Welspun ENTERPRISES

WEL/SEC/2025 **May 22, 2025**

To,

BSE Limited Corporate Relationship Department, 2nd Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street, Mumbai – 400 001. **Scrip Code: 532553**	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C-1, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. **NSE Symbol: WELENT**

Dear Madam/Sir,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of the Earnings Call

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript for the Earnings Call held on Friday, May 16, 2025, on the Audited Financial Results of the Company, for the quarter and financial year ended March 31, 2025.

The said transcript has also been uploaded on the Company's website and can be accessed through the following link:

Link for Transcript of the Earnings Call

You are requested to take the above information on record.

Thanking You,

For **Welspun Enterprises Limited**

NIDHI MANAS TANNA
Digitally signed by NIDHI MANAS TANNA
Date: 2025.05.22 15:24:37 +05'30'

Nidhi Tanna
Company Secretary
ACS-30465

Encl. As Above

"Welspun Enterprises Limited

Q4 & FY '25 Earnings Conference Call"

May 16, 2025

MANAGEMENT: **MR. SALIL BAWA – GROUP HEAD OF INVESTOR RELATIONS – WELSPUN WORLD**
MR. SANDEEP GARG – MANAGING DIRECTOR – WELSPUN ENTERPRISES LIMITED
MR. SAURIN PATEL – MANAGING DIRECTOR – WELSPUN MICHIGAN ENGINEERS LIMITED
MR. ABHISHEK CHAUDHARY – CHIEF EXECUTIVE OFFICER – WELSPUN ENTERPRISES LIMITED
MR. LALIT JAIN – CHIEF FINANCIAL OFFICER – WELSPUN ENTERPRISE LIMITED
MS. SANGEETA TRIPATHI – LEAD INVESTOR RELATION – WELSPUN ENTERPRISE LIMITED

MODERATOR: **MR. PARTH THAKKAR – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Welspun Enterprises 4Q and FY '25 Conference Call, hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Thakkar from JM Financial Institutional Securities Limited. Thank you, and over to you, sir.

Parth Thakkar: Thank you, Navya. On behalf of JM Financial, I welcome everybody to Q4 and FY '25 Earnings Conference Call of Welspun Enterprises Limited.

I will now hand over the call to Mr. Salil Bawa, Group Head, Investor Relations of Welspun World. Over to you, sir.

Salil Bawa: Thank you, Parth. Good afternoon to all of you. On behalf of Welspun Enterprises Limited, I welcome all of you to the Q4 FY '25 and full-year earnings call. Along with me today, I have Mr. Sandeep Garg, Managing Director, Welspun Enterprises; Mr. Saurin Patel, Managing Director, Welspun Michigan Engineers Limited; Mr. Abhishek Chaudhary, Chief Executive Officer, Welspun Enterprises Limited; Lalit Jain, CFO, Welspun Enterprises Limited; and Sangeeta, who leads Investor Relations for Welspun Enterprises.

We hope you have had a chance to review the presentation and the press release, which was uploaded on the exchanges yesterday. This presentation and press release is also available on the company's website. During the discussion, we may be making references to this presentation. Please do take a moment to review the safe harbor statement in our presentation.

As usual, we will start the forum with the opening remarks by our leadership team, and then, we'll open the floor for your questions. Once the call gets over, should you have any further queries that remain unanswered, please feel free to reach out to any one of us.

With that, I would now like to hand over the floor to Mr. Sandeep Garg, Managing Director, Welspun Enterprises. Over to you, Mr. Garg.

Sandeep Garg: Thank you, Salil. Good afternoon, everyone, and thank you for joining us today. Welcome to Welspun Enterprises Q4 and FY '25 Earnings Conference Call. I would like to thank all the attendees for their presence. I'm pleased to report a strong performance for FY '25, exceeding our guidance.

Our consolidated revenues grew by 25% year-on-year against our guidance of 15% to 20% growth, thus reaching INR3,584 crores. The EBITDA increased by 18% to INR730 crores against our guidance of INR700 crores.

Our subsidiary, Welspun Michigan Engineers Limited, or WMEL, also recorded impressive results with revenues of INR667 crores, a 62% increase over the previous year. Mr. Saurin Patel, Managing Director of WMEL, will share deeper insights into the subsidiary's performance during his opening remarks.

On a standalone basis, we continue to maintain a healthy cash reserve of INR1,061 crores with 0 debt, which positions us for strong -- which positions us strongly to pursue our future growth initiatives. Mr. Lalit Jain, our CFO, will provide a detailed overview of our financial performance shortly.

Let me now provide an update on our key projects. Further to this, Mr. Saurin Patel will provide deeper insights in our water initiatives. Aunta-Simaria Road Project, the 8.5 kilometer bridge project is almost complete, and provisional completion certificate, PCOD is expected before the end of this month.

Just to recall, it is India's widest extradosed cable-stayed road bridge with 34-meter-wide deck and widest span being 115 meters. It bridges 1.8 kilometers over the river Ganga. It will connect Patna and Begusarai, thus reducing the travel time by over 1 hour. It is a symbol of innovation, resilience and an engineering marvel.

Next, I would want to talk about Mukarba Chowk-Panipat, or MCP project. We expect to receive the completion certificate within this quarter. And following that, we will proceed with the transfer of our balance 51% stake in the project to Actis on our pre-agreed terms.

In line with our asset-light strategy, we will be monetizing these assets during this year -- or I would say we would be attempting to monetize these assets during this year. Varanasi-Aurangabad, VARP, the project is advancing steadily and would be completed by this calendar year.

SNRP, Sattanathapuram-Nagapattinam Road project. This project has achieved over 60% physical progress and is on track to receive PCOD in this calendar year. Our journey at Welspun Enterprise has been truly transformative. While we began as a traditional road infrastructure player, we strategically diversified into the water sector 7 years ago, and initiative today accounts for nearly 85% of our current order book.

To strengthen our capabilities in specialized infrastructure, particularly in niche area of tunneling, we have increased our stake to 60% during the year in Michigan Engineers, which has been rebranded as Welspun Michigan Engineers, WMEL.

With this move, Welspun Enterprises has evolved into a differentiated company entering highly promising and technically advanced segments. Looking ahead, we envision Welspun Enterprise as a technology-led leader in water sector with our strategy anchored around 4 pillars: transmission, treatment, bulk distribution and operation and maintenance services.

With WMEL as our innovation and technology hub, we are integrating advanced solutions like Smart Ops to enhance project efficiency and environmental impact. Through these synergies, we are poised to redefine sustainable water management across India.

On the oil and gas side, we have signed an agreement for a block in special DSF round for C-37, a small block adjacent to our existing blocks and are at various stages of discussions for the evacuation of gas. Once the evacuation arrangements for the cluster development are in place, we shall be in a position to come out with a final strategy.

Moving on to our order book. I'm pleased to share that our consolidated order book stands at INR14,300 crores. Of this, approximately INR10,700 crores is contributed by our Water segment, which includes operation and maintenance of INR4,400 crores and around INR1,950 crores from tunneling vertical. And the transportation vertical sector stands at the remaining approximately INR1,600 crores.

We maintain a strong outlook on future bidding across all our core verticals and at the subsidiary level. We have proactively identified robust opportunities in areas, including bulk water trans -- supply, sewage treatment plant solutions, water transmission and irrigations, canals, desalination and selective road and water BOT projects commanding higher margins.

Given the depth of these opportunities and our strategic positioning, I'm confident that we will -- we are well on track to close the current fiscal with a consolidated unexecuted order book of over INR20,000 crores.

Talking about awards and recognition, WEL and WMEL have consistently pushed boundaries, setting new benchmarks in quality and execution with unwavering commitment to excellence, innovation and transformative impact on the industry. I would want to make a special mention for the recognitions that we have got of -- that of Mr. S. Madhavan, Lead Independent Director, WEL, who has been recognized as the Best Independent Director for 2023, '24 by Asian Center for Corporate Governance and Sustainability.

As already mentioned last time that as a part of our commitment to sustainable development, we unveiled our inaugural sustainability report themed Transforming Infrastructure and Advancing Sustainability. We institutionalized ESG governance through the executive sustainability strategy and initiated ESG roadmap rollout plan.

In acknowledgment, WEL secured 2 ESG awards at Suryacon Awards 2025 for excellence in carbon emission reduction and water circularity and women leadership and sustainable sector. As we strategically pivot towards the high-margin water infrastructure segment, we remain confident in our trajectory for robust and sustainable growth.

Coming to the FY '26 guidance, we reiterate our Investor Day and subsequent Q3 FY '25 communication. We are confident of achieving 15% to 20% year-on-year growth in consolidated topline revenues for FY '26. Importantly, over 90% of this revenue is already secured in our current order book, underscoring the visibility, strength and execution certainty embedded in our pipeline.

While the overall revenue growth outlook remains strong, execution of FY '26 will be back-ended. Both Bhandup Water Treatment Project and Dharavi Ghatkopar Tunnel projects are at various stages of pre-implementation activities and expected to gain physical momentum postmonsoon. Thus, approximately 60% of the revenues are expected in the H2 compared to a more even split in FY '25.

With a clear execution roadmap and better project financials, we are targeting consolidated EBITDA growth of approximately 20% plus in FY '26, reflecting the improving margin profile. Our return on capital employed will hence improve to above 15%, excluding monetization gains.

With planned monetization events, as I spoke about Aunta-Simaria and MCP, we foresee the ROCE to be significantly higher in FY '26. We remain confident that our strategic focus backed by a robust order book, disciplined execution and a targeted shift to high-return segments will continue to drive long-term value creation for our stakeholders.

With these words, I would want to transfer the call to Mr. Saurin Patel. Saurin, over to you.

Saurin Patel: Thank you, Sandeep, and good afternoon, everyone. At Welspun Enterprises, we are strengthening our position in the water infrastructure sector by focusing on delivering resilient, scalable and sustainable solutions powered by technology. We are strategically expanding our capabilities across high-growth, high-impact areas such as tunneling, desalination, irrigation and large-scale water delivery systems.

These sectors are not just poised for strong growth, they are also essential for enabling sustainable development and unlocking significant returns. By aligning our technical expertise with emerging public policy, cutting-edge technology and private investment, we are positioning Welspun to drive accretive returns over the long term, ensuring both sustainable growth and transformative value creation for our investors.

Having talked about our strategy, now I'm pleased to take you through the latest developments in our water vertical, along with our strategic roadmap for the future. Let me now take you through the key project updates on our water vertical. First, the Dharavi Wastewater Treatment facility. The project is progressing steadily. The SBR civil works are now completed up to the third basin level and RCC work is going on for the fourth and final level, marking an important milestone.

The administrative building has been fully operational for the past 4 months. Piling work for the pumping station is well underway. We have reached 16 meters of excavation depth in 50% of the designated structure area out of a total planned depth of 30 meters. Key equipment from our technology partner for the SBR has already been delivered to the site. We are on track to start project commissioning by November 2026, ahead of the schedule.

The Bhandup Water Treatment Facility, I'm pleased to share that we have secured all the critical approvals for the Bhandup Water Treatment Facility, including clearances from the forest and eco-sensitive zone committees. Site work has commenced and will gain momentum post-monsoons.

On the UP JJM project, which is a transformative opportunity, the project is on track for completion by September 2026. Once completed, it will have a profound impact on the lives of over 2,500 villages in UP.

Now for an update on our subsidiary, Welspun Michigan Engineers -- Welspun Michigan Enterprise Limited, WMEL. For FY '25, WMEL posted revenues of INR668 crores, marking a robust 62% growth over FY '24's revenue of INR410 crores. The company has maintained a very healthy EBITDA margin of 21% and a ROCE of 29%.

In terms of segment contribution, tunneling, including segmental, micro tunneling and large diameter, contributed 62% of our revenue. Rehabilitation of underground structures made up 17%, followed by bridges and Smart Ops at 5% each and Marine at 3%. As of March 31, 2025, WMEL's order book stands at INR2,925 crores, which is nearly 3x our FY '25 revenue, a strong indicator of sustained momentum.

Regarding Smart Ops, I'm happy to inform that we successfully completed the Durga Kund Renovation Project in Varanasi, UP, in quarter 4 FY '25. Our next project, the Chandrabhaga River Project at the Vitthal Mandir in Pandharpur, Maharashtra, will be completed in the coming month.

Furthermore, we are retrofitting an existing STP of 15 MLD in Mathura, where the works will commence in June 2025. This will open up new avenues for Smart Ops. We look forward to building on this progress and continuing to create sustainable, impactful water infrastructure solutions.

Thank you once again for your time and interest. Over to you, Lalit.

Lalit Jain: Thank you, Saurin, and good afternoon, everyone. I appreciate your interest in our business and the company's performance. I will now take you briefly through our Q4 FY '25 financial results, followed by an overview of our full-year performance and segmental updates.

Talking about the Q4 FY '25 consol financial performance, revenue from operation is INR1,021 crores, up by 24% year-on-year. Our reported EBITDA margin is 19.3% for the quarter compared to 18.1% in Q4 FY '24. This margin expansion, coupled with robust top line growth, drove a strong 32% year-on-year growth in consol EBITDA, which stood at INR207 crores.

Consequently, the operating leverage led to handsome 36% increase in PAT to INR105 crores. For the full fiscal year FY '25, consol performance revenue from operation is INR3,584 crores, marking a 25% increase year-on-year, thus demonstrating consistent executions.

EBITDA at INR730 crores beat the full-year guidance of INR700 crores shared with earlier in this fiscal year. PAT is INR354 crores, 11% year-on-year growth. Adjusted to a significant one-off contractor's claim in last financial year in our operating margin, the comparable year-on-year PAT growth would be higher at 20%.

For the full fiscal year FY '25 standalone performance, revenue from operation is INR2,827 crores, marking a 15% increase over FY '24. EBITDA stands at INR455 crores, which is a 4% growth against INR439 crores, FY '24. As already explained above, after adjusting one-off claim in last year, our growth for the year is 13%.

Our balance sheet remains robust. On a standalone basis, net worth stands at INR2,690 crores with a net cash position of INR1,061 crores, and consol cash is INR1,155 crores, more than enough for future investment in water, EPC capability and capital for high return selective BOT project in water and road.

At consol net debt stands at INR145 crores, reflecting the debt taken at HAM SPV level, reflecting the strong progress of those projects during the year, as highlighted earlier by Mr. Sandeep Garg.

Now turning towards the segmental performance. On consolidated basis, segment-wise revenue was as follows for the year. As you can observe, we have pivoted during FY '25, now water and tunnel comprise 55% of revenue share versus 42% last financial year. This trend will further continue in the coming years as the company pivots in water-focused innovation and technology business.

The higher relative margin in water and tunnel segment reflect in the quarterly results, EBITDA margin profile improvements. This also leads to margin improvement for financial year '26 as guided by Mr. Sandeep Garg earlier.

Coming to FY '26 revenue guidance, I'm summarizing the guidance given by Mr. Sandeep Garg, we expect 15% to 20% consolidated revenue growth in FY '26. With our 90% already secured, execution will be H2 heavy driven by project approvals and execution schedule. EBITDA is set to grow 20% plus with this ROCE rising above 15%.

Further will be significantly higher on monetization of our road assets. I further guide that our standalone balance sheet will continue to be debt free. Our strategic pivot to water infra ensures strong sustainable value creation. Thank you.

Sandeep Garg: We can open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vaibhav Shah from JM Financial Limited.

Vaibhav Shah: Yes. So you provided the guidance on consol front. Can you provide the same for standalone revenue and EBITDA margins for FY '26?

Sandeep Garg: The guidance given for standalone will also be in the ranges of 15% to 20%, both for the EBITDA and for the revenue.

Vaibhav Shah: And EBITDA margin would be?

Sandeep Garg: The EBITDA margins will be slightly higher at a standalone level than the current levels.

Vaibhav Shah: Okay. Sir, secondly, we have seen that there has been a good improvement in terms of margins in fourth quarter. So what has driven that improvement, both on Y-o-Y and Q-on-Q terms?

Sandeep Garg: So the -- as I said, it's a question of what projects contributed to how much of percentage. As the projects mix changes, each project has its own markups, and hence, you will see this improvement as the water projects become more prominent in our contribution to revenue and EBITDA. If you were to look at the segmental reporting, you would notice that the segmental reporting of water stands at 21% for the FY '25, and we see that trend to continue going forward.

Vaibhav Shah: Okay. Sir, have we seen some improvement in terms of payments in UP JJM projects? And what would be our outstanding receivables from JJM?

Sandeep Garg: So at this point in time, there is a slight slowdown at -- our payment at UP JJM. However, at a vertical level, we are good because all other water projects are getting paid in time or ahead of time. Our net block at UP JJM would be somewhere in the close of about INR200 crores.

Vaibhav Shah: You mean net receivables from UP JJM outstanding?

Sandeep Garg: Yes, that's correct.

Vaibhav Shah: Okay. Sir, lastly, what would be our overall bid pipeline, if you can quantify and the mix in terms of segments as well?

Sandeep Garg: So we -- segmental mix may be a bit difficult to give, but our guidance to you is that we will be taking substantive orders in water. And our target is to be booking orders upwards of INR10,000 crores in the year for us to meet the guideline of being more than INR20,000 crores unexecuted order book at the end of FY '26.

Vaibhav Shah: Sir, so by water, you mean that it would be mainly on the treatment side and not on JJM side in terms of the incremental inflows?

Sandeep Garg: So we are not likely to participate in any JJM projects at this point in time.

Moderator: Next question is from the line of Koustubh Shaha from Wallfort PMS.

Koustubh Shaha: Congrats on the great set of numbers. My question was on the fundraise that the company is planning to do of INR1,000 crores. So the major utilization of this would be towards working capital for tendering of new projects or it would be towards some capex as well? Just wanted some idea on that.

Sandeep Garg: Thank you, Koustubh. This is an enabling authority that we are taking. We see a lot of projects being announced in terms of the BOT projects by both NHAI and the states. We also see certain projects in water getting -- moving to HAM and BOT space.

So this is just an enabling kind of resolution, which we are seeking should we require funds in future and we get orders beyond what we are currently forecasting, then we may use that authorization. Otherwise, we don't necessarily see within the current order profile that we will need funds to be raised.

Koustubh Shaha: Okay. Great. Second question was on the current year total order intake. Was it all about INR4,000-odd crores, if I have done the calculation right? Is that the correct number?

Sandeep Garg: At the consol level, the order intake was in the ranges of INR3,200 crores.

Koustubh Shaha: INR3,200 crores. Okay. Fair enough. And lastly, on the capex side, are we planning any incremental capex in the next 1 or 2 years? Or still we continue to be on the asset-light model, sorry?

Sandeep Garg: As far as Welspun Enterprise is concerned, there will be no capex. However, for the Welspun Michigan, there will be a small amount of capex going forward.

Moderator: We'll take the next question from the line of Dheeraj Ram from Ashika Institutional Equities.

Dheeraj Ram: Just wanted to know what is the L1 order that we currently have? And also, last quarter, you said that you were L1 for close to INR1,850-odd crores. So how much has been converted in 4Q?

Sandeep Garg: So at this point in time, we are not L1 on any of the projects other than what was stated earlier. And from the media, we get -- we are made aware that, that project is unlikely to be awarded. However, we have no official confirmation from the client.

Dheeraj Ram: Okay. And this receivable under service concession, which has been increasing Y-o-Y, if you could throw some light on this?

Lalit Jain: Yes. This is Lalit Jain. This increase, basically, we have 2 projects, one SNRP and another Aunta-Simaria project, HAM project. So under that, we have got 50% money from the NHAI, and remaining 60%, we'll get under annuity. So this is getting accumulated, and we'll receive this money in the next 15 years as annuity.

Dheeraj Ram: Okay, sir. Okay. And just last question on Smart Ops. So we had 3 projects as per last quarter in Smart Ops in which one we recently, as sir said, is completed. So how much revenue can we expect from Smart Ops for FY '26? And does the Smart Ops have higher margin compared to other projects in Welspun Michigan?

Sandeep Garg: So I would let Mr. Saurin Patel answer the question in terms of the Smart Ops. But just to clarify that the -- as far as the margins are concerned, the margins will -- at a steady state operation will come in about 3-4 years because it is right now in a concept and selling and marketing and developmental phase. So we do not expect the margins to be any different than what we are currently chugging in the water segment.

And just to brief, Saurin, if you would want to take this question on projects.

Saurin Patel: So yes, the projects that we were doing last year are either successfully completed or well on the way to completion. As I explained in my earlier conversation, the Vitthal Temple, Pandharpur, will be completed in the coming months.

And Mathura unfortunately, got delayed because the work order from there was delayed due to circumstances not in our control, but we've finally gotten the work order. And in the next 60 days, we are due to deliver that. So yes, projects other than what we had announced last year have been completed and handed over.

Dheeraj Ram: Got it, sir. And last question, what is the guidance -- growth guidance for WMEL for FY '26?

Sandeep Garg: So as I said, we are expecting the guidance for Welspun Michigan to be -- the revenue to grow by about similar numbers as the FY '25. So that would be somewhere around 50% and there around.

Moderator: Next question is from the line of Parth Thakkar from JM Financial.

Parth Thakkar: So out of our total current order backlog, what would be our executable backlog?

Sandeep Garg: So I think the whole order that we have is executable order book. I think the question is about what is the split between the design and build executable versus O&M-related executable. So the split is that O&M related, which is going to be long-term revenue generation, is about INR4,400 crores and the balance is all design and build operation -- operatable order book.

Parth Thakkar: Okay. And also, would we be looking for participation in PPP projects?

Sandeep Garg: Yes. We surely are looking forward to participating in PPP projects, both on the road as well as on the water side.

Moderator: We take the next question from the line of Vishal Periwal from Antique Stock Broking.

Vishal Periwal: One question on this capex front. So you did mention that we are planning capex for the standalone Michigan. Will it be possible to share the number, sir?

Sandeep Garg: So in the coming year, we don't expect any major capex or spend in Welspun Michigan. Sorry, and correct me if I'm wrong, it will be in the ranges of INR20 crores to INR30 crores.

Vishal Periwal: Okay. Right. And in terms of investment, I think your press release did mention around INR130 crores, INR140-odd crores that we'll be putting up in -- I mean, a couple of assets that we have. That's a fair number to take, right?

Sandeep Garg: That is primarily into the road HAM projects that we are investing in.

Vishal Periwal: Okay. And the asset monetization that we are planning in the roads that we are planning in FY '26 will be in the BOT of roads?

Sandeep Garg: So we are planning asset monetization in FY '26 for 2 road projects. Just to recall, we have 3 road projects which are open for monetization. MCP or Mukarba Chowk-Panipat, was monetized partially earlier on the Actis deal. We have a pre-agreed term to monetize the balance 51%, which we expect to happen in FY '26.

We are also targeting to monetize the Aunta-Simaria road project, which is likely to get the PCOD within this month in this financial year. And thus, we will be left with one more road project to be monetized, which is SNRP, which we expect to happen later.

Vishal Periwal: Okay. So in terms of book value of investment, what could be that number for the FY '26 monetization that we are planning?

Lalit Jain: It will be around INR300 crores.

Vishal Periwal: Okay. Sure, sir. And in JJM, what is the order book that we have?

Sandeep Garg: The total order book, as we expect of the UP JJM, is about INR2,800 crores. And the unexecuted order book will be in the ranges of about INR1,000 crores.

Vishal Periwal: Okay. Sure. And on this revenue that we have booked, roughly like INR3,600-odd crores, what could be the O&M part in this revenue, sir?

Sandeep Garg: This practically is very limited, INR2 crores of O&M revenue, which is going to start now as the projects get completed.

Moderator: Next question is from the line of Vaibhav Shah from JM Financial Limited.

Vaibhav Shah: Sir, both WEL and WMEL have interest in the water business. So what are our plans to make it more efficient?

Sandeep Garg: So we have already started operational efficiencies to kick in. As I had told, Saurin Patel is now heading the complete vertical of water irrespective of the corporate wheels. So we are bringing in the operational efficiencies as we speak. As far as the corporate structures are concerned, we will let you know if there is any development at an appropriate time.

Vaibhav Shah: Okay. Sir, secondly, how is the competitive intensity across the verticals? You mentioned that there are now PPP models in water business as well, especially on the HAM side. So how are you seeing the competition both in water and rail business?

Sandeep Garg: So I think I would want to just clarify water is our main business. So as I said, we are focused on water. So competitive intensity in road is relatively high. In routine water projects, the intensity is medium. And in specialized road projects -- specialized water projects, it further reduces. However, in terms of BOT, we expect the competitive intensity to remain medium to low.

Moderator: Next question is from the line of Riddhesh Gandhi from Discover Capital.

Riddhesh Gandhi: Congratulations on the numbers. Just had a question on your oil and gas. You guys obviously have like clocks where, I mean, some of the other players have been able to find reasonable reserves. Could you just give us an update on where you guys are on your oil and gas, what the plans are and what kind of timing we can expect to see some sort of unlocking in the value from your oil and gas assets?

Sandeep Garg: Thank you, Riddhesh. So oil and gas, as you know, is a controlled sector. So there are a lot of obligations on the parties under the contract. So we are in the process of our development plans to be approved by the government, specifically the evacuation plan, which is critical for the -- we know the reserves, we know the -- what the resources can be.

But until and unless the evacuation plans are in place, it is difficult for us to quantify anything. We are currently under discussion with the government for defining the evacuation plan. Once the evacuation plan is agreed with the government and the third parties, we will be in a position to come back to you on -- of our complete plan on oil and gas.

However, it is clear to us that all our blocks are going to be developed as a cluster and not as an individual block because that's the way all our development plans have been proposed to the government.

Riddhesh Gandhi: And is there any indication both with regards to the timelines to get the evacuation plans in place and also any sort of indicative reserves you can give us some insights on to?

Sandeep Garg: So as earlier, I have been maintaining, the reserves in all the 3 blocks put together is initially in place in the ranges of 1 TCF. However, evacuation, as you know, the -- how much we can produce out of this will be determined upon the complete plan and the formation stability to produce.

So all this is part of the developmental plan, and the evacuation routes will determine how much of back pressure is required and how much we will be able to extract. So all this, I can only share once the developmental plans have been approved by the government. I will request you to wait till that time.

Riddhesh Gandhi: Okay. Sir, and the other question is with regards to your -- actually water infrastructure projects, which we are bidding on, who do we typically kind of come up heads up against in these bids, which we usually do as in like who would be our main competitors who we end up competing with?

Sandeep Garg: So I mean, it depends upon -- because we are across many verticals on the water itself, depending upon what we are doing, we come out with different competitors. But at a macro level large projects, it will be people like L&T, NCC, etc. In a smaller play with -- Saurin, would you like to add to what your areas of people who compete with you?

Saurin Patel: Considering, we are in such a specialized area of micro tunneling or rehabilitation or segmental tunnels, typically, there are a handful of people. We claim to be the small, big boys, so sometimes we compete against the likes of the ITDCs or the MEGAs or the AFCons s. At other times, for smaller projects, we have local competitors like Gypsum, who come across pan-India to compete with us. So a few and far in between, but the same faces everywhere.

Riddhesh Gandhi: Sir. And the…

Moderator: Sorry to interrupt, Mr. Gandhi, may I request that you return to the question queue for follow-up questions? There are several other participants waiting their turn.

Riddhesh Gandhi: Okay.

Moderator: Next question is from the line of Raman KV from Sequent Investments.

Raman VK: My first question is with respect to the Smart Ops business. So one, what is the market opportunity size for the Smart Ops business? And will there be any impact in terms of costing due to the UK-India free trade?

Sandeep Garg: Can you repeat the second part of your question?

Raman VK: Sir, will there be any impact on the costing due to the UK-India free trade agreement?

Sandeep Garg: So I don't think that there is any cost impact because of that. Anyway, to tell you what the top of the canvas opportunity for Smart Ops is, it is a technology which we are trying to prove across all the use cases. We have been able to now demonstrate its utilization in terms of reservoir cleanings.

We are on the verge of with the retrofitting at Mathura in a position to say how we can retrofit the existing STPs. Based on the outcome of these 2 things will we be able to really truly identify what can be done on the wastewater side? We are parallelly also proving the technology on the industry side.

And based on that, it will be appropriate for us to share the larger numbers that can pan out. I would suggest that we wait for another 6 to 9 months before we get into the details of the annual business plan on Smart Ops.

Raman VK: My second question is on the order book side. Sir, one, INR14,300 crores is the current order book, what is the execution timeline? And what is the L1 order book?

Sandeep Garg: So as I said earlier, we are not L1 in any of the projects other than the one of INR1,850 crores project that we had declared earlier, which from the media report, it is that it is not likely to be awarded, but we have not heard from the client as of now.

In terms of your question of -- on the order book, currently, the order book is split into about INR12,000-odd crores -- INR12,500 crores on the water and water-associated infrastructure and about INR1,600 crores in terms of road.

Raman VK: Yes. Sir, one small doubt. Sir, sorry if this may be repetitive, but I missed the initial part of the commentary. But I would like to know the reason for INR1,000 crores fundraise by the company?

Sandeep Garg: So there is -- it is an enabling resolution , as I said earlier also because we see a lot of opportunities in BOT road as well as water segment. However, if the current forecast of the order is what materializes and it is not about that, we don't foresee that we will be requiring to raise the funds.

However, if we are -- if we get more orders than what we are currently targeting, this enabling provision may be utilized in that case. Otherwise, right now, we have enough cash on the balance sheet of about INR1,061 crores at standalone and INR1,155 crores at consol level.

Raman VK: So what is the bid book currently?

Sandeep Garg: What is -- can you repeat?

Raman VK: The order bid pipeline.

Sandeep Garg: Yes. You're looking for bid pipelines. So our current hit rate is about 1 in 3 projects we hit. So we are targeting more than INR30,000 crores at this point in time.

Moderator: Next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: Yes. Sir, on your O&M order book, so in the last 2 years, that has increased from INR1,800 crores to INR4,400 crores. And as you said that the revenue realization is only like INR2 crores in FY '25. So going forward, how much of revenues are we expecting from this? And what could be the margins on these revenues?

Sandeep Garg: So O&M is of the projects that we do are design and build. So as the projects will get completed, the O&M will start after completion, and accordingly, the revenues will be recognized. Now it is early days for us to give a guidance on O&M margins, but we expect the O&M margins to be consistent with our current water EBITDA levels.

And we will get to know once we are -- once we get into O&M and we have an experience about it. So I would want to -- I would suggest that we stay a bit more patient as the O&M revenue will start coming in. -- we'll guide you better about what returns to expect. But it is a long-term revenue visibility as well as profit visibility, and it gets scaled up gradually as we take more and more orders on water vertical.

Sarvesh Gupta: And what can we expect in this year, sir, FY '26?

Sandeep Garg: It is very low, in the ranges of INR10-odd crores because only UP JJM, some portion of it will start getting into O&M stage. And certain MEL orders are also on the O&M stage.

Sarvesh Gupta: Understood. The WMEL revenues, some part of it is being booked under water vertical also, sir, because tunneling itself is only INR700 crores and WML revenues, you said was INR662 crores. So what is the portion of WMEL booked under water?

Lalit Jain: Tunneling is entirely for the WMEL, nothing is WEL.

Sandeep Garg: So I think if I get your question correct, the question is, is there any water? No. The answer is no.

Sarvesh Gupta: Okay. And then, sir, the related question was, for example, in the tunneling EBIT margins, we have seen some 250 basis point decrease in the EBIT margin. So any particular reason why the tunneling margins have come down this year?

Sandeep Garg: I think, too deep a question, I would suggest that you come and have a discussion. maybe we are not able to understand this clearly. I would request that if you could stay in touch with...

Sarvesh Gupta: I will take this offline, sir. Just one more query was, you said that the book value of the road assets that we want to monetize in FY '26 is INR1,300 crores. Is that right?

Sandeep Garg: INR300 crores.

Sarvesh Gupta: INR300 crores. Okay.

Moderator: Next question is from the line of Dheeraj Ram from Ashika Institutional Equities.

Dheeraj Ram: The debt levels have increased Y-o-Y. And since I also know that we have been raising funds. So how do you see the debt levels in FY '26?

Sandeep Garg: So you're referring to consolidated balance sheet. Yes, there have been debt drawn on the -- largely on this SNRP project, which was earlier funded by the equity. And hence, you see that is the increase we did, as minor debt has been drawn in the Aunta-Simaria. Now, as the Aunta-Simaria will be hived off, the debt alongside of it will also go. Hopefully, it will be done in FY '26. So alongside with it, there's a debt of almost...

Lalit Jain: Yes. With respect to Aunta-Simaria project, we have a debt of INR615 crores. So it will be out if we sell this project. With respect to SNRP project, we are having INR600 crores debt outstanding. Further, we'll draw another INR600 crores to complete the project. So if you can say debt level remains same, the Aunta-Simaria is hived for now.

Dheeraj Ram: Okay. Got it, sir. And last question, sir, in Q2 FY '25, you have said that almost INR3,00,000 crores are from tunneling. I mean the market size of tunneling is almost INR3,00,000 crores for the next 7 years, and you are targeting 10% to 20% market share in this, so which poses that we need to secure close to INR4,000 crores of orders every year. Isn't it a big -- very big number, sir?

Sandeep Garg: So that's exactly what I keep on saying. The segmental split of an order is difficult when you are across various verticals. So I would look -- I would request that you look at long-term guidance as a long-term overall guidance, but -- and the split is not possible for us to predict in the -- given that it is a competitive world and a bidding environment. But overall guidance remains unchanged in terms of our order book target for about INR10,000 crores plus in this FY '26.

Moderator: We will take the last question from the line of Riddhesh Gandhi from Discover Capital.

Riddhesh Gandhi: Sir, just a quick question was with regards to the large amount of the cash we have on books. Are we looking to use that for inorganic or ultimately use that for oil and gas investments or we're just keeping it as optionality for other projects?

Sandeep Garg: So, as I said, Mr. Gandhi, that we are expecting a lot of projects both in road and water on the BOT, HAM in case of water as well. So we see a lot of opportunities to deploy this cash profitably in the business, and that is why we are retaining this cash on the balance sheet. Our enabling provision to raise further money is only to ensure that should we get more orders, we should be in a position to fund those.

Riddhesh Gandhi: Got it. But for our existing guidance, we would not need to raise equity in case it goes over and above that?

Sandeep Garg: We are not expecting -- the - short answer to your question is we are not expecting any equity raise this financial year as we speak.

Moderator: Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Garg for closing comments.

Sandeep Garg: Thank you. Thanks once again for coming and joining us today. I hope we have addressed all your queries. We remain committed to creating long-term value for our stakeholders, and our focus is on improving return on equity and return on capital employed.

Should you have any further questions or feedback, please feel free to reach out to our CFO or Investor Relations team. Thank you. Good day.

Moderator: On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.