and beyond, Malhar bhai has been truly instrumental in driving our financial discipline, capital market readiness and national business expansion. Over to you, Malhar bhai.

**Malhar Desai:** Thank you so much for giving the brief description on our journey. Thank you, Pooja. Good afternoon. Myself, Malhar Desai, Whole-Time Director, Desco Infratech Limited. Financial year 2025 has been a defining milestone in our company's journey, allow me to walk you through the performance metrics that you are proud of and what they truly represent.

Let me give you some highlights on financial performance. Revenue for financial year '25 stood at INR 59.45 crores, marking a remarkable 102% year-on-year growth. EBITDA surged by 147.82% to INR 13.34 crores, reflecting our focus on operational efficiency and discipline execution. EBITDA margin improved by 413 basis points, now at 22.45%.

Profit after tax i.e. PAT, jumped by an impressive 172.69%, reaching INR 9.06 crores, with PAT margin improving to 15.19%. Our net worth has increased to INR 5.88 crores, with a lean debt-to-equity ratio of 0.19, underlining our capital prudence and balance-sheet strength. These are not just numbers, they are proof of our performance, of our promises and preparedness for the next phase of growth.

Let me throw some colours on our business outlook and future strategy. I will commence with our order book. Right now, our current confirmed order book stands at INR 270 crores plus, predominantly in EPC of INR 240 crores plus and O&M of INR 30 crores, with a robust average execution timeline of 18 month to 24 months. We have already bid for an additional INR 125 plus crores in tenders, with a healthy conversion ratio of at least 30%-40%.

In operational expansion, we have witnessed an 82% increase in pipeline commissioning and a 64% growth in domestic pipe natural gas conversion, significantly expanding our infrastructure footprint. Key growth markets now include Coimbatore, Aurangabad, East Delhi, as well as deeper expansion across Gujarat, Uttar Pradesh, Maharashtra, Haryana and Tamil Nadu.

Along with above-active locations, we are aggressively expanding towards the southern part of India, wherein sales in the southern part will increase in the range of a minimum 20%-25% against a current sales contribution of 0.47% in the next two years.

Our sector-owned tailwinds, with India targeting to increase natural gas shares in energy mix from 6% to 15% by 2030 and over 300 geographical areas under city gas distribution coverage. The runway for growth is both very long and extremely strong. Future projects and diversification.

We are actively working on technology-driven project monitoring systems to enhance transparency and governance. Diversifying into power transmission with O&M and water distribution projects to support India's smart infrastructure conditions. Strengthening our partnership with PSUs and blue-chip companies like Adani, Torrent Group, Bharat Petroleum, Indian Oil Corporation, GAIL Gas and Hindustan Petroleum Corporation.

I won't take much time of yours but my closing remarks will be, I would like to express our heartfelt gratitude for your unwavering support. The journey ahead is filled with opportunity and with your continued trust. We are committed to building not just a successful company but a legacy of impact, innovation and inclusive growth.

Before we start our question and answer session, it's only right that we pause and reflect on how far we have come and who stood by us when it was not easy to believe in the dream. To our pre-IPO investors, a special thanks to my pre-IPO investors, those who have backed us not because we were listed, not because our books were perfect but because you saw something in us a belief, a conviction, a shared vision. You fought with us the uncertainties, the pivots, the challenges, the anxious boardrooms and the sleepless nights and more importantly you stayed that's what matters.

Your belief did not just give us capital, it gave us immense courage, it gave us the room to breathe, to build, to make mistakes and to come back even stronger. You were not just my investors, you are our partners in our resilience. Today as we stand here as a listed entity reporting strong growth, entering new geographies and bidding for even larger projects, know that every milestone we share it belongs to you too.

This IPO may have opened the door to new opportunities, but you were the ones who first knocked and said you guys believed in what we were building and in what we are building. From all of us at Desco Infra family, thank you for standing next to us, not just when it was convenient but when it truly counted. We look forward to rewarding your trust not just with returns but with continued integrity, transparency and lasting values.

Thank you so much and we look forward to answering your questions and engaging with you further.

**Moderator:** The first question is from the line of Dhananjay from Tathya Ventures Please go ahead.

**Dhananjay:** First of all, thank you so much for giving me this opportunity and I just congratulate you for this splendid result which you have posted. Now the question is; to shed some light on the cash flows, I can see here the cash flow from operating topics is negative INR 12.18 crores for the financial year ending for a first month in 2025 as compared to last financial year which was around INR 27 lakhs only. I can see from the balance sheet that there is a high raise in the other current assets from last year, can you please shed some light on that?

**Malhar Desai:** Thank you for Dhananjay for this question, I would like to reply you on the same. As you know, currently our operating cash flow is around INR 12 crores negative and the primary reason for this is booking of the unbilled revenue which has not yet been converted into actual cash. It is important to understand that our business is city gas distribution and by the inherent nature of this business, there is always going to be work in progress that we call WIP at the closure of the financial year.

Due to the ongoing nature of the project, I think we need to recognize the unbilled revenue based on the percentage of milestone completion which is already certified by Chartered Engineers. And, Dhananjay, this situation is going to be very temporary and we have already initiated strategic steps to streamline our cash inflows. As the unbilled revenue gradually transits into billable and receivable amounts, our cash flow position will see a significant improvement in upcoming times.

We are actively collaborating with stakeholders and project managers to fast-track the cash realization process. By applying all these measures, we are confident that in the upcoming months, we will be able to reduce the cash – the operating cash flow from negative INR 12 crores to approximately INR 4 crores to INR 5 crores.

**Dhananjay:** Okay. Can I ask one more question, in addition to this?

**Malhar Desai:** Yes, please.

**Dhananjay:** Your PAT increased by 100% from last year. How sustainable is this profitability?

**Malhar Desai:** Okay, fair enough. See by -- this profitability is surely sustainable by we have internalizing some key contracting components that we have gained better control over project costs, execution timelines, and vendor dependencies. This shift actually has allowed us to reduce outsourcing costs and improve overall efficiency of the project by directly contributing to higher profitability.

And we view this improvement as structural and sustainable not just one time. And going forward, we are planning to expand this in-house contracting model across various projects and verticals, which will help us preserve and expand margins even as we scale.

**Dhananjay:** And as you can see, our major business is from Gujarat. So can I ask you, what is your plan regarding Southern India?

**Malhar Desai:** Sure. I'll answer you. See, last year, we were not a listed entity and we used to work under Gujarat GST number. In Southern part and Northern part of India as well. So this rise that we are seeing from 0.47% to 22%--25%, our team has already started working in Southern part of India. And even recently, we have got, I think around INR 34 crores to INR 35 crores of letter of awards in Southern part of India. So our team has already started working there.

**Dhananjay:** Okay. Thank you so much for the detailed explanation. Thank you.

**Malhar Desai:** Thank you so much, Dhananjay.

**Moderator:** Thank you. The next question is from the line of Nikhil Singhania from Singhania Family Office. Please go ahead.

**Nikhil Singhania:** Thanks for the opportunity and congratulations for a great listing and numbers. Sir, I have a couple of questions. First one, what is our progress in water and power segment and what's our outlook on orders in this segment?

**Malhar Desai:** Sir, I would like you to please pardon me again.

**Nikhil Singhania:** Sir, what is our progress in water and power segment and what's your outlook on orders in this segment?

**Malhar Desai:** Our vision to diversify into power and transmission segment along and of water infrastructure, that is water distribution project. We have already initiated this Jal Jeevan Mission project in Madhya Pradesh in water gas distribution project. And we are actually looking forward to enter into power and transmission project. Right now our top management, we are all in the discussion with a client, but won't be able to reveal the name of the client for now.

Since the development is in the initial stage right now, but very soon I believe we will be getting some good orders from power and transmission segment. And for water, we are actually working right now in water distribution project in Madhya Pradesh.

**Nikhil Singhania:** Next question is I would like to bide for financial context in terms of top line, bottom line and order book?

**Malhar Desai:** Okay, what sort of growth that we are looking for? This is what you are trying to ask me?

**Nikhil Singhania:** Yes, sir.

**Malhar Desai:** Okay. See, for top line, I believe 100% year-on-year growth in top line. And I believe at least 90% to 100% in the bottom line as well.

**Nikhil Singhania:** Okay, margin should be same?

**Malhar Desai:** I see margin won't be getting dropped. But I see it is a sustainable margin. And with the time like I just said in my closure, in my speech, opening speech, that this is going to be the sustainable as well as with time it may even get increased due to strategic transformation our top management is making in the company.

**Nikhil Singhania:** Thanks for the opportunity, sir. Thank you. Very well answered.

**Malhar Desai:** Thank you, Nikhil.

**Moderator:** The next question is from the line of Agastya Dave from CAO Capital, please go ahead.

**Agastya Dave:** Thank you very much for holding the conference call and giving the opportunity. So I have two questions. One is a more Macro question. At the time of elections, the Prime Minister had mentioned a gas pipeline and connecting every city and every household with pipe gas quite frequently.

But after the elections, I couldn't find any activity happening from the at least the Central Government side. In fact, the Central Government has changed its gas allocation policy at least 4x since elections to the CGD players. So are you seeing any pickup in activity in the gas segment? Or are you seeing any drop in activity in the gas segments with respect to fresh orders? How is the pipeline looking like in your existing business?

**Malhar Desai:** Perfect, sir. I have got a very good reply to you, sir. Sir, like you said, the government has amended some policies like Ujjwala policy, Prajwala policy that is under city gas distribution. And the source that I have given, it is from the Petroleum and Natural Gas Regulatory Board, the Regulatory Board that governs this city gas distribution networks, Pan-India.

So the rise, see, like, I think, since more than 45 years, there is a city gas distribution in Gujarat, in Bombay and in Delhi. All right, there is a lot of scale that is still left in India to connect all the household industries, commercial restaurants, hotels, to piping of this gas. And what I think what I see, and what my study says, in these last 45 to 50 years, if India has scaled to only 6%, then just 94% is remaining.

And government has already given the bigger targets to all the clients of ours to get this ratio of 6% to 15% minimum by 2030. Yes, and 25% up by 2040. So I see a huge number in increasing of this city gas distribution project. Because I think it is the essential services and it is the very base, it is the very infrastructure for our nation and it is the those learning of India.

**Agastya Dave:** So are you getting more inquiries then, because of this, these targets, are the clients taking it seriously?

**Malhar Desai:** Yes, sir, clients are taking it very seriously. And I believe all the clients are taking it very aggressively.

**Agastya Dave:** Okay, understood, sir. Thank you very much for that, sir. So my second question was, I was going through the line items of your P&L and balance sheet. And one thing perplexed me, you seem to be running a very asset light model, you don't have a massive gross block, at least as far as I can see. And on the P&L side, you also have a very, I mean, the employee costs are not completely out of whack.

So generally, in EPC companies, we either see people who are asset light, but they are employee heavy. Or vice versa. So, sir, how -- can you explain exactly, are you outsourcing certain stuff? Are you doing everything in-house?

**Malhar Desai:** Yes, I think what you are trying to say is, with the increase in your top line, how can this expenditure, salary expense got lesser, right? This is what you are trying to actually ask me. If I'm not wrong.

**Agastya Dave:** That's definitely, sir, that's one observation. Second observation, if even if I look at the other expenses line item, now here, I'm not comparing '25 and '24. I'm looking at the previous 2 years. So last year, we were flat in terms of revenues, '23 and '24. And our other expenses dropped quite substantially by 20%.

So again, I don't have the annual report in front of me for any of these years. So I can't be 100% definitive in drawing any conclusions. I was just wondering, this must be either a reclassification issue, or there is something about the business model, which I'm not clearly understanding, sir.

So answer my questions with respect to the business models. My questions are more than the numbers. I want to understand the business model in terms of what exactly you are doing, sir.

**Malhar Desai:** Sure. Last year, we were having some better operation and maintenance tender work at the hand of Gujarat Gas, okay, in the southern part of Gujarat, wherein the operation and maintenance tender, they are supposed to like, there are some good schedule of rates line item to hire on contractual basis on our payroll until the tender gets over. It is the tender condition.

And you may even find the same on Gujarat Gas's website. Okay, not a problem with that. Yes, so we were having Gujarat Gas operation and maintenance of I think, 200 plus manpower during that time. And right now, what we have with our statutory auditors and our consultants, we all sit together once and we were trying to, you know, reduce the cost, reduce the recurring costs.

And what we all decided to make all those things on contractual basis and not to make the things on the recurring basis. Because when some force majeure comes, you know, it becomes so heavy on company. This is what I think.

**Agastya Dave:** Understood.

**Malhar Desai:** Yes.

**Agastya Dave:** Understood. So basically, your employee costs, some of them have moved down to your other expenses, right? This year.

**Malhar Desai:** Exactly. Correct, correct.

**Agastya Dave:** Understood. So one last question. So going ahead, given the order book that you have and the timelines that you have discussed, even in the PPT, with respect to the order execution, how do you see your fixed cost changing going forward?

What kind of capex would you require? Then you're also entering other states and other segments. Would you require more capex for that? Would you need to buy certain equipment? And also on your fixed costs, which are there in the P&L, will we see a dramatic change, sir?

**Malhar Desai:** Sir, yes, I would say like, since we have mentioned that we are entering into the -- we have already basically entered into the new geographies. And like I already commented earlier, stated earlier, that we are still trying to reduce the overall expenditure that is recurrent, on our expenditure basis.

So our management has decided to get some machinery, as in excavators, like minimum like four to five excavators and keep it -- keep and like execute our work through these only, like excavators. It may reduce our cost dramatically. Like, and we can see the increase in the overall profit percentage as well with the upcoming times.

**Agastya Dave:** So capex will increase, sir, this year? Will you require like INR5 crores capex, something like that?

**Malhar Desai:** Sir, for now, just you know that we have just been listed 1.5 month ago. But yes, in during the -- during quarter three, we will be requiring a little bit of capex that we and our financial advisors, along with our financial team will be sitting in quarter one ending and planning for the season.

**Agastya Dave:** Understood, sir. Sir, thank you very much for answering all my questions. I have a small request, sir. If possible, sir, do declare some sort of a result on a quarterly basis, just so that we understand where the company is going. SEBI has this very, I would call it a silly rule, where the reporting is after 6 months. It's very, very -- 6 months is too long a time.

It will help investors understand a new company like you. Nobody knows anything about you, sir. It's very difficult to understand the company when our interaction with you and your reporting frequencies like 6 months, twice a year. So that's just a suggestion, sir. I hope you take into consideration.

**Malhar Desai:** No, we are taking

**Agastya Dave:** Because all the investors will appreciate it.

**Malhar Desai:** Sir, we are taking this with a very positive spirit and very positive approach towards it. And our management is also very positive and keen on interacting with our investors on regular basis. So yes, we may expect the same.

**Agastya Dave:** Thank you very much. All the best, sir. Thank you for answering the questions.

**Malhar Desai:** Thank you so much for all the observations.

**Agastya Dave:** Thank you very much, sir. It was very nice talking to you, sir. Thank you.

**Malhar Desai:** Thank you, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Sarthak Sharma, an Individual Investor. Please go ahead.

**Sarthak Sharma:** Hi. So regarding the order book, you mentioned that on an average, your EPC order book is around 18 months execution.

**Malhar Desai:** So 18 to 24.

**Sarthak Sharma:** I couldn't hear you. Could you repeat that, please.

**Malhar Desai:** 18 to 24 months, EPC contracts are for 18 months on an average and O&M contracts are for on an average 24 months. So like all the clients mentioned, 2 plus 3 years. So if they don't get their tenders out after 2 years, then we are liable to work for another 1 year, 2 years as per client's discretion.

**Sarthak Sharma:** Okay. So majority of your EPC book will end in FY '26, right? Around 60% to 70% of it will be completed in FY '26 as of what your presentation is saying and what you said in the con call so far. So what is the visibility for FY '27, considering that even your bids are very low for INR 125 crores is your bid and you're saying 30% or 40% of it will be converted, which is comparatively very low as to what the order book is right now.

**Malhar Desai:** I do agree and I am targeting not less than 90% to 100% year-on-year growth for another 2 years.

**Sarthak Sharma:** Another 2 years. So you're saying for FY '27 as well, we will grow around 90% and...

**Malhar Desai:** We are executing very aggressively. Even my team is amazing. We are hiring some good experts because there is always going to be the better player down the line. So we are hiring them because this gives us very early visibility and we are confident in maintaining momentum beyond like financial year '26 through continuous bidding in the CGD, like city gas distribution projects and power distribution projects.

Our relationship with clients are even strengthening, leveraging our execution credentials for repetitive business. We are not inclined towards declining our profit margins.

**Sarthak Sharma:** And in your IPO listing, you had mentioned that INR 18 crores would be a lot of capital. Do you plan on paying…

**Malhar Desai:** Of the debt?

**Sarthak Sharma:** On the 18 which is around I think…

**Malhar Desai:** No, sir. We are not planning to pay any kind of debts through our IPO proceeds.

**Sarthak Sharma:** And what the capex that was coming, the INR 1.5 crores that was taken out, do we expect it to come?

**Malhar Desai:** Sorry, I cannot, sir. Your voice just got fluctuated. Can you please pardon me again?

**Sarthak Sharma:** Yes, so I was saying that there was also a mention of INR 1.5 crores which was the IPO proceeding. So does the capex come this year or FY '27?

**Malhar Desai:** No, sir. It will be coming in FY '26 only. Like, I think H1 will provide us with these two or three objects and H2 will give us these two or three of these objects, like I said excavators, that will reduce our cost margins.

**Sarthak Sharma:** Okay, okay. And you have not given any order book to sales. I was wondering what was the order book growth over the past 2, 3 years and what it was like for order book to sales?

**Malhar Desai:** I beg your pardon, sir. Again, the voice got a little bit disconnected.

**Sarthak Sharma:** So you have not given your previous order books for '22, '23, '24 in the RHP. So I was wondering what the order book was during the past and how much it has grown?

**Malhar Desai:** Sir, it has grown, like in 2024 during the time of UDRHP, RHP that we have filed. At that time, we were having an order book of INR 244 crores. And during FY '23, our order book was not less than I think INR 110 to INR 122 crores.

**Sarthak Sharma:** Okay. So you have seen a major growth during the past 2 years in the order book.

**Malhar Desai:** Yes, sir. Yes, sir.

**Sarthak Sharma:** And how much do you plan to bid during this year? And are there any L1 that we are currently not, you know, you have not mentioned or are coming in the future?

**Malhar Desai:** No, sir. Actually, there are some technical bids from our PSU clients that have already opened up. We are just waiting for a financial bid to get conclude. Like I said, already we have bid for INR 125 plus crores and our conversion ratio is not less than 40% at least. So I believe, you know, INR 50 crores, more INR 50 to INR 60 crores are surely the confirmed work. But still, you know, awaiting this financial bid opening and then I will be able to confirm the same. Recently, we have been awarded INR 43 to INR 44 crores worth that we have already posted on exchange.

**Sarthak Sharma:** Okay. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Parth Kumar, an Individual Investor. Please go ahead.

**Parth Kumar:** Hello.

**Malhar Desai:** Yes sir, Hello Parth Sir.

**Parth Kumar:** So I just want to know about the asset light business that you have mentioned And there is, as previously mentioned, a capex is coming. How much do you think it will affect the margins? And what all do we expect in terms of the interest and depreciation coming for FY '26?

**Malhar Desai:** Sir, I think the network was a little bit fluctuated. I beg your pardon.

**Parth Kumar:** So I just wanted to know that since there is a capex coming, do we expect the depreciation to go up? And also, as you mentioned that, you know, there is still a lot of debt on the books. I mean, not a lot. But what interest do we expect for FY '26?

**Malhar Desai:** Sir, I see a little bit rise in depreciation. And I believe like profitability won't be getting, you know, in the decline trend. It is definitely going to be the increasing trend only. Even after bidding for more INR 100 or INR 150 crores. And yes, with upcoming capex cycle, we do expect a moderate increase, like in depreciation over next 2 to 3 years down the line with the capitalization of new assets.

Like particularly those linked with our operation and maintenance equipment and infrastructural supports and project delivery enhancement. These will be offset by productivity gains and longer term margin stability.

**Parth Kumar:** Sure, sure. And what about the asset light business? Somebody has mentioned previously that since it's so asset light, do we expect the growth to be sustainable? Or because it's very, very different business model from whatever we see in the industry?

**Malhar Desai:** Yes, sir. Actually, I just don't only see the sustainability of the growth. Actually, I see the increase in the growth. Like, I mentioned earlier, there is a management strategy coming in place by top management. Since we are hiring, we have already hired some good ex-managers from Gujarat Gas Limited and our hiring is still in process. And so yes, not only sustainability, I believe it will surely increase with the time.

**Parth Kumar:** Okay. So you mentioned Gujarat Gas and there is also this case or litigation against Gujarat Gas, which the company is also a part of.

**Malhar Desai:** Yes.

**Parth Kumar:** And what do you think could be a possible, you know, outflow for us in case the litigation doesn't happen?

**Malhar Desai:** Sir this case that you are seeing now, this case is a labor union versus Gujarat Gas. And just because we were a part of operation and maintenance contracts, okay. So like the manpower were all in our payroll.

And by default, if they have done any case against Gujarat Gas, so Gujarat Gas vendors are us. So with us, there are a lot of many other companies, EPC companies, those who are, those strings were attached with the same case.

**Parth Kumar:** Okay. Thank you, guys.

**Malhar Desai:** We are just the added party, nothing else. Gujarat Gas is the, like, you know, actual accused.

**Parth Kumar:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Jignesh from Jiva Capital. Please go ahead.

**Jignesh:** Yes, thanks for the opportunity. I wanted to understand, since you are getting into power and water segment, so on a broad basis, how much of the order book, this segment will be by March '26, or maybe March '27, in terms of percentage?

**Malhar Desai:** Sir, basically, since we are more than three decades company in CGD, City Gas Distribution, my father, who happens to be the chairman and managing director, is having a very rich experience of 34 years. Okay. And me and my brother Samarth, being the second-generational owner of entrepreneurs we are trying, you know, like, make our best competency in city gas distribution only.

Like, city gas distribution, they don't only work O&M, MDP, pipeline commissioning, link testing and commissioning, and not only last mile activity work. There are some -- there are various activities that happen. In CGD only, like you may say, operation and maintenance, project management, consultancy services, third-party inspection services, then I would say, detection test services, that only -- that contract is only given to the expert players and the long-term players. So, yes…

**Jignesh:** Understood. That you are quite doing well in the CGD area of business. Now, since you are telling that you are entering into power and water…

**Malhar Desai:** Yes, sir, coming on to that.

**Jignesh:** Okay, okay.

**Malhar Desai:** Yes, sir, coming on to that. I am seeing not less than 20% of our order book in power and water. Like, this is a very conservative figure that I am giving. But yes, minimum 20% you will be able to see by the end of FY '26.

**Jignesh:** Okay, okay. So now, this is very interesting. But now, coming on to that, if it is part of, it's 20% of the total order book, as we have seen with many other players, the margin in power and water space is not similar to CGD, maybe it's quite less. So, are you only planning to enter O&M or into EPC as well?

**Malhar Desai:** No, sir, I am planning to enter into EPC with O&M.

**Jignesh:** Okay. So, you mean to say that the margins would be sustainable like CGD business?

**Malhar Desai:** Yes, sir, margin, see, sir, I can speak about the margin of the company. There are chances that you have to take at least one or two projects below the margins that we are providing. But you can even get four to five projects that you are getting better margins than what you are getting from the average project.

**Jignesh:** Understood.

**Malhar Desai:** Yes. But I can assure you one thing that the management is not at all looking to compromise on any kind of margin.

**Jignesh:** Right.

**Malhar Desai:** Yes.

**Jignesh:** That's very interesting and wish you all the best.

**Malhar Desai:** Thank you so much, sir.

**Moderator:** Thank you. The next question is from the line of Dhananjay from Tathya Venture. Please go ahead.

**Dhananjay:** Thank you once again for giving me this opportunity. Mr. Malhar, I just wanted to ask you some questions, my last few questions regarding IPO listing. First of all is, how does the company plan to utilize its IPO proceeds strategically? And secondly, in line with that question as well, what are you doing to ensure first listing governance and operational transparency?

**Malhar Desai:** Okay. So like already mentioned in our RHP, the IPO proceeds are being strategically allocated to support our growth and, you know, strengthen our operational foundation, like working capital requirements. A significant portion is being utilized to support the scale of ongoing and upcoming projects, ensuring very smooth execution and improving of cash flow management.

We have already initiated and purchased our head office that we have already mentioned in RHP, right. And another term is for the general corporate purpose, for overall corporate flexibility that allows us to respond quickly to emerge to these emerging opportunities that has been systems and reinforce -- the reinforcements of business sustainability.

**Dhananjay:** Okay, got it. Thank you.

**Malhar Desai:** Thanks.

**Moderator:** The next question is from the line of Nishant Gupta from Minerva Capital Research. Please go ahead.

**Nishant Gupta:** Sir, I had two questions. One, when you say that, you know, your EPC order is to be executed over a time frame of 18 months. And, you know, you got an order in April from Bharat Petroleum, which was to be executed in 14 months.

So how do the billing and the milestone happen? Like when I see in a particular year, like is it more stretched towards the end of the 18 months tenure or is it like a linear kind of, you know, billing which you do?

**Malhar Desai:** See, sir, the order that you are seeing of Bharat Petroleum, you know, those orders are for 7 plus 7 months, that are 14 months. But there are other orders as well that are for Torrent Gas, Adani Group, then IOCL, okay. SO those are for 18 to 20 months, like it depends on the areas.

And since this ceasefire, this war happened, we got another extension of I think one or two months from all the PSU clients and other private entities. Initial, yes.

**Nishant Gupta:** Sir, what I am trying to understand is, how do you bill your projects? Like in the span of 18 months, like is it like 50% at the end of 9 months? How is that happening? I am just trying to understand the remaining portion which we are taking…

**Malhar Desai:** There are milestones, like there are the milestones for the payments. I will tell you, like front-loaded activities, like initial milestones often include mobilization, design approvals, procurement, site readiness, like all this happens in between these first 90 to 180 days. And we recognize revenue based on project milestones achieved, as per all the contractual terms. As like, as we progress on execution, corresponding revenue will be booked in alignment with all these milestones.

**Nishant Gupta:** Okay. So, would it be fair to say that, you know, in an 18-month average kind of, you know, execution period, the first 9 months would be a little lower on the booking of the revenues. And the last 9 months would be -- the later part would be a bit more heavy. Is that right to understand?

**Malhar Desai:** Yes, sir. This is basically -- our business is a cyclical business, is a season-based business. Since we all understand that there are already rains started in many parts of India, okay. So, there are projects such as MDP laying and, steel pipeline laying. All those permissions got revoked by all the municipal corporations. And so, strategically, our company has already planned to, you know, enter into last mile connectivity that is, meter installation and conversion of burner, conversion of LPG to PNG burners.

So, like, you know, if such kind of monsoon and those happen, this last mile connectivity work happens in confined space. So, we are strategically moving on to operation and maintenance and last mile connectivity tenders, meter installation tenders.

**Nishant Gupta:** Got it, sir. Sir, what would be the retention money that is, you know, retained after the completion of the project?

**Malhar Desai:** On an average, we can consider 5% as the retention amount and 5% as performance to bank guarantee.

**Nishant Gupta:** Okay. So, 5% would be the cash amount and the 5% will fund to the bank guarantee, right?

**Malhar Desai:** Yes, sir. It is bank guarantee. We may consider both in a cash amount only, you know, sir. Like, from our running account bills, 5% gets debited for, like not debited, basically withheld for a security deposit that we call retention amount. And before we commence our work, we have to pay the 5% of bank guarantee. Another 5% will be retained against our milestone. Until and unless the equivalent amount of the work order gets saturated.

**Nishant Gupta:** Got it, sir. Got it, sir. So, thank you in all the best.

**Malhar Desai:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Satjan, an Individual Investor. Please go ahead.

**Satjan:** Hello, sir. Am I audible?

**Malhar Desai:** Yes, sir, you are.

**Satjan:** Sir, first of all, congratulations for the excellent set of numbers. Sir, my question is, what will be our expected order book at the end of FY '26, sir?

**Malhar Desai:** By FY '26, I can see my, I can see my order book at around 70%, between 75% to 80%, 75% to 100%. I can see that. Because already there are a lot many tenders that have floated. We have bidded and there are a lot many tenders that are coming. So, yes, I can see the 100% growth in order book.

**Satjan:** Okay, means if it is today 240, then it will be 480, around like that?

**Malhar Desai:** Sir, right now our order book is INR 270 crores plus and I am expecting it to be INR 525 crores to INR 550 crores.

**Satjan:** Okay, okay. After executing that INR 120 crores, which you are guiding for this year?

**Malhar Desai:** Yes, sir.

**Satjan:** Okay.

**Malhar Desai:** I mean, after, like for INR 500 to INR 525 crores, inclusive of this, this year revenue that I have already guided for.

**Satjan:** Okay, okay. Inclusive of this year revenue?

**Malhar Desai:** Yes, yes.

**Satjan:** Okay, thank you, sir.

**Malhar Desai:** Yes. And since there is a government pressure to each and every client to fulfill the demand of this targeted audience, those are left to gasify. I see, I just spoke the very conservative amount, very conservative percentage on the growth of our order book.

**Satjan:** Okay, okay. Okay, thank you very much, sir.

**Moderator:** Thank you. The next question is from the line of Akshat, an Individual Investor. Please go ahead.

**Akshat:** Yes. Sir, just want to check, like what are your competitors in this space. And…

**Malhar Desai:** Sorry, sir, it's not audible. I just got disturbed.

**Akshat:** So, wanted to check, like, what, who are your competitors in this space? And I was checking some of them, like Indraprastha gas, Maharashtra gas, Mahanagar gas. Those are not, like, there the growth is not that much. So, how you are ensuring that?

**Malhar Desai:** I'll tell you, sir. See, if you are asking about our peers, I see Positron, who has diversified themselves into lot many other fields in CGD only. And we are also planning to diversify ourselves into CGD as well, like I stated earlier. And if you are saying that our client's revenue and our, you know, what we call our client's growth is not as per that we are reporting. There, unlike diversified peers, we are actually sharply focused on CGD and utility infrastructure segment, which is giving us execution agility and domain depth.

And those are our clients, like, what I would say, like, just a second. We are creating infrastructure for them. So, there are lot many clients that we can bid for and our client geographies, our clients cannot work for different geographies, other than geographies that they have been allocated by our regulatory board.

So, this makes some difference between clients and us. So, like, we are creating the whole infrastructure for them and they are basically being the client and they are purchasing gas and selling gas . So, this is the only reason that we can grow at this level.

**Akshat:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is on the line of Suresh, an Individual Investor. Please go ahead.

**Suresh:** Thank you for the opportunity. Sir, my question is, we observed a strong year-on-year revenue growth 29.4 to 59.6 and net profits almost tripled. However, your material consumption and employee benefit expenses also scaled up significantly. As infrastructure projects tend to have cyclical peaks, how is Desco Infratech planning to sustain the margins? And is there any move towards improving operational leverage or diversifying to other margin verticals?

**Malhar Desai:** Sir, I already stated this above, but again, I would like to tell you that there were some tenders last year, it got over. And you saw the change in percentage in contract, in our employees' expense. Our management already had a word with our statutory auditors, and our financial advisors to keep all the contracts, to keep all the manpower on contractual basis to avoid such a recurrent expense.

**Suresh:** Okay.

**Moderator:** Thank you.

**Suresh:** Hello. Yes.

**Moderator:** Hello. Does that answer your question, Mr. Suresh?

**Suresh:** Yes, I have one more question. Can I ask one more?

**Moderator:** Yes, yes, please go ahead. Mr. Suresh, please go ahead with your next question. Hello, Mr. Suresh, can you hear us? As there is no response, we'll move on to the next question. It's from the line of Rajesh from VTG Capital. Please go ahead.

**Rajesh:** Hello, Mr. Malhar. How are you, sir?

**Malhar Desai:** All good, sir.

**Rajesh:** Okay. My question would be, a couple of questions I have. So one question would be, what is our current working capital limit sanctioned by the banks as of now? And what are we doing to increase that working capital limit?

And second question would be in terms of the margins, which you currently have in your order books. So are they protected from any inflationary pressures? So these are the two questions I have.

**Malhar Desai:** Yes, sir. Our current bank debt exposure is from Yes Bank, which is INR 1.97 crores only that is in the form of OD and another INR 5 crores in the form of a bank guarantee that is non fund-based. And we are already having our words with other banks for debt syndication.

And also, I would like to tell you that we already have got some loans from NBFCs last year during our H1 time to accelerate the growth of the top line and maintain our good profit margin. And so our management and consultants have already advised us and we have already worked out together and the bank debt syndication is in process and soon we will be able to notify you all for the same.

And another thing that you asked for is the profitability, sustainability of profit margin. Sir, like I said, I don't see the only the sustainability of the profit margin. I can see the increase in this trend in near future.

**Rajesh:** Right. So, my question was more related to the inflationary pressure, like for example, and how well are we protected in the order book? So, usually people have inflation clause, price escalation clause in their orders.

So, for example, if tomorrow, let's say, price of pipes increases, then you will be able to pass on that increase in price in pipes to your customers.

**Malhar Desai:** Yes, sir. You are very much right, sir. There are, see sir, like I would just take 3 minutes or 2 minutes of yours. See, sir, when it was the time of COVID, there were never used to be the price escalation clause. And back then, the price escalation, the price of steel went to, I think, 50% higher. And by learning from those incidents, all the companies, all the PSU companies and our blue chip clients, like every this private groups like Torrent Gas, Torrent Power, these Adani Total Gas, they -- each and every client of ours have mentioned the price escalation clause and the formula to get back our money, which is inflated.

**Rajesh:** Okay, great. So, that means we are protected in terms of the margin and any inflationary pressure might come or might not come.

**Malhar Desai:** Definitely protected.

**Rajesh:** Yes. So, just one follow up question on the first question. So, let's say we are planning to do INR100 crores, INR100 or INR120 crores kind of revenue in the next year. So, how much working capital would you require to achieve that number?

**Malhar Desai:** Sir, working capital right now from IPO process what we have got is enough to, is enough right now to like, you know, accelerate our sale in H1 and Q3. We will be, I think, we will be going on for a debt in this thing, December, like in the same bank that we are going for the debt syndication.

**Rajesh:** Okay. And given that our debt equity is very comfortable, 0.2 versus 1. So, I think we still have a good financial muscle to add to…

**Malhar Desai:** Exactly, sir.

**Rajesh:** The growth, which can finance our growth. Okay. Thank you, sir. Thank you very much.

**Malhar Desai:** Yes, sir.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Pooja Gandhi for closing comments.

**Pooja Gandhi:** Thank you. On behalf of Desco Infratech Limited I sincerely thank all of the investors and analysts for taking the time to join us on today's earnings call. Your trust, interest and continued support means a lot to us. We look forward to growing stronger together and keeping you updated on our journey ahead. Thank you once again for being part of our story.

**Malhar Desai:** Thank you all. Thank you.

**Samath Desai:** Thank you so much.

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