



“Welspun Enterprises Limited
Q1 FY '26 Earnings Conference Call”
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MODERATOR **MR. VAIBHAV SHAH – JM FINANCIAL INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Welspun Enterprises Q1 FY '26 Earnings Conference Call. 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 from JM Financial. Thank you and over to you, sir.

Vaibhav Shah: Thank you. On behalf of JM Financial, I welcome everybody to Q1 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 World. Over to you, sir.

Salil Bawa: Thank you, Vaibhav, and good afternoon to all of you. On behalf of Welspun Enterprises Limited, I welcome each one of you to the company's Q1 FY 2026 Earnings Call. Along with me today, I have Mr. Sandeep Garg, Managing Director and CEO; Mr. Saurin Patel, Managing Director of Welspun Michigan Engineers Limited, Mr. Abhishek Chaudhary, Chief Executive Officer of Welspun Enterprises; and our CFO, Mr. Lalit Jain. I have also Sangeeta Tripathi, who leads the Investor Relations for Welspun Enterprises.

We hope you have had a chance to review the investor presentation that we filed with the exchanges yesterday. The presentation is also uploaded on the company's website. During today's discussion, we'll be making references to this presentation. Hence, we request you to take a moment to review the safe harbor statement in the presentation. As usual, we'll start the forum with the opening remarks from the leadership team, and then we'll open the floor for Q&A. Once the call gets over, should you have any further queries, please feel free to connect with any one of us.

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

Sandeep Garg: Thank you, Salil. Good afternoon, everyone. I'm pleased to welcome you to the Welspun Enterprises Q1 FY '26 Results conference call. I thank you all for being present today. In Q1 FY '26, our consolidated revenue declined by 9% year-on-year. This was expected. I would want to reference to my earlier guidance for the FY '26, wherein I had mentioned that around 40% of our targeted revenue will come in H1 of this year, unlike previous years, where our revenue was more evenly distributed amongst both halves.

The early onset of monsoon has also impacted our revenue this year, and we have lost approximately 10 days on our road projects. This led to fewer operational days and consequently impacted our revenue. Mr. Lalit Jain, our CFO, will share some more details on this in the call later. Despite this, our margins expanded and the EBITDA grew by 8% year-on-year from INR193 crores in Q1 FY '25 to INR208 crores, underscoring our continued focus on operational efficiency and margin resilience.

Our subsidiary, Welspun Michigan Enterprises Limited or WMEL, began the year with a healthy performance, reporting revenue of INR208 crores, up 45% year-on-year. Mr. Saurin

Patel, Managing Director of WMEL and CEO Water vertical, will provide further insights on both WMEL and our water segment shortly.

As on 30th of June 2025, our stand-alone order book stands at INR11,960 crores, I correct myself INR11,962 crores, while our subsidiary, WMEL holds an order book of INR2,805 crores, bringing the consolidated order book to INR13,665 crores. It is important to clarify that WMEL order book includes INR1,102 crores order related to DGT project, which has been sourced from WEL.

Additionally, the consolidated order book also includes O&M contracts worth INR4,400 crores. Further, we are actively pursuing new projects worth of INR12,000 to INR13,000 crores, which are likely to be bid over the next 30 to 45 days. We believe these opportunities will strengthen our growth visibility and execution pipeline.

On the balance sheet front, we continue to maintain a strong financial position with consolidated cash reserves of INR1,068 crores. This provides us with significant flexibility to pursue our growth opportunities while maintaining financial discipline. Mr. Lalit Jain, our CFO, will walk you through the financials in greater detail.

Coming to road project updates. As expected, and shared during our Q4 earnings calls, I'm pleased to confirm that we have received the provisional completion certificate, PCOD, for the landmark Aunta-Simaria bridge project. To reiterate its significance, this is India's widest extradosed cable stay bridge spanning 1.8 kilometers over the Ganga with a 34-meter wide deck. This connects Patna to Begusarai and is expected to reduce the travel time by over an hour. This project truly exemplifies engineering excellence and innovation. As stated earlier, we will attempt to monetize this project during the fiscal year.

In addition, our Mukarba Chowk-Panipat or MCP project, has received its completion certificate. In line with our agreement with Actis, we will now move forward with the transfer of our remaining 51% stake after completion of necessary formalities. Varanasi Aurangabad road project, the project is advancing steadily and will be completed by this financial year. SNRP project, the project has achieved about 70% physical progress and is on track to receive the provisional completion certificate in this calendar year.

Coming to oil and gas. As informed last time, we have signed an agreement for the Block C-37 adjacent to our existing assets. We are currently progressing on evacuation discussions with ONGC and DGH and once finalized, we'll announce our strategy for further development. I'm happy to share that our commitment to excellence continues to be recognized. Our Varanasi Aurangabad Road project won the Gold Award for Road Safety Excellence at the 2025 OHSE Excellence Awards.

Our supply chain team won the "People's Choice Award at Alden Global's Supply Chain & Logistics Awards chosen from over 200 entries. Welspun Enterprises was named Maharashtra State's Best Employer Brand at the 20th employer branding awards, highlighting our strong HR businesses, business alignment and people-first approach. These recognitions reaffirm the direction we are taking and the talent we have across the organization.

As mentioned earlier, FY '26 will see a back-ended execution cycle, projects such as Bhandup Water Treatment Plant, and Dharavi Ghatkopar tunnel have moved past the pre- implementation stage and will now be under execution post monsoon. We thus expect execution momentum to accelerate in Q3 and Q4 of FY '26.

I want to reaffirm that we are well positioned for long-term value creation and expect our FY '26 revenue to grow to INR4,000 crores to INR4,100 crores at a consolidated level. With a sharp focus on high-return segments, disciplined execution and strength of robust order book, we remain confident in our ability to drive sustainable growth and deliver meaningful value to all our stakeholders.

Further, I would like to take this opportunity to mention that our CEO, Mr. Abhishek Chaudhary, will be addressing you later in the call to discuss our strategic priorities and approach to operational excellence.

Thank you once again for your time and support. I'll now hand over this call to Mr. Saurin Patel for his remarks.

Saurin Patel:

Thank you, Sandeep, and good morning to everyone. I appreciate your interest in the company, and I'm pleased to present key updates from our Water vertical, along with our strategic outlook. Welspun Enterprises is strategically strengthening its position as a specialized engineering solutions provider in the water infrastructure sector, an underserved market with substantial growth potential.

We aim to focus on expanding ourselves into complex high-value segments, such as tunneling, wastewater treatment and large-scale water delivery systems. These areas present strong demand and attractive opportunities for market leadership, driven by accelerating urbanization and increasing environmental priorities, the factors that underpin our confidence in delivering sustainable returns.

Now let me briefly take you all on our project updates in the Water vertical. The Dharavi wastewater treatment facility. This flagship project is progressing on track. Our sequencing batch reactor, SBR, all the RCC works will be finalized by quarter 2. The blower building RCC works are ongoing and are expected to be completed by August 2025. Excavation for the IPS and sludge areas is progressing well. We soon look forward to inviting you for a site visit to witness this progress firsthand.

The Bhandup water treatment facility, I'm pleased to announce that all critical clearances for the Bhandup project have been secured. The project will start in full swing in quarter 3 FY '26. Excavation work in the inlet, active flow and DMF area is currently underway. The Uttar Pradesh Jal Jeevan mission, UP JJM. We remain on track for project completion. The works are progressing smoothly. And once commissioned, the initiative will positively impact nearly 2,500 villages, delivering a substantial social benefit alongside economic value.

Smart Ops, a transformational water venture. Turning to Smart Ops, our technology-driven joint venture in the water treatment area, Smart Ops offers a modular, scalable and cost- effective platform to rejuvenate and recycle contaminated water bodies, including urban drains

and ponds. We have successfully completed 2 projects in FY '26, including a 285 million-liter cleaning and treatment project at Dighalipukhuri in Guwahati, in Assam and Durga Kund rejuvenation in Kashi, Uttar Pradesh of 112 million-liter water body.

Recognizing the nationwide potential, we have institutionalized Smart Ops as a separate company. For the Dharavi Ghatkopar tunnel project, we are working on securing pre-project clearances and expecting to start the shaft work at the Dharavi outlet in quarter 3 FY '26.

Welspun Michigan Enterprises Limited. Our subsidiary, WMEL continues to exhibit strong momentum. In quarter 1 FY '26, WMEL reported revenues of INR208 crores, reflecting a 45% year-on-year growth with an EBITDA margin of 21.8%. As of June 30, 2025, WMEL's order book stands at INR2,805 crores, delivering a robust book-to-bill ratio of approximately 3x and strong revenue visibility over the coming quarters. We are, of course, targeting several opportunities across various segments and are hopeful to convert this into a robust additional order book during the current financial year.

We remain deeply committed to scaling our water infrastructure business, leveraging our expanding capabilities, early project execution successes and strong financial performance. Our strategic combination of engineering expertise, technological innovation and disciplined project management positions us well to create sustainable long-term value in this critical sector.

I now invite our CEO, Mr. Abhishek Chaudhary, to take you through our strategic priorities and approach to operational excellence. Over to you, Abhishek.

Abhishek Chaudhary: Thank you, Saurin. Good afternoon, everyone, and thank you for joining us today. We are at a pivotal moment in our journey, where strategy, innovation and sustainability comes together to create a long-term value. Today, I'll share with you all how we are driving growth, strengthening operations, embracing digitalization, building a future-ready organization and embedding ESG principles into everything we do. These are not just initiatives. They reflect our commitment to consistent results, market leadership and responsible business.

Digitalization, adoption of tools like 3D 4D, 5D, and S/4HANA, digitalization of the entire project management dashboard, process optimizations, real-time data analytics, the redefining our supply chain processes, integration of e-governance, which will further improve our control and bring in operational efficiencies. Further, by aligning our functional support with the business needs and through continuous process optimization and effective performance management, we are improving our efficiencies.

We are also building the organization for the future. Our people and culture are central to our long-term success. We are investing in leadership development, reskilling and fostering a culture based on Welspun's LITE values, which is learning, innovation, trust and endurance. We are nurturing young talent from top institutes and also partnering with them for exploring the research and development opportunities.

ESG, environment, social and governance, we are driving social impact through initiatives like decarbonization, through clean mobility, alternative fuels, solar adoption, etc Last year,

we have reduced over 50,000 ton CO2 emission, saving 1.7 lakh kiloliter of construction water and recycling 9,000 metric ton of construction waste. We stand committed to our Chairman's vision of 3G, growth, green and governance, for a sustainable and responsible growth, while also prioritizing environmentally sustainable practices and strong corporate governance.

With a clear strategic foresight, operational trigger, digital innovation and a future-ready organization, coupled with strong ESG principles, we are well positioned to deliver sustainable growth and long-term value for our investors.

Now I would like to hand it over to Mr. Lalit Jain, CFO, WEL, for taking you all through the financial results of Q1 FY '26. Over to you, Lalit.

Lalit Jain:

Thank you, Abhishek, and good afternoon, everyone. I appreciate your interest in our business and performance. I will now walk you through our Q1 FY '26 financial results followed by an overview of our segment-wise performance.

Quarter 1 FY '26 consolidated financial performance. Revenue from operations stood at INR845 crores, marking a 9% year-on-year decline. This was primarily due to three factors. One, early onset of monsoon from May, which curtailed execution by 10 days. Two, current year guidance of back-ended revenue growth with H1 H2 at 40:60 ratio. This is driven by completion of two road projects early in the year and further commencement of the key water project post monsoon in the H2. Reason 3, absence of onetime claim of INR16 crores that had positively impacted revenue in Q1 FY '25.

As per our revenue guidance for H1 was 40% of annual turnover. Top line should have been INR840 crores for Q1 FY '26, whereas our top line is INR845 despite being the early onset of monsoon by 10 days. Due to this, we lost turnover by INR30 crores. By considering the same, our top line is higher by 6% to 7% against guidance.

EBITDA margin improved to 23.8% compared to 20.1% in Q1 FY '25, an expansion of 377 basis points year-on-year. Despite the top line decline, EBITDA grew 8% year-on-year, reaching INR208 crores, reflecting strong operating efficiency. Profit before tax was broadly stable at INR154 crores compared to Q1 FY '25.

Now Q1 FY '26 stand-alone financial performance. Standalone revenue from operations is INR604 crores, representing a 19% year-on-year decline. EBITDA for the year is INR124crores, down by 4% year-on-year, while the margin improved by 289 bps rising from 16.6% in Q1 FY '25 to 19.5% in Q1 FY '26. PBT stood at INR117 crores, reflecting a 2% year-on-year decline.

Balance sheet position. Our balance sheet remains strong and resilient. On a standalone basis, net worth stands at INR2,776 crores, and we continue to maintain a net cash position of INR988 crores. On a consolidated basis, net worth is INR2,811 crores with a net debt of INR378 crores.

Now segmental performance Q1 FY '26 on consolidated basis. Segment by revenue distributions; Transport, INR316 crores, 37% share; Water, INR310 crores, 37% share.

Tunnelling & rehabilitation INR218 crores, 26% share. The Water segment registered robust 38% year-on-year growth, whereas the Transport segment declined by 43%, largely due to the completion of two major projects: Mukarba Chowk project, that is MCP and Aunta-Simaria project in the previous quarter, while the tunneling and rehabilitation segment grew by 53% year-on-year basis.

The expansion in margin reflects the improved quality of our project mix and our continued focus on cost optimization and execution efficiency.

In summary, despite seasonality related challenges, our performance demonstrates resilience and improving profitability. We remain well positioned to capitalize on future opportunities with a strong balance sheet, operational discipline, healthy order bid pipeline for future.

Now we open the floor for question and answer. Thank you.

Moderator: Thank you very much. The first question is from the line of Koustubh Shaha from Wallfort PMS. Please go ahead.

Koustubh Shaha: Thanks for the entire management for the detailed overview of various segments. My first question was to Abhishek. Abhishek, you mentioned about the digital initiatives and capability building. Can you throw some more light as to what exactly this is going to help us? And whether this initiative has already helped us in the Q1 in terms of the margin improvements? If you can be detailed, it will be more helpful to understand.

Abhishek Chaudhary: Sure, Koustubh. On the digital initiative front, as I've explained to you in my opening remarks, we have already implemented and migrated to S/4HANA, which is SAP 4HANA. We have also digitized the entire project management system, which is an in-house developed system called WEL-Darpan. And the entire project reviews are now taking place on this. And we have also developed MIS tool.

We are working on very pathbreaking initiatives, like 3D, 4D, 5D building information memorandum system for our projects at Dharavi and Bhandup, and wish to complete e-governance in our working and use of AI tools for increasing operational efficiencies in the existing business segments. And definitely, because this is a journey, which we have started, and it has started contributing to our margins. And as we move forward, we will reap in more results.

Sandeep Garg: Just to add to what Abhishek said, Sandeep Garg here. Just to add to what Abhishek has said, the margin expansion that you see is also directly correlated to better utilization of the resources, which was possible because of the real-time information that we could get through the improved information systems and real-time data, which was available for decision-making.

Koustubh Shaha: Okay. So can we assume that the margins will be around 24% or 25% from here on the EBITDA side?

Sandeep Garg: So the guidance, we would not want to change because of various reasons. But yes, we see our projects to be able to deliver similar margins. The project, once the product mix changes, and

we have a few more transport projects, we will come back and give a revised guidance if we need to.

Koustubh Shaha: Okay. Fair enough. Next question was on the, so we have a healthy cash on the balance sheet. So are we looking at any M&A activity in the water space or what your view is as to how the cash will be utilized in the future?

Sandeep Garg: So two parts of the question. I would want to address them. Number one is do we see the use of cash that we have in the business that we look ahead. The answer is we see a significant work getting awarded in the coming months, both in the Water and the transport verticals. And there will be also in these two modes of execution that is through the BOT or as well as to HAM.

We see the consumption of this cash in the businesses very easily. And as we have maintained, we are always looking for opportunities where we can collaborate, innovate and bring in cutting-edge technologies, which are value accretive for the stakeholders. So always open for any acquisition or merger in case it brings value to our stakeholders.

Koustubh Shaha: Sure. One more question on the order book side. So, in the last con call, you had mentioned that for FY '26, we should see a good healthy order inflow of around about INR9,000 crores to INR10,000 crores. But if I see for this quarter, it has been hardly INR200-odd crores. So are we still confident of that number, achieving that number by the year-end?

Sandeep Garg: So a very good question. Thank you for asking this. So yes, first of all, let me try and take you through the pipeline of the projects that we have. We do have a healthy order book but we need to build on to it. As I said, our consolidated order book stands at INR13,665 crores, including O&M order of about INR4,400 crores. It gives us the visibility. However, as I said in my opening remarks, we are actively pursuing opportunities of about INR12,000 crores to INR13,000 crores over the next 30 to 45 days bid out. Hopefully, we'll win a few of them.

I also understand that NHAI is coming with large order pipeline of about INR3 lakh crores over the next 8 months. These are large value contracts both in HAM and BOT, so we expect to win a few there as well. There is a large value contracts in water in the states of Maharashtra, Madhya Pradesh and Rajasthan, and we are well poised for exploiting those opportunities.

So overall, I'm very confident that over the next eight months, we will book fresh orders in the range of INR10,000 crores to INR11,000 crores. And I am reasonably confident that the Q2 will be a better announcement from a standpoint of order book.

Koustubh Shaha: Great. And with your permission can I ask one last question?

Sandeep Garg: Please go ahead.

Koustubh Shaha: So lastly, so how do we position ourselves? So we position us as a water infra play or because you also mentioned about the road infra projects that you will be bidding for? So how do we

position ourselves? Are we a pure-play water intra or we a combined water plus transport and in the future, would you kind of have a demerger of the transport segment or you continuing the same entity? That was my last question.

Sandeep Garg:

So let me bring out very clearly that we will continue to play in transport, which has been our forte in the past. We are adding a vertical of water, which is going to be more technology- driven play rather than pure white label play as the road seems to have come through. So we want to create differentiation there, and that is why there is a focus. But we are not giving up our core strength in road or in transport verticals.

We may move to more value-accretive segments within the transport of focusing more on complex projects in tunneling, etcetera, etcetera, or the elevated structures but that shall remain as a part of the company as we look forward into future.

Koustubh Shaha:

Fair enough. Thanks for all the answers and all the best to the management for the future.

Moderator:

Thank you. The next question is from the line of Dheeraj Ram from Ashika Group. Please go ahead.

Dheeraj Ram:

So my first question is, you have given a revenue growth guidance of 15% to 20% in 4Q, and we have done a slight degrowth. And considering the upcoming quarters, do you still maintain the top line guidance?

Sandeep Garg:

As I said in my opening statement, we are committed to delivering revenue anything between INR4,000 crores to INR4,100 crores, which is in the range of 15% over the INR3,550 crores revenue reported in FY '25. So I want to bring in that even despite what you see today, we have seen it earlier and hence given the guidance that we will be having a more skewed towards H2 revenues. And given the guidance of about 40%, Q1 has been slightly thereabout in the same range of 20% of the revenue target.

The Q2, as you see, there's a very monsoon driven impacted play. Depending upon how our job sites see that, we will be maybe at 20% of our guidance or slightly lower than that. But overall guidance for the FY '26 remains unchanged with anything between INR4,000 and INR4,100 crores at the consolidated level.

Dheeraj Ram:

Okay, sir. And the second one is you've said the bid pipeline in prior participant's question. So can we see over 50% or 60% and above orders coming from water or at least in the bid pipeline since this segment had seen a significant improvement in margins, in EBIT margins both Y-o-Y and Q-o-Q.

Sandeep Garg:

So we will be targeting some more value-accretive projects. Whether they will come from water segment or they will come from transport? It is very difficult to predict. As you know, we are in a bided environment rather than anything else. So yes, the focus is to bid for projects which are more value accretive. Now whether we will be able to continue our streak to grow water at the same rate as we have grown or not will be seen by the bidding pattern.

Anything that you would like to add, Saurin?

- Saurin Patel:** I think, Sandeep, you've said it well. We see substantial momentum coming into the tunneling space as well as the rehab space in the water segment. And we are very excited about how our initiative in the wastewater transformation through Smart Ops is shaping up. So yes, I can only confirm and reiterate what you have just disclosed on the call.
- Dheeraj Ram:** Okay. And just last question, if I may. Can you give me the breakup between how much revenue contribution from Bhandup and Dharavi project for Q1?
- Lalit Jain:** Project wise bifurcation, if you want, you can connect with offline, we will discuss, and I've given in the financials.
- Dheeraj Ram:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sailesh Raja from B&K Securities. Please go ahead.
- Sailesh Raja:** Out of INR12,000 crores to INR13,000 crores that we have delivered, so what is the breakup of road and water?
- Sandeep Garg:** So the current forecast that we are targeting is practically balanced. We are targeting 50%, 50% of the others, 50%, 50% bid pipeline as we see at this point in time for the next 30 to 45 days.
- Sailesh Raja:** Okay. Okay. So what is your order intake that you expect from each of the business verticals like WMEL, Smart Ops?
- Sandeep Garg:** So Smart Ops will remain small. It will be in the range of about, for the FY '26, it will be in the range of INR80 crores to INR100 crores. So that's what we expect it to be.
- Sailesh Raja:** This is the new order intake you're talking, right?
- Sandeep Garg:** That is correct. That is correct. So we are talking only about the order. The intake between Michigan and WEL, I think the bulk of the orders will come from the WEL. The order intake at the level of directly at the WMEL maybe in the range of about INR600 crores. The balance order will be contributed by WEL.
- Now giving a split between the two of Water and Transport is very difficult. As I said, it's a big environment. But given the size of the opportunities that we look in both, we see that the order book in both of them will be pretty healthy in the three quarters to come in this year.
- Sailesh Raja:** Okay. Sir, have you bid for the desalination project in Mumbai?
- Sandeep Garg:** Yes, as you know, it's still not bidded and it will be improper for me to declare our strategy.
- Sailesh Raja:** Okay. Sir, how do you see the growth in the next year, FY '27 as most of the projects -- road projects will get over by this year. Even if we win the road project in next 45 days, can we book decent revenue in FY '27?

- Sandeep Garg:** So the forecast, as I said earlier, almost 93% of our revenue for the FY '26 is covered by the existing orders. So FY '26 is pretty much there political and the weather vagaries, notwithstanding enforcement or situation, we are very confident of our FY '26. And it is true if we book the orders in the early part of FY '26, we will see some revenues flow through them in the FY '27. If we bid them pretty late in FY '26, they will start contributing from H2 of FY '27.
- Sailesh Raja:** Okay, sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Parth Thakkar from JM Financial. Please go ahead.
- Parth Thakkar:** My first question is what would be our current L1 position, sir?
- Sandeep Garg:** We are not L1 in any of the bid. In fact, as we speak, there is no bid open but we are expecting to bid for, as I said, in the next 30 to 45 days anything upwards of INR12,000 crores to INR13,000 crores.
- Parth Thakkar:** Okay. And what is our outstanding order book on the Mumbai Dharavi Wastewater Treatment?
- Sandeep Garg:** I must correct myself. Before we go forward. I must correct myself. There is a project where we are L1 but we have counted it out because we have no formal information from the client for quite some time.
- Parth Thakkar:** So what is the value of that?
- Sandeep Garg:** INR1,850 crores value contract, we are L1, but we do not declare it because we have not heard from the client as to what their view on that particular order is. So we are not counting it at this point in time, neither in L1 or in the order book.
- Parth Thakkar:** Okay. What is the outstanding order book in the Mumbai Dharavi Wastewater project?
- Sandeep Garg:** Can I request you to take project-specific conversations offline, Parth, so that we can give you exact details?
- Parth Thakkar:** Okay. And can you also provide the overall bid pipeline like vertical-wise, if that's possible?
- Sandeep Garg:** So we expect, the order pipeline, as I said, is huge, NHAI is coming up with INR3 lakh crores. We expect another INR2 lakh crores in the water state, notwithstanding in the transport and water, transport. So there's a huge opportunity going forward. Now a big pipeline for us because we don't bid everything, so I would expect that we would be bidding anything between INR70,000 crores to about INR1 lakh crores worth of orders in the next nine months.
- Parth Thakkar:** Thank you. Those were my questions.
- Moderator:** The next question is from the line of Raman from Sequent Investments. I will request you to come back in the queue, sir. The next question is from the line of Mr. Vaibhav from JM Financial.

Vaibhav Shah: What is the position on JJM projects in UP? So last time you indicated that our outstanding receivables are close to INR200-odd crores. So what would be the order book over there? And has there been any payments received in the quarter on the year so far?

Lalit Jain: Vaibhav, the UP JJM cash flow for this quarter, we have received around INR30 crores in this quarter. And money stuck till now is INR237 crores as per our books of accounts. However, we talked about the contract, as per contract receivable is INR330 crores.

Sandeep Garg: And it is true, Vaibhav, that the collections have been slower than the plan. But I would want to add that we have remained focused on execution and completion of the project. And we do expect the Q3 to be better as far as collections are concerned.

Vaibhav Shah: Okay. And sir, what was the project size and the outstanding order book now for the project?

Sandeep Garg: I would request if you could, on a project-specific order execution and project specifics order outstanding, if we can take it off-line.

Vaibhav Shah: Okay, sure. And sir, are we open to any more JJM projects, maybe in UP or any other state?

Sandeep Garg: I don't think at this point in time, we have the bandwidth to take such a project. We will want to stay away from these highly distributed projects at least as of now.

Vaibhav Shah: Okay. And sir, lastly, out of our total order backlog, what would be the execution right now?

Sandeep Garg: Can you repeat the question, please?

Vaibhav Shah: Out of our total order backlog, what would be currently under execution? Where are we awaiting the start dates?

Sandeep Garg: So the all projects that we have are, the start dates are already there. So projects are all ongoing. There's not a single project that we have on hand where the project is not ongoing. Certain projects, which are, as I said, Bhandup water treatment plant and Dharavi Ghatkopar tunneling was in preconstruction approvals of statutory approval stage, which we have met. And we expect the Bhandup to start full swing civil works post monsoon. And Dharavi Ghatkopar, we expect the shaft work to begin at Dharavi post monsoon.

Vaibhav Shah: Okay. And sir, apart from the JJM, any other projects where payments are delayed or it is on time?

Sandeep Garg: Not really.

Vaibhav Shah: Thank you, sir. Those were my questions.

Moderator: Thank you. The next question is from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.

Vishal Periwal: Sir, in terms of guidance, we did clarify but if one look at between stand-alone and consol, I mean, will it be more growth driven by Michigan or how do you see that?

- Sandeep Garg:** So I think definitely, the growth rate of Michigan is going to be higher because it's a lower base. So that's for sure. But the growth will be across both the companies. And we are giving the guidance only at the consol.
- Vishal Periwal:** Right, right. No, the reason why I'm asking is like probably this if Michigan is driving then the EBITDA margin could be better than what we have done or what we are seeing?
- Sandeep Garg:** So the EBITDA margins, Vishal, will, as I said, we are not changing our guidance. But our projects are capable of giving the returns that you see in Q1 at this point in time.
- Vishal Periwal:** Okay. Right, sir. And then maybe one last thing. In the initial part of the commentary, you mentioned Smart Ops in a separate company. So, I just thought to clarify what exactly it means or if I've heard it right?
- Sandeep Garg:** So, do I take this question?
- Management:** Please go ahead.
- Sandeep Garg:** So Smart Ops, we see is a much different play than the bidded and competitive environment that we see both in Welspun Michigan and Welspun Enterprises level. It is a very different business, technology-driven. It will need a very different set of skill sets to manage that business, which is distributed as well as it is long-term operation and maintenance driven, etcetera, etcetera.
- So, we have created a company, and we are expecting its CEO to join very soon. It's being populated. The management team other than the CEO is already in place. And it is a joint venture with the Smart Ops U.K. So it is going to be a very separately housed business vertical.
- Vishal Periwal:** So when you say separate vertical, it's a part of the Welspun Enterprises or it's, I mean, like a different company altogether?
- Sandeep Garg:** No, it is the parent for Smart Ops U.K. is going to be Welspun Michigan.
- Vishal Periwal:** It's a part of Welspun Michigan?
- Sandeep Garg:** Yes.
- Vishal Periwal:** Okay. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** First question is on the guidance. So if I work out the guidance of INR4,000 crores to INR4,100 crores, that is 12% to 14%. So, we are revising it down from 15% to 20% in the previous quarter. Is that correct?

- Sandeep Garg:** So, because there has been reclassifications and everything, everything happening in the accounts right now, I have moved the guidance to become more specific to be in the ranges of INR4,000 crores to INR4,100 crores. And I have clarified that the base is INR3,550 crores, which if we reach the INR4,100 crores, will be about 15% is what my computation says. And that's what we are targeting.
- Sarvesh Gupta:** Okay. Understood. And secondly, on the margin side, now two things have happened. One thing that you spoke about is the introduction of more technology leading to efficiency gains. And secondly, there is the mix change because now the overall revenue profile is dominated by tunneling and water, unlike earlier when road used to be the most important part. So, what would be the sustainable EBITDA margin, excluding other income, that we should target from the mix that we have now, which is different?
- Sandeep Garg:** So you're right to the extent that the EBITDA margins will be governed by the product, the mix of the revenue. However, we expect the split to remain more or less equal between the three verticals that we are talking about, which is the Transport, the Tunneling and the Water. So I would not want to change the guidelines but guidance on the EBITDA but the EBITDA that you see in Q1 is sustainable in that range.
- Sarvesh Gupta:** Okay. And finally, on the order inflow, so earlier when we were, I think, talking about INR9,000 crores to INR10,000 crores, we are incrementally more positive about getting higher orders in FY '26 as opposed to previous quarters? Is that...
- Sandeep Garg:** That is correct because we see much better visibility both on water as well as on the transport. And our interactions with our prospective clients tell us that they are bullish about the order pipeline going forward in the next 8 months.
- Sarvesh Gupta:** Okay. So, and one project, which got completed, so how much is the receivable when we sell that particular project, Meerut one, right?
- Lalit Jain:** Yes. This project is Aunta-Simaria, which we have got the PCOD on 15th May. In this project, we have invested equity of INR160 crores. It would not be appropriate to talk about the valuation at this moment. Since it is a marquee project, we expect that this would provide us return in 2x, which is better from the last monetization deal, which was at 1.5x. We expect to close this in the current financial year.
- Sarvesh Gupta:** No, sir, the Mukarba Chowk-Panipat project we've PCOD. So is there any receivable?
- Lalit Jain:** Yes, yes, there is a receivable. So we have already sold this project to Actis and price is already fixed, INR269 crores plus 6% interest from 2022. Differential amount, we have already taken some money, so that will be transferred. So net impact will be around INR140 crores we will get from the -- in terms of the cash flow.
- Sarvesh Gupta:** Okay. And on Smart Ops, so how much will be WMEL shareholding in Smart Ops?
- Sandeep Garg:** The holding in the Smart Ops, WMEL is 50%.

Sarvesh Gupta: 50%. So net for our company will be 50% into 60%, like 30%.

Sandeep Garg: 30%, that is correct.

Sarvesh Gupta: Okay, sir. Thank you and all the best for the coming quarters.

Moderator: Thank you. The next question is from the line of Bhavik Shah from Invexa Capital. Please go ahead.

Bhavik Shah: First, I wanted to clarify. Sir, did we say INR10,000 crores to INR11,000 crores of order inflow guidance for FY '26?

Sandeep Garg: That is correct.

Bhavik Shah: Right, sir. And sir, we have a strong order book in Michigan of around INR2,900 crores. So generally, what is the execution timeline over there?

Sandeep Garg: Do I take this?

Management: Yes, please go ahead.

Sandeep Garg: Okay. Because one of the orders in that INR2,900 crores is an INR1,100 crore order book, which is a long-term contract, which should take about seven years to complete. The rest of the order book, the normal time lines are anything between one and a half years to three years.

Bhavik Shah: Okay, sir. And sir, we have an investment of INR137 crores in our press release. So is it only the HAM investment? Or is it including the capex and all other investments? Can you just break it up, if possible?

Lalit Jain: This is equity investment in HAM project.

Bhavik Shah: Okay. Equity investment of INR137 crores, right?

Lalit Jain: Yes.

Bhavik Shah: Okay. And sir, last question. Are we seeing any delays in Maharashtra in, say, bids opening up, bids coming or, say, on the receivable side as well? Anything that we are witnessing?

Sandeep Garg: We are not witnessing any delays on the receivables. So our receivables are absolutely real time. So there is nothing that we can see. These large projects getting delayed by a month or this way or that way is something that all businesses anticipate. So we don't see any, we are more flat as far as what we see.

Bhavik Shah: Okay. So there's no negative impact of the likely banner scheme which you are seeing in Maharashtra?

Abhishek Chaudhary: No. We see no negative impact.

- Moderator:** Thank you. The next question is from the line of Riddhesh Gandhi from Discover Capital. Please go ahead.
- Riddhesh Gandhi:** Any update you can give us on what's happening with the oil and gas business and any update on the development approvals?
- Sandeep Garg:** Thank you. I was hoping this question. I had addressed this in my opening statement. As I said that we are working with ONGC and DGH for the evacuation of the asset. So as you would recall that we had given -- the main project that we have or the main block that we have is MB-OSN-2005/2 or Mumbai block, we had given the declaration of commerciality last quarter. So we expect the evacuation discussions to conclude in next 60 to 90 days hopefully.
- These are government companies and this is government. And as you know that government has come up with the rules for sharing of infrastructure. So if the rules are quickly adapted, the draft rules are already out. It will be easier to conclude the discussions. And based on that, we expect in the next Q3 to have a better information to share with you.
- Riddhesh Gandhi:** So as and if the things play out, could you give us the kind of contours of how this could look?
- Sandeep Garg:** So we have three blocks, as you know, MB-OSN-2005/2, B-9 and C-37. Commerciality of all the 3 blocks is established. The question is how the evacuation will take place in the surface facility as far as the blocks are concerned is reasonably well clear to us.
- The clarity is what does not exist at this point in time is where, from which route will we evacuate this gas and condensate and process it where. So these two issues are right now under discussion with ONGC and DGH. So the controls are, once this is known, we will actually know in what time frame these can be monetized.
- Riddhesh Gandhi:** Alright, sir. Thank you. That's all from me.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for closing comments.
- Sandeep Garg:** Thank you, everyone. 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, and good day.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of JM Financial Institutional Securities Limited and Welspun Enterprises, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.