"Welspun Enterprises Limited

Q2 FY '26 Earnings Conference Call"

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MODERATOR **MR. VAIBHAV SHAH – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Welspun Enterprises Q2 FY '26 Earnings 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 the 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. Vaibhav Shah. Thank you, and over to you, sir.

Vaibhav Shah: Thank you. On behalf of JM Financial, I welcome everybody to Q2 FY '26 Earnings Conference Call of Welspun Enterprises Limited. I will now hand over the call to Mr. Salil Bawa, Group Head, Investor Relations of Welspun Group. Over to you sir.

Salil Bawa: Thank you, Vaibhav, and good afternoon to all of you. On behalf of Welspun Enterprises Limited, I welcome all of you to the Q2 FY 2026 Earnings Call. Along with me, I have Mr. Sandeep Garg, Managing Director of Welspun Enterprises Limited; Mr. Saurin Patel, Managing Director of Welspun Michigan Engineers Limited and Head, Integrated Water Vertical. I have with me Mr. Abhishek Chaudhary, Chief Executive Officer, Transport Welspun Enterprises Limited; Mr. Hardik Dhebar, President, Finance and CFO, Welspun Michigan Engineers; and Mr. Lalit Jain, CFO of Welspun Enterprises Limited.

We hope you have had a chance to review the investor presentation that we filed with the exchanges yesterday. The same is also uploaded on the company's website. During the discussion today, we may be making references to this presentation. We would request you to take a moment to review the safe harbor statement in our presentation.

As usual, we'll start the forum with opening remarks by the leadership team. And then we'll open the floor for your questions. Once the call gets over, should you have any questions, feel free to connect with any one of us.

With that, I hand over the floor to Mr. Sandeep Garg. Over to you, Sandeep.

Sandeep Garg: Thank you, Salil. Good afternoon, everyone. I'm pleased to welcome you all to the Welspun Enterprises Q2 FY '26 Results Conference Call. I thank you all for being present today. I'm happy to share that we have received a new order from BMC for water treatment plant of 910 MLD at Panjrapur near Mumbai. This is our second water treatment project in the Mumbai region after Bhandup.

Once completed, these 2 water treatment projects will provide for 70% of Mumbai's freshwater requirements. This new project is another element of our participation in the holistic management of Mumbai's water resources, comprising of water treatment, transmission and reuse of treated water.

This unique combination of projects sets a comprehensive benchmark for urban water management. In the Transport segment, we emerged L1 for Pune-Shirur Elevated Highway corridor, a BOT toll project of MSIDC with a total project cost of INR7,300 crores. Abhishek, who is our new CEO Transportation vertical, will provide more details on our projects in the transport segment and digitalization journey shortly.

Our stand-alone order book stands at INR14,000 crores, while our subsidiaries, Welspun Michigan holds an order book of INR2,650 crores, bringing the consolidated order book upto INR15,615 crores. It is important to clarify that Welspun Michigan's order include -- order book includes an order of INR1,069 crores related to DGT projects, which has been sourced from Welspun Enterprises.

Additionally, the consolidated order book also includes O&M contracts worth approximately INR5,400 crores. The order book mentioned excludes the MSIDC projects for which have emerged L1. Once the order fructifies, it will add more than INR5,000 crores to the order book. As per earlier guidance, we are on track to achieve our top line target of INR4,000 crores for the year at the consolidated level, subject to the climate supporting us and the statutory approvals for the new projects.

Our consolidated EBITDA grew at 28% year-on-year to INR192 crores in FY '26 as compared to INR150 crores in Q2 FY '25, underscoring our continued focus on operational efficiency and margin resilience. On the balance sheet side, we continue to maintain a strong financial position with consolidated cash reserves of INR1,043 crores.

This provides us with significant flexibility to pursue growth opportunities while maintaining financial discipline. Lalit, our CFO, will walk you through the financials in greater detail. Our subsidiary, Welspun Michigan Enterprise Limited, building on a healthy performance of the previous quarter reported revenues of INR169 crores this quarter, up 60% year-on-year.

Saurin, our Managing Director of WMEL and Head, Integrated Water vertical, will provide further insights on WMEL and updates on our water vertical shortly. On oil and gas, we have 3 major blocks called MB or Mumbai block, B9 and C37 for which we are in discussions on evacuation of gas with ONGC and DGH. Once the plans are finalized and we have clarity, we will come back to you with our future course of action.

On the awards, I'm happy to share that our commitment to excellence continues to be recognized. Welspun Enterprises was awarded the Wealth Creator Award at Construction World Global Awards 2025. This accolade reaffirms our commitment to excellence across project management, innovation and technology. On the guidance, I would want to talk about the industry.

On the industry front, we are anticipating a strong traction in BOT toll and HAM projects in transportation at both NHAI and state level as well as in the water segment across river interlinking water treatment plant and desalination.

Expanding opportunities in the tunneling segment for both transport and water are also on the horizon. We are actively evaluating these opportunities and will bid for these projects, which will fill our return criteria. On NHAI, I'm happy to share that NHAI is revisiting its evaluation criteria for PPP projects.

As per the revised guidelines issued for HAM projects, they are considering available net worth, which is the net worth of the company minus its commitments as new qualification criteria. Along with this, we are expecting that larger projects will be announced on PPP basis, which will require a strong balance sheet.

To capitalize on these upcoming opportunities, we are in the process of raising INR1,000 crores through a preferential issue of warrants by way of private placement with participation from the promoter growth. This demonstrates the confidence we have in the business going forward.

To capitalize on these opportunities, we are also strengthening the organization and focusing on digitization. Appointment of Abhishek as CEO, Transportation and addition of Hardik as President, Finance for WEL are steps in this direction. In coming times, we shall see similar augmentation to the verticals across organization.

To conclude, I want to reemphasize our strong foundation for sustainable value creation. By concentrating on profitable segments, maintaining rigorous operational discipline and leveraging the momentum of a healthy order pipeline, we are confident in our continued ability to generate sustainable growth and enhance value for all stakeholders. Thank you once again for your time and support. I will now hand over to Saurin for his remarks.

Saurin Patel: Thank you, Sandeep, and good afternoon, everyone. Let me share an update on our water business, a segment where we are bringing together scale, technology and purpose to create meaningful impact. The recently awarded 910 MLD water treatment plant at Panjrapur in Maharashtra will be executed over the next 4 years, followed by 15 years of operations and maintenance.

The EPC value of the contract is INR1,685 crores, excluding GST, while the O&M component is valued at INR980 crores. All our major water projects include an O&M component, ensuring long-term engagement and steady recurring revenue visibility. Our current water order book stands at around INR11,000 crores, of which approximately INR5,400 crores pertains to operations and maintenance, providing a strong visibility of sustained cash flows over the coming years.

To reiterate what Sandeep mentioned, once all our ongoing projects are completed, Welspun Enterprises will be managing nearly 70% of Mumbai's freshwater supply and around 15% of its wastewater treatment needs, a scale that truly reflects both our execution strength and our commitment to sustainable future-ready water infrastructure. At Welspun, we have some unique record-setting water projects, which have catered their USP to urban available space issues and constraints, and we are proud to have provided successful solutions.

Let me talk briefly on some of the ongoing projects that cater to this. The 418 MLD wastewater treatment facility at Dharavi is on track for execution. Work is in progress and in line with the latest schedule. Major civil structures, such as the SBR, blower building, administration building are nearing completion and other structures such as the IPS, SBR feed pumping station, etc, are under progress.

Mechanical equipment directions such as decanters, air blowers for the SBR and blower building, has commenced. This project is on track and expected to be commissioned by July 2027. Once completed, this will be Asia's first multi-storey sewage treatment plant. The 2,000 MLD WTP at Bhandup, being one of the world's largest water treatment plants under construction has a 30% to 50% lesser footprint compared to conventional water treatment plants.

With the extended monsoon over and the necessary permissions and civil contracts are in place, execution has picked up significantly and excavation is proceeding and progressing well within the schedule. The project is progressing towards achieving the completion target of April 2029. Once commissioned, this plant will play a vital role in strengthening Mumbai's drinking water supply and ensuring a cleaner and safer water supply for millions of households.

The UP Jal Jeevan Mission execution is on track, currently supplying safe and potable drinking water to over 300 villages. Upon completion, it will benefit nearly 2,500 villages, unlocking a real social and economic transformation in the state.

For, the Dharavi-Ghatkopar tunnel, all the pre-project clearances will be in place by December and shaft work for 150-meter shaft at Ghatkopar should commence by early March.

Moving to SmartOps, a technology-driven joint venture dedicated to rejuvenating water bodies through modular, scalable and cost-effective solutions. It gives me sense of contentment to state that in just 18 months since we launched SmartOps, four projects have gone live across India. The projects in Varanasi and Guwahati are complete as is the Pandharpur project, which focuses on cleaning a portion of the Chandrabhaga River near the Vitthal Temple in Pandharpur.

Looking ahead, four to five new projects are expected to be executed over the next 6 to 8 months. And we are also exploring other exciting emerging technologies to tackle complex wastewater challenges and develop sustainable sludge management solutions.

Our subsidiary, Welspun Michigan, continues to deliver a strong performance. In quarter 2 FY '26, it reported revenues of INR169 crores, a 60% year-on-year growth with an EBITDA margin of 20.8%. For the 6 months ended September 30, 2025- Welspun Michigan posted revenues of INR377 crores, a 51% year-on-year growth, while EBITDA increased by 42% year-on-year from INR57 crores in H1 FY '25 to INR81 crores in H1 FY '26.

At Welspun Michigan, we have three segmental line tunnels projects, -- of which we have successfully completed the Mithi Tunnel a few weeks ago. This feeds the Mithi wastewater to a Dharavi STP. The others feed wastewater when completed from Goregaon and Borivali catchment areas to the under construction Malad Sewage treatment plant and are on track for a timely completion in FY '27, '28.

In addition, we are executing multiple rehabilitation projects in Mumbai, Ahmedabad, Baroda and Delhi, using a variety of specialized techniques, including glass reinforced polymers, geopolymer cements and cured-in-place thermosetting resins. These works form the vanguard of municipal efforts at rejuvenating existing underground networks, and we are proud to play a leading role in this country for this activity.

All the ongoing pumping stations are on track to be in service prior to the next monsoon season and play a role in serving for Mumbai's flooding needs. As of September 30, 2025, Welspun Michigan's order book stands at INR2,650 crores, of which 60% is tunneling, 22% pumping stations and 14% rehabilitation projects.

The robust order book provides strong revenue visibility. Going forward, the team continues to pursue opportunities across segments and expects to further strengthen the order book during quarter 3 and quarter 4 of this year. I would like to conclude by stating our strategic focus on wastewater treatment, large-scale water delivery systems and tunneling. This positions us to create sustainable long-term value in a sector that is both vital and fast growing.

With that, I'll now hand over to Abhishek to take you through the Transport performance in detail.

Abhishek Chaudhary: Thank you, Saurin. Good afternoon, everyone. Welspun Enterprises has built a strong and a proven track record in India's infrastructure landscape. Over the years, we have successfully executed and monetized a series of road assets that stand as benchmark for quality, timely delivery and value creation.

Today, we'll walk you through our strategic direction, our operational performance and how we are shaping the next chapter of Welspun journey in creating resilient and future-ready infrastructure. Let me now first brief you about the ongoing projects, which is Aunta-Simaria Road project in Bihar.

Our latest landmark is the completion of this project, which is country's widest cable-stayed bridge with a span of 1.8 kilometers which was inaugurated by Honorable Prime Minister of India on August 22, 2025. This demonstrates not just our engineering excellence, but also the capability to execute at scale. The provisional commercial operation date, PCOD, was achieved on 15th May 2025, and the first annuity payment is scheduled for November. Monetization efforts for this project are presently underway, and we anticipate closure within this financial year.

The second project is Varanasi-Aurangabad Road Project, VARP. There is a steady progress here with main carriageway planned for completion by Jan 2026 and overall completion by Q1 of FY '27. Delays have occurred due to work front availability issues and local disturbances, but we are fully geared up and are collaborating with all the stakeholders to actively resolve all issues and accelerate the remaining work.

Third, SNRP, which is Sattanathapuram Nagapattinam Road project, which is approximately 74% complete, and we plan to submit the 75% financial milestone to the client by the end of December 2025. The pond ash issue has been resolved with 6.32 lakh cubic meter of pond ash, which has been secured through an auction process of NLC. We expect to receive the provisional completion in Q1 FY '27.

Lastly, Pune-Shirur Road project, as informed by our MD, we are proud to have emerged as the L1 bidder in this marquee BOT project, which is going to be 54 kilometer long 6 lane highway, including nearly 37 kilometers of elevated structures with an estimated total project cost of

INR7,300 crores. It marks a new phase of growth and diversification. We are awaiting the letter of award, which is expected soon.

Now I'll just take you through the digital transformation initiatives, which are being undertaken at the company level. We continue to drive digitalization across all our operations, adopting advanced tools such as 3D, 4D, 5D modeling and have begun RFI-based detailed project report generation for our Bhandup project on a pilot basis. I'm also happy to inform you that we have successfully migrated to SAP RISE for our S/4HANA.

The digitization of our project management dashboard has led to process optimization and real-time data analytics. We are also redefining our supply chain processes and integrating e-governance, which will further enhance operational efficiency and control. Lastly, I will touch upon the major awards and recognitions which we have secured in the recent past.

Welspun Enterprises has been honored as the most admired company in the transportation vertical at the ET Now Infra Focus Awards 2025. We have also received the Excellence in Bridge Engineering for our Aunta-Simaria Road project at the RAHSTA Awards 2025. Our safety team has been recognized with the Excellence in Safety Training and Education Award for Aunta-Simaria Road Project at OSH India 2025.

Now I will hand it over to Lalit, Chief Financial Officer of our company, to take you all through the Q2 FY '26 financial results. Over to you, Lalit.

Lalit Jain: Thank you, Abhishek, and good afternoon, everyone. I appreciate your interest in our business. Let me present our Q2 FY '26 financial results and provide insight into the performance of each segment. Q2 FY '26 up-to-date financial performance we have delivered INR803 crores of total income for Q2 FY '26 and consolidated income for H1 FY '26 stand at INR1,674 crores.

This is on track to reach our FY '26 revenue target of INR4,000 crores with back-ended top line distribution as specified earlier by our MD. Our consolidated EBITDA for Q2 FY '26 is INR192 crores against INR155 crores in Q2 FY '25, marking a healthy 28% growth year-on-year.

We have demonstrated strong operational efficiency by an improved EBITDA margin of approx 24% compared to 18% in Q2 FY '25, and year-on-year expansion of 600 basis points. Our consolidated EBITDA before exceptional item for the quarter has grown by 24% to INR126 crores against INR102 crores for Q2 FY '25.

Further, our consolidated PAT for the quarter stand at INR99 crores, a year-on-year increase of 63% as against INR60 crores in Q2 FY '25. PAT margin for the quarter stand at 12.3%, an improvement on year-on-year basis. The H1 FY '26 Consolidated PAT stands at INR200 crores against INR169 crores in H1 FY '25, an increase of 18% over H1 FY '25, indicating a strong and robust profit. Q2 FY '26 stand-alone financial performance.

Stand-alone revenue from operations for Q2 FY '26 was INR593 crores, taking the H1 FY '26 revenue to INR1,197 crores. EBITDA for the quarter is up by 18% year-year at INR116 crores as against INR99 crores in Q2 FY '25, while margin improved 450 basis point for the quarter grew at 9% year-on-year to INR95 crores against INR87 crores in Q2 FY '25.

PBT for H1 FY '26 stand at INR212 crores against INR206 crores for H1 FY '25. Now come to balance sheet position. Our financial position remains strong and resilient. On consolidated basis, net worth is INR2,870 crores with a net debt of INR688 crores.

On a stand-alone basis, net worth stands at INR2,810 crores and cash and cash equivalent of INR986 crores. We are in process to raise INR1,000 crores through preferential warrants by the way of private placement, including to the promoter group.

Now come to segmental performance for consolidated results. H1 FY '26 segment-wise revenue distribution. Transport INR674 crores, 41% share, Water, INR522 crores, 32% share; Tunneling and rehabilitation INR433 crores, 27% share. The tunneling and rehabilitation segment registered robust growth of 75% year-on-year for H1 FY '26.

The Water segment revenues remained stable. The Transport segment declined by 30%, impacted by the completion of 2 major projects, Mukarba Chowk-Panipat MCP project, Aunta-Simaria and Varanasi-Aurangabad project, which are near to completion. Segment margin, we also witnessed margin improvement across all segments.

The segmental EBIT margin for H1 FY '26 stood as follows: Transport, 26%, water, 28%; tunnel and Rehabilitation 21%. The margin improvement this quarter is on account of our diversified project portfolio, continued emphasis on cost control and execution excellence.

Overall, our results demonstrate resilience and strengthening profitability with a solid balance sheet, streamlined operations and robust pipeline of opportunities. We are well positioned for sustained growth and long-term value creation. Thank you very much.

Now I hand over call to Mr. Sandeep Garg. Thank you. We can go for question-and-answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: So sir, I had 2 questions. So what we are seeing is a tremendous margin expansion across all verticals, and this is much higher than what we used to previously report. So wanted to understand what are the sustainable margins that are being reported right now?

Sandeep Garg: So the question is about margins. Yes, there is an increase across all segments because of operational excellence. There is some increase in the margin because Aunta-Simaria project has completed and it's operational and contributing to the EBITDA margins. Although we foresee at least for the next foreseeable future that these margins, what we are reporting right now may continue. But however, on an overall level, we do not change our guidance, which we have always maintained, it will be around 18% of there.

Sarvesh Gupta: Okay. And sir, on the road projects, now we have brought in a very large project. So wanted to understand from when it will start contributing to our revenues and how much can be booked in FY '26 and FY '27 from these 2 large projects that we have received?

Sandeep Garg: So talking about the large project in transportation, it's a BOT project, and it is still not awarded to us. We are hoping that it will get awarded shortly to us. As you may well know that in the BOT project, the first 6 months are supposed to be for financial closures and closures of other requirements.

So we do not foresee much of a turnover in this 6 months other than the expenses and other things incurred on the shifting of the utilities and enabling costs and design and engineering costs in this project. So it shall contribute a bit towards the bottom line -- towards the top line in the FY '26, but we do not see that to be substantial.

FY '27 is when we see the project becoming fully operational and contributing to the top line as well as to the bottom line. Coming to the Panjrapur project, it is a design and build project. The first few months or quarters will go in its design and its approval. I expect it to start contributing substantially to the revenue in FY '27. However, we would expect minor contribution within the Q3 and Q4 from that project as well.

Sarvesh Gupta: Given that we have already covered what we had guided for the order inflows for the full year. So if you can shed some more light on an updated guidance for order inflows for this financial year? And also throw some color on what is happening on the road project, while we have got in one large project, but at the industry level, we haven't seen much of orders coming in against the expectation of any orders coming from NHAI, etc. So if you can throw some color on the industry ordering on road as well and also our order inflows for the remainder of the year?

Sandeep Garg: Thank you for reminding that our guidance on the order book of the financial year is almost done -- we are already there in the first H1, which is a good sign. We will continue to pursue orders in the remaining period of the year depending upon how the governments move, we would expect more orders to come in.

However, I would want to refrain from giving any guidance at this point in time of the order book that we will build in the next 5 months. I also would want to say that, yes, there is a bit of a slowdown at NHAI currently, but their targets within the FY '26 awards remain strong. And I expect as soon as the models of BOT are agreed of the revisions that the government is making as well as the HAM, I expect that it will open and lot many projects will get awarded at the center.

States are progressing as per the plan. So I do not see any major challenge in order book for at least us with a company -- which has a strong balance sheet and is not playing in the EPC market per se, I do not see a challenge in booking orders in the transportation.

Moderator: The next question is from the line of Radha from B&K Securities.

Radha: Congratulations on good performance and also the L1 and LOI received in this quarter. So sir, my first question is the EBIT margin, both for the road and water seem to be higher towards the completion of the project as compared to the beginning of the project. So please help us understand why it is in this way and how to see these margins during the construction period of the project?

Sandeep Garg: Radha, thank you for this very insightful question. As I had earlier spoken, I would repeat myself, the way the company operates is a conservative accounting principle. We do create contingencies at the start of the project, which is depending upon the risk perception that we have.

And as the project starts to get completed, then only we release the risk or when we have mitigated the risk in totality, we reduce this contingency towards profit. So in most of our projects, you would find that at the end of the project, the margins improved a lot or a bit depending upon what contingencies get consumed.

Also, as a prudent policy, we book all the costs that we have incurred on the claims or change of scope, but do not account for them until unless we receive the order or a claim, which also sometimes depresses our reported profits. However, we stay within the prudent guidelines of accounting.

Radha: So on the road, this quarter, the margins have gone up because of -- primarily because of demobilization of the Aunta-Simaria project. So is it fair to assume that when the Pune-Shirur project commences, so initially, the overall margins for the road segment will be lower because of the points that you just mentioned and then it will increase gradually. And would we -- should we consider 17%, 18% EBIT margin for as a sustainable margin?

Sandeep Garg: Yes. So when we announce our margins, we do not account for the contingencies. So yes, initial phases, the -- any road project would see similar margins in our case. And if we are able to save on the contingencies or we do have certain change of scopes of claims, this shall help us in reporting better margins towards the end of the project.

Radha: Okay. And sir, in WMEL, what is the utilization level currently? And how does the margins differ between tunnelling and rehab?

Abhishek Chaudhary: So almost margins for the tunneling and rehabilitation almost 20% -- 22%.

Sandeep Garg: So their margins are practically in the similar range, which are between 20% to 23% depending upon the segment. So there is no substantial difference between any particular vertical. But going forward, we do anticipate that their margins in the tunneling will improve because the scales of tunneling are changing as we go forward.

Radha: And sir, what is the utilization level currently?

Sandeep Garg: What utilization are we talking about? Utilization of machines.

Radha: Yes, sir.

Sandeep Garg: Utilization of machine, we are almost close to 100% because all our investments are majority in the tunnel boring machines, which are occupied fully on the project.

Radha: You mentioned that margins will improve because of the scale. So if we are at 100% utilization, sir, I am unable to conclude. Sir, please help me here?

Sandeep Garg: So the way to see it is that as you have larger projects, your mobilization, demobilization, your overhead, your cost of management bandwidth, your substantive costs get apportioned on a larger revenue and your TBM, which is a large cost element is also apportioned over a larger revenue. So and reuse takes place of the machines which are coming off the projects, which are currently occupying them and reuse creates a lot of value. So we do believe that as we move into larger and repeatable orders, the margins on the projects will improve substantially.

Saurin Patel: So also, we will be adding a machine for the new project, Dharavi-Ghatkopar. So we appreciate your comment and insight about 100% utilization. But for specialized projects, which require special diameters, etc, we always add capacity. So for the upcoming Dharavi-Ghatkopar tunnel, we are actually adding a machine.

Radha: So at peak, if we are doing now 22%, 23%, so during the point you mentioned that peak, should we assume 26%, 27% kind of margin potential from this business?

Sandeep Garg: Yes, there is a higher potential in the margin for sure. Putting a number at this point in time would be not appropriate for us. So there is a potential improvement in margin as it unlocks as the orders become repeatable and larger, we shall surely share the development as it evolves.

Radha: Okay. Sir, on the receivables front, if we exclude the receivables and the concession agreement, your total current and noncurrent receivables is at INR220 crores -- so is this entirely from the UP JJM project? And also for this project, I believe about INR500 crores is unexecuted. So do you expect to complete this by year-end? And hence, when it is completed, it will get added to the receivables?

Sandeep Garg: So the assumption in your question is that there will be no payments from -- coming from UP JJM, which is not the assumption that the management has. We do believe that this issue should resolve going forward in a few months. Now coming to your question, what are the receivables from UP JJM, it is true that the receivables stand between INR200 to INR220 crores exact numbers, I'm not right now able to give to you.

However, we do believe that there is an assurance at the highest level, including at the Chief Minister level to support these projects going forward. So we expect the payments to come. And yes, there is still a substantial work balance, which we do not expect to complete within this financial year, but we expect to complete in the next financial year.

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

Riddhesh Gandhi: Just a quick question. So given we still have like almost INR1,000 crores of cash on books and given ultimately, we are looking to potentially also actually monetize the oil and gas, which should again lead to a reasonable amount of cash. Just wanted to understand the rationale of raising capital right now, especially given the strong growth prospects, which still aren't reflected in the stock price right now?

Sandeep Garg: Thank you for this question. I think the reason of raising the capital is, as I briefly touched upon in the -- in my opening remarks, the evaluation criteria for the PPP projects is evolving at the central level. They have now started evaluating at least for the HAM projects, a concept called adjusted net worth. Adjusted net worth is nothing, but net worth of the company minus a percentage of its balance commitment towards the future projects.

So if you have certain projects awarded, a percentage of it is taken off from your net worth to compute with what kind of projects you can bid for or target to win. Now given that situation and that we are already L1 or emerged L1 in a large project, which will need substantive equity commitment, our net worth at this point in time is about INR2,000 crores or it should be at around INR3,000 crores in the consolidated level.

We -- that will subsume our -- my team corrects me that we are currently at INR2,800 crores net worth. That will subsume most of our net worth available for bidding for future projects, which are very value accretive. So it is a timely step in raising the finance when we can call for it in next -- over next 18 months to strengthen the balance sheet as the opportunities unfold.

So we think that as a prudent business, as you would know, in this industry, it is very important to have both cash flows, strong cash flows as well as strong network to win projects and be able to support those projects. We have gone on a prudent principle. I hope I've answered your question.

Riddhesh Gandhi: That's helpful. And is there any further update on your oil and gas blocks, which you can share with regards to any approvals or the development that's happening there?

Sandeep Garg: So I can only say that there is a very active engagement taking place between us, ONGC and the government to try and resolve the take-off point and the cost of transportation and processing, which means that, we expect this to resolve in the next 45 days or so. And once we have agreements in place, we will go for a field development plan as a cluster development for the project.

And based on the bullish that ONGC is able to commit to us and the phase it is able to commit to us for transportation and processing, we will have a clarity as to how do we create value out of this noncore asset, as I say. This is the only noncore asset that we have right now. And how do we divest while we create value for the stakeholders. So that's balancing which we will do. I would also want to be very clear here with my investors that any money or anything that we will commit to any of these projects will be a prudent capital allocation if we need to, to monetize.

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

Koustubh Shaha: Congratulations on a consistent performing quarterly. A couple of my questions have already been answered. So I have only one question actually. So we have undertaken a lot of operational efficiency steps. So are there any further operational efficiencies which we are working on and which will be value accretive to the company. That is one thing.

And secondly, after all this, from a total potential perspective, how do we look at ourselves in terms of what is the potential of the company across both the transport and the water segment? And where are we? And are there any further kinds of steps we can take to meet that complete potential?

Sandeep Garg: So see, the -- as we say, there is no limit to improvements. So - it is a continuous improvement journey. We have come to some levels. We are -- as Abhishek referenced in his journey about digitization that we are still looking at creating value through our supply chain efficiencies.

We are looking at creating value towards better decision-making and real-time decision-making, which can avoid a lot of infrastructures expense or delays in the projects, which all ultimately reflect in the bottom line. So I don't think that we have captured the full suit of it, but we are on the journey of it.

Now how much it will create value is a matter of time that we will be able to say and how we adapt to it -- how and when we adapt to it, how quickly we adapt to it. It will all be a matter of future. We will share it with you as we move along. The full potential of the company is in the growth.

As I said, we are in 3 segments. The transport, as you know, is growing at a very fast pace and is at least slated to grow at a very fast pace, especially in the area that we operate, which is the PPP projects. Tunnelling, as I said, is one of the fastest-growing industry at this point in time, and we forecast that in the next 10 years, we will do what we have not done in last 75 years.

And water, which is a basic necessity and a focus area for us where we want to be positioning ourselves as a technology-led solution provider rather than just a solution provider on a bid basis. So with these differentiation that we are trying to create, we believe that we still have a lot of room for improvement of margins going forward.

Koustubh Shaha: Okay. And lastly, now we have 2 independent CEOs for two different segments. So in the future, are we thinking of kind of hiving one of them as a separate entity or will continue within the same company as these two segments only?

Sandeep Garg: So right now, there is no such visibility about the splitting of the company into verticals or verticals into companies. It's all a question of scale, size, strength, potential, etc However, we are always open to any consideration which creates value for the stakeholders, depending upon the size, scale and how things evolve at an appropriate time with the due advice of everybody, we will consider what's best for the company and the stakeholders.

Moderator: The next question is from the line of Dhaval from 47 Alpha.

Dhaval: So I have two questions. First is with the growth focus on water treatment projects and infrastructure development in India, how do Welspun Enterprise position itself to capitalize on upcoming government policies and funding opportunities?

Sandeep Garg: So the way we are positioning, as I said, there are three ways that we offer differentiated offerings in water by -- due to technological associations, strong project management control and digitization. So we create opportunities. And as Saurin in his address said, we have created projects which are unique, multi story SBR, which is unique in India. We are using the smallest footprint, wherein land is a challenge in urban cities.

So I do believe that we are creating uniqueness in our offering, both for technology as well as from the offerings of efficiency through digitization, etc. So I believe we are uniquely positioned. And we are also banking on technologies, new technologies like SmartOps, etc, which will create a differentiated offering going forward. So I hope I have answered your question. Transport, as you know, we only go into PPP projects and complex and marquee projects, which already set us apart from -- in most of the places.

Dhaval: Okay. And one last question. Is there any plan to expand in new geographies to diversify the project portfolio to mitigate the sector-specific risk?

Sandeep Garg: See, we do not see any risk. We have already diversified into 3 segments, and I believe that the three segments are a very stable solution. However, we are always looking for opportunities. We see a lot of opportunities right now in India. If we perceive going forward any challenges, of growth or anything, then we will look at geographical diversification. I would only want to say geographical diversification beyond the borders comes along with the risks associated with the country risk, etc. So we are mindful. We need to strengthen the organization and our abilities before we diversify into those segments.

Dhaval: Okay. That’s it from my side congratulations for the great results.

Sandeep Garg: Thank you.

Parth : Can I ask

Sandeep Garg: Yes. Parth can you go ahead.

Parth: So thank you for the opportunity. I just wanted to ask when can you expect the LOA for Pune Shirur project? And on a full year basis for FY '27, how much revenue are we targeting from the same?

Sandeep Garg: So interesting question. I think you would appreciate that we are scouting for it. So putting a time line on the government to process is very difficult. However, I expect this to happen over the next few weeks at least definitely in this quarter. So that's our anticipation. Next question is FY '27, how much we will be able to book. It will all depend upon two things.

Number one, when do we get the award and when do we get the financial closure done because if it gets done in 6 months, then we would be starting the project in the monsoon. If we are able to get it done all the CPs, the government is able to meet their CPs as well as we are able to do the financial closure earlier. We may start before the onset of the monsoon, and we may be able to book more revenue. So we will come back to you as soon as this whole Jigsaw puzzle solves.

Parth: And also, are we planning any acquisitions across our vertical?

Sandeep Garg: Acquisition See, as I always said that we have -- we create a high level of liquidity because we always are open to value-accretive acquisitions of projects or companies. Any similar opportunity if it comes through, we will be very happy if it is value accretive and adds a long-term sustainable value to our stakeholders. At this point in time, are we looking at something? The answer is not that I can share with you.

Moderator: The next question is from the line of Avantika Jawahar an Individual Investor. Please go ahead.

Avantika Jawahar: Yes. My question has been answered.

Moderator: Thank you very much. The next question is from the line of Radha from B&K Securities.

Radha: Sir Aunta-Simaria PCOD received in May '25. So how long does it usually take since the time of receiving PCOD to the time of actual sale and receipt of cash from the sale of assets?

Sandeep Garg: So the law is -- the rule is COD plus 6 months, you have to hold more than 51% -- so the normal process is once you have received the first annuity, most of the buyers will look at the projects because that establishes every valuation metrics for the HAM project. We expect the first annuity on the project somewhere in the month of December.

And accordingly, the investors' interest we will be able to see and decide at what value we can sell. If it is value accretive and we believe it's the right value, we may be able to conclude the deal in either Q4 of FY '26 or in Q1 of FY '27, depending upon how things evolve.

Radha: And secondly, in opening remarks, while talking about -- you also -- Mr. Patel spoke about exploring new technologies for dealing with water challenges. So could you please elaborate what technologies are we talking about here?

Sandeep Garg: So it is early stages, but as Mr. Saurin addressed in his address, we are looking very actively on sludge management as to how the sludge management can bring efficiency. So we are wanting to create value from the waste. So the concept is how can we create a better future while creating a good business proposition.

Radha: So we're looking for another tie-up for the sludge management, sir?

Sandeep Garg: We are surely looking at the opportunities beyond SmartOps in technology.

Radha: I ask that are you looking for tie-ups with any organization for bringing this technology?

Sandeep Garg: Yes, we are looking at various opportunities. Now whether it will be a tie-up or anything else, the question is it will evolve as we go forward. It is difficult to say whether it's a tie-up, it's an acquisition, it is IP, it is collaboration. So there are n number of ways to look at issues. Tie-up is one of them. I would not want to comment upon that. All we are saying is we are looking at new technologies to create value.

Radha: Okay. Last question for the SmartOps, I believe that the Welspun Enterprises does not have exclusive tie-ups with the U.K. company as they are also executing projects independently in India. So as per the agreements, can any other company also tie up with the U.K.-based company to take the technology and execute projects in India? And what is the...

Sandeep Garg: Best of our knowledge, we have an exclusive tie-up for the complete India pan-India post the date of our agreement. Predated, I will not want to comment upon.

Radha: And sir, tie-up for how long?

Sandeep Garg: Can I request you to -- because this is -- these are getting into specific questions on agreements, can I request you to connect with the -- our team at Investor Relationship, and they will connect you to the person who is responsible for the SmartOps to answer specific questions.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Sandeep Garg: Thank you, everyone. Thanks once again for coming and joining us today. 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. I hope we have addressed all your queries. Should you have any further questions or feedback, please feel free to reach out to our CFO or Investor Relations team. Thank you, and good day.

Moderator: Thank you very much. On behalf of Welspun Enterprises, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.