

Dhara Rail Projects

16 June 2026

Operator: Ladies and gentlemen, we are delighted to welcome you to Samriddhi Season 3, Nav Bharat Ka Karwan, a virtual corporate access initiative hosted by Hem Securities Limited, bringing together emerging listed companies and the investment community through meaningful management interactions. We now move to our next session featuring Dhara Rail Projects Limited.

Dhara Rail Projects Limited is a railway services company engaged in contractual railway projects and allied services for Indian Railways. The company provides annual maintenance contracts, repair and maintenance, inspection, periodic servicing, and SITC services for rolling stock, electrical, and mechanical systems. Its service portfolio includes Vande Bharat rolling stock, train lighting systems, tower wagons, HVAC systems, power car equipment, and passenger coach support services.

Joining us today from the management team are Mr. Tejas Mehta, Chairman and Managing Director of Dhara Rail Projects Limited, and Mr. Shashank Velaya. We will commence the webinar with opening remarks from the management team, followed by the company presentation. Thereafter, we will open the floor for an interactive Q&A session during which management will be pleased to address your queries.

Before we proceed further, I would like to read the standard disclaimer. There may be forward-looking statements about the company and its business which are based on the belief, opinion, and expectation of the company's management as of the date of this call. The company does not undertake any obligation to update such forward-looking statements to reflect events or circumstances after the date of this presentation. These statements are subject to risks and uncertainties and are not guarantees of future performance. Accordingly, listeners are advised not to place undue reliance on such forward-looking statements.

With this, I would now like to hand over the session to the management of Dhara Rail Projects Limited. Over to you, sir.

Management: A very good afternoon. Thank you, Aastha, for the introduction. While some salient points have been covered for Dhara, I would like to give you a detailed introduction of what the company does and where we stand post the IPO.

My name is Shashank and alongside me is Mr. Tejas Mehta, who is the promoter and Managing Director of Dhara Rail Projects Limited. Dhara is a railway rolling stock services company. In simple terms, we ensure that the electrical and mechanical systems working inside the railway are maintained over time and are functioning correctly.

We are an ISO 9001:2015 certified company that provides annual maintenance contracts (AMC) and repair services across a wide range of rolling stock. This includes the latest Vande Bharat trains, as well as lighting, overhead equipment like tower wagon maintenance vehicles, power car equipment, and HVAC systems. We also handle the supply, installation, testing, and commissioning (SITC) of electrical equipment, alongside outsourced coach maintenance and technical support.

Our primary customer is one of the largest in the country: the Ministry of Railways, specifically Indian Railways. We work with them in two ways. One is through direct bidding, where we are directly awarded contracts. The second is through pre-bid arrangements with other OEMs, where

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we work alongside them to service various electrical and mechanical components for specific railway contracts.

We have a pan-India operation. We are currently growing our presence in existing zones while moving toward new zones as well. The company was incorporated in 2010. The promoters, Mr. Tejas Mehta and his wife, Mrs. Jagruti Mehta, have over two decades of experience within the railway sector.

In terms of the IPO, Dhara was listed on NSE Emerge on December 31, 2025. It was a purely fresh issue with no offer for sale. Shares were issued at 126, with the price band between 120 and 126. The raise was approximately 50.2 crores. It was oversubscribed over 100 times and the stock listed at a 150% gain, representing about a 19% premium on that day. The proceeds were used for debt repayment, working capital requirements, and general corporate purposes.

Revenue from operations currently stands at approximately 56.74 crores, which is up 27% from 2025. PAT is approximately 15.4 crores, which is nearly double the previous year's amount. Regarding our overall positioning, Dhara previously utilized pre-bid arrangements with other OEMs. However, those cases often involved payment delays that caused issues in cash flow management. Now, we have actively and consciously shifted our focus toward direct bidding. This shift helps expand margins and removes the dependencies we had while working with other OEMs.

I would also like to present a pager for easy reference. I hope my screen is visible.

Operator: Yes, sir.

Management: Thank you. As I mentioned, we have long-standing relationships with Indian Railways dating back to our inception in 2010. We operate an asset-light model with technical personnel deployed across various zones to service electrical and mechanical components.

Our order book currently stands at approximately 184 crores. As of March, we have about 1,300 people deployed in the execution and servicing of various railway contracts. Direct tenders have grown in our overall composition. This was an active change toward direct bidding rather than going through OEMs. This allows for more consistency in cash flow and better capture of margins.

The promoter holding currently stands at 74.56%. Mr. Tejas Mehta has increased his holding post-IPO whenever possible up to the maximum limit, which shows his confidence in the company's long-term performance.

There are various growth drivers for Dhara. Indian Railways is seeing an increase in rolling stock maintenance requirements. Furthermore, government budget allocations toward railway and defense are quite significant. The prevalence of Vande Bharat trains, which require high-technology intensity in their coaches, will also help Dhara. While we have a deep presence pan-India, we are increasing our footprint in zones where we previously had lower presence.

Operator: Thank you for that. With this, we will start the Q&A round. I request all participants to ask questions by typing them in the Q&A chat box along with their name and organization. Our first question is: What is our current order book and the execution timeline for the same?

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Management: The order book is around 184 crores. Most of the orders have a timeline of 1 to 2 years, with the majority being for 2 years.

Operator: Which other bidders do we generally see for the tenders we apply for, and what are their capabilities?

Management: It depends on the specific sector and the items we are quoting for. For power cars, there are OEMs like Cummins India Limited, Greaves Cotton Limited, and Kirloskar Oil Engines Limited. For tower wagons, there are a few players like Cummins India and other smaller vendors. It depends entirely on which sector we are working in.

Operator: How do you manage working capital requirements in large railway projects?

Management: We have very good, regular cash flow coming from the Railways. Additionally, we have raised funds, so working capital is being sufficiently handled.

Operator: What technical or financial strengths are required to win direct bids?

Management: For technical strength, you must have completed a certain volume of similar past work. Financially, they look at revenue turnover from the last 3 years.

Operator: Why do we believe we can win orders compared to our competitors?

Management: We operate in a zone where there are either very large players or very small players. We have an "in-between" path that allows us to secure maximum orders in the sectors where we focus.

Additionally, since there is such a gap in service providers, the very large players often face issues with bureaucracy, which can lead to longer processes and delays. Regarding small players, they are generally not awarded these tenders because they do not meet the eligibility criteria. For a smaller player to reach Dhara's current level would take years to gather the necessary experience based on past work and revenue. There are various parameters they must meet. Right now, Dhara is in a position where we can consciously shift toward direct bidding rather than working with other OEMs.

Operator: What market share does the company currently hold, and what is the target over the next few years?

Management: It depends on the specific segment. We are growing rapidly in tower wagons and coach maintenance, such as train lighting maintenance. We hold almost a 30-40% share of the market in both of those sectors.

Operator: What is the company's three-year vision?

Management: We are growing rapidly. We are growing much faster than we have in the past.

Operator: Can margins be sustained?

Management: Yes, they can. We bid for tenders in a way where our eligibility is at an optimum place, which allows us to sustain our margins.

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Operator: What percentage of the order book is now through direct bidding, and can you quantify how margin-accretive this can be?

Management: Out of the 184 crore order book, 95% consists of direct contracts; only about 5% is through other OEMs. Direct bidding definitely offers better margins because we have direct access to the customer. When we quote through an OEM, the margin is split, so we receive less.

Operator: How is the company positioned to benefit from rising railway infrastructure spending?

Management: Greatly. As the Railways increases infrastructure, we are a primary beneficiary. Direct benefits come once the infrastructure increases. For instance, as the number of coaches increases, coach maintenance requirements also increase. The Railways has achieved 99% electrification. Tower wagons are related to electrification because they are maintenance vehicles for overhead wires. As the Railways increases tower wagons, maintenance for them will also increase.

Operator: What opportunities are emerging from station redevelopment projects?

Management: We are not involved in those. We focus on work related to rolling stock.

Operator: Are we planning to expand our services into other segments, or will we continue what we are doing?

Management: We are exploring what similar services we can add. In fact, the Railways has been asking us to add services. For example, we entered into onboard maintenance, which was introduced by the Railways a few years ago to escort maintenance staff on coaches. We were the initial beneficiaries of that initiative. We will continue adding services that the Railways requires us to perform.

Operator: How many Vande Bharat trains do we cover?

Management: Vande Bharat is a very new product. We are in the business of maintenance. Vande Bharat trains have just started coming in for maintenance, so we have very small initial orders. Maintenance is a cyclic process. We are in the very early stages of maintaining them, and that relationship will grow over time.

Operator: Have we won the Vande Bharat contract through direct bidding?

Management: Yes.

Operator: What is the split between direct and indirect wins in the total order book?

Management: As I mentioned, around 95% of our current orders are direct.

Operator: Why have gross margins and EBITDA margins improved significantly in FY26?

Management: This is mainly due to direct bidding. Revenue has increased from direct bidding, and those margins are higher because we are quoting directly to the Railways.

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As explained, Dhara has actively changed its positioning from subcontracting for OEMs to direct bidding. When bidding directly, margins improve significantly because there is no sharing. Furthermore, since we are working directly, there is no dependency on anyone else. Dhara can service the entire tender independently. While we explore other divisions within the massive railway sector, we ensure that quality is delivered. We are not making hasty decisions to rush into new services. We need to find qualified technicians to help us service those areas at an optimum level.

Operator: Why is cash flow from operating activities negative?

Management: It is mainly negative because of the payment cycle with OEMs. Once an OEM receives a payment, they take additional time to pay us, which caused a negative cash flow cycle. Additionally, we booked around 15 crores in revenue in March 2026, for which we have since received payment.

Operator: How is the competitive intensity in Vande Bharat versus other wagons, and what is the revenue per wagon for Vande Bharat?

Management: Everyone is trying to get into the Vande Bharat maintenance sector. We were among the first. We have taken two or three small orders which are likely to be completed soon. We will see how it progresses from there.

Operator: Does our business have seasonality, such as the second half of the year being higher than the first?

Management: Generally, not much. Our orders are on a regular basis. We provide services monthly and quarterly based on the maintenance schedules covered in the orders.

Operator: Why are other people not bidding when we are enjoying strong margins of 40%?

Management: People are bidding, but as I said, our competitors are mostly large corporate OEMs rather than small service providers. Very small service providers generally do not qualify. Sometimes we are the second or third lowest bidder (L2 or L3) but still get the order because the lowest bidder (L1) does not qualify according to the Railway's criteria. They often lack the required past experience or skill sets.

Operator: What is the risk of competition entering our business? How many players do we compete with, and is it a tender-based process?

Management: Everything is a tender-based process. There is competition, but as I explained, we understand the space. There is a significant entry barrier due to eligibility criteria. It takes time to understand. We worked with the Railways directly and then with OEMs, so we have experience with both the manufacturer's side and the Railway's side. We are utilizing that amalgamation of experience right now.

Smaller players would first have to acquire that experience. Even then, they would have to win and successfully service tenders to grow their eligibility. Dhara is at a stage where our eligibility just keeps growing as we service more tenders.

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Operator: How long would it take a new company to enter our business?

Management: It is a long process. They must work with the Railways on smaller contracts first to become eligible. They have to work with OEMs to understand the technology, and by the time they do, the technology often changes. This creates a strong entry barrier.

Operator: How many full-time employees does the company have today?

Management: Around 1,400 as of today.

Operator: If raw material or electrical component prices spike after a bid win, do we have a price escalation clause? Also, could you explain the payment cycle with different railway zones and the total market size for railway AMCs?

Management: I will address those one by one. There are price escalation clauses as per the Railway Board's policy, such as price variation clauses, though it varies by tender. Currently, most tenders that are for more than 1 year or valued over 2 crores have such clauses. There are generally no price escalation clauses in maintenance contracts, but they do exist for material supply and installation. It is all specified in the tender documents.

Regarding the payment cycle, it is also mentioned in the tender. We typically provide services for three months before we can bill. After billing, it takes another 2 to 4 months to receive payment.

The railway AMC market is very large. We are currently handling AMCs for rolling stock components like coaches and tower wagons. We hold a 30-40% market share in the specific sectors where we operate.

Operator: What is the annual market size of Indian Railways rolling stock repair and maintenance?

Management: Rolling stock maintenance is a massive market. It depends on whether the Railways is doing refurbishing or rebuilding coaches. We focus primarily on the maintenance of coaches.

Operator: What is the management's long-term vision for Dhara Rail Projects?

Management: The vision is to grow more rapidly and cater to all the needs of the Railways in the sectors where we work.

Operator: Can the company scale faster than overall railway infrastructure spending?

Management: Yes, it will. Once the Railways spends money and an asset is built, it must be maintained for 15 to 20 years. Infrastructure spending happens once, but maintenance is recurring and cumulative.

Operator: Which railway segment offers the highest growth potential over the next few years?

Management: Regarding rolling stock, there will be massive growth in Vande Bharat and similar train-set concepts.

Operator: How vulnerable is the business to delays in government spending?

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Management: Not at all. We are in maintenance services, and we receive our payments from the Railway's revenue fund. The coaches are there and they must be maintained. Without maintenance, they cannot run.

Operator: Is the company considering acquisitions or strategic partnerships?

Management: We keep exploring such things, but we are very vigilant. We will only acquire or partner with the right people and the right entities.

Operator: Are there plans to diversify into non-rail infrastructure projects?

Management: No.

Operator: What percentage of revenue comes from repeat customers?

Management: Our repeat customer is 100% because the Railways is ultimately the customer, whether through OEMs or direct bidding.

Operator: What is management's strategy to improve cash flow generation?

Management: Cash flow generation will improve because we are now directly bidding for contracts. The OEM payment cycle was longer; now that we are shifting away from that, the cycle is reducing and will continue to reduce.

Operator: What initiatives are underway to improve profitability?

Management: Our transition to direct bidding will increase our profitability.

Operator: What is the payment cycle specifically for AMC work?

Management: Generally, it is three months. As mentioned in the tender, we cannot bill until three or four months have passed. Once the billing is processed by the Railways, it takes another 2 to 3 months for payment.

Operator: What is the revenue split between AMC and non-AMC work?

Management: It fluctuates, but right now it is approximately 60% from AMCs and 40% from non-AMC work.

Operator: Do we perform repair and maintenance on freight rolling stock?

Management: No.

Operator: Which business segment generates the highest margin?

Management: The AMC business generates the higher margins.

Operator: Have there been any major project delays?

Management: No. Because these are maintenance contracts, there is no "project delay" as such. We have to deliver every single day.

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Operator: What opportunities exist in dedicated freight corridors and high-speed rail?

Management: We are not involved in dedicated freight corridors. High-speed rail has not yet come into existence; it is currently being manufactured. Once it arrives, like Vande Bharat, we will attempt to enter those sectors. But that is a futuristic prospect; right now, there is no high-speed rail in Indian Railways.

Operator: What are the risks or challenges in our business and how do we address them?

Management: Execution is a challenge because it is a vast and growing sector. There is very little risk. This is sovereign work, and the government pays us. Payments can sometimes be delayed, but there is no existential risk.

Major challenges and risks are mitigated by the fact that Dhara is doing more direct bidding. In direct bidding, there is less dependency and fewer factors out of our control. It allows for better servicing, more predictability in cash flow, and smoother operations compared to working alongside OEMs.

Operator: How does the company manage cost overruns?

Management: There are no cost overruns.

Operator: What percentage of the contracts have price escalation clauses?

Management: Around 60–70% of the contracts have them.

Operator: Are there plans to expand into new railway segments?

Management: It is a thought, but it will be serviced based on the technical capabilities of the workforce after diligent evaluation. We will only move ahead once we are comfortable doing so.

Operator: Is there a risk of the Railways tendering wagon supply plus maintenance directly to OEMs, which could lead to lower AMC or service business?

Management: We are not involved in wagons.

Operator: Being a labor-intensive business, is labor a challenge?

Management: Labor itself is not the challenge, but execution is. However, we have been doing this for many years and have a structured way of doing things that tackles those challenges.

Operator: Which OEMs did we cater to earlier?

Management: Greaves Cotton Limited and BHEL. Right now, we are also working for Daulat Ram Engineering Services.

Operator: What happens if an AMC contract goes to an OEM? Is there a reason why OEMs are not doing AMCs?

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Management: OEMs are doing AMCs. However, other companies often cannot get the same tenders awarded that Dhara can. They may provide some AMC services, but for the specific tenders Dhara bids for, most small OEMs do not meet the eligibility criteria. Large OEMs also have their own constraints and cannot always work in the same way we do.

We don't see them as a significant risk to our specific niche. Compared to the large players, Dhara offers better price and time efficiency because there is less bureaucracy and more direct control over labor efficiency.

Operator: With this, we come to an end of the Q&A round. I request all participants that in case any queries remain unanswered, please email us at Hem Securities. On behalf of Hem Securities Limited, I would like to sincerely thank the management team of Dhara Rail Projects Limited for taking the time to interact with investors and address queries in a detailed way. I would also like to thank all the investors, institutions, analysts, and participants for joining today's session.

Our next session is at 4:00 PM with Systematic Industries Limited. Ladies and gentlemen, this concludes today's webinar. Thank you for joining us. You may now disconnect your lines. Thank you, sir.

Management: Thank you.

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