



“Welspun Enterprises Limited
Q3 & 9M FY2021 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Welspun Enterprises Limited Q3 & 9M FY2021 earnings conference. Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature and may involve risk and uncertainties. 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 "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from DAM Capital. Thank you and over to you, Sir!

Mohit Kumar: Thank you Aman. On behalf of DAM Capital we welcome you to the Q3 FY2021 earnings call for Welspun Enterprises. From the management side, we have with us Mr. Sandeep Garg, Managing Director and CEO, Mr. Akhil Jindal, Group CFO and Head Strategy. We will start with an update on the management for the past quarter and then proceed to the Q&A session. Over to you Sir!

Sandeep Garg: Thank you, Mohit. Good morning everyone. Good day ladies and gentlemen. On behalf of Welspun Enterprises Limited, I welcome you all for the Q3 FY2021 conference call. I hope that you, your family, and colleagues are well and continuing to take necessary safety measures. On this call from management side, we have me and Mr. Akhil Jindal. I believe you would have already gone through the financial results published yesterday. Before we go into the details of this quarter, let me quickly start with key recent developments.

First, we have received orders worth 1100 Crores in EPC segment by UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department. Second our Gagalheri-Saharanpur-Yamunanagar, GSY HAM project worth 1352 Crores received PCOD during the last quarter. Meanwhile, we at Welspun are taking extreme precaution and highest standards of hygiene and safety are being practiced by our staffs across all our locations and in order to create awareness and protect our employees. Additional efforts have been implemented to make sure that our workers remain safe.

We are following the additional guidelines as per the center and the respective state and government with respect to office attendance policies for our employees from the safety and wellbeing. I would now want to cover the operational performance. Our revenue in Q3 FY2021 is down 17% year-on-year. This is primarily due to two reasons, one, is the NGT ban and farmers agitation impacting our Mukarba Chowk-Panipat project. The NGT ban is removed and secondly, due to the forest clearances of files from Amaravati project. I want to clarify, but the land acquisition is not the issue for Amaravati, it is the permission to enter into the forest area, which is pending, which is holding down substantial work front.

In spite of our revenue going down, our operating EBITDA margin is at 11.4% up by 23 basis points year-on-year, so operationally we are trying to be as efficient as we can be. Our revenue in 9 months FY2021 is down by 31 year-on-year primarily with the loss of revenue that we incurred in the Q1 FY2021, you will recall that in the Q1 FY2021, we lost our revenue equivalent to about 350 Crores. I would also want to say that this farmer agitation continues to adversely impact us, and it shall impact our revenue projects of FY2021 because one of our major project Mukarba Chowk-Panipat is right at the center office agitation.

The impact of forest clearances on Amaravati project will be known once the forest clears the file, which is currently pending in the Mantralaya of Maharashtra state. I would want to know do one and talk about some good news. I would want to inform you that we have recent inflow of an order of EPC in our water segment. With this our foray into water segment has now started yielding results and we are awarded a contract of 1100 Crores. The award is to the joint venture led by Welspun Enterprises where we are 74% owner and the partner Cauvery Infra Projects Limited, Hyderabad is only 36%.

This joint venture with Cauvery is impeded by the UP authority for the next 2 years for award of contracts on EPC basis. The other contracts of 1099 villages include Survey, design, preparation of DPR, construction, commissioning and operation and maintenance for 10 years of rural water supply. I would want to clarify that our forecast of 1100 Crores excludes the period of 10 years this is only the EPC contract. I would also want to inform that this impement is of 2 years and this is the first tranche of order, we expect more to come in following days.

Now, I would want to update about the road portfolio. As you know, our current HAM portfolio stands at 7 projects with the total value of approximately 10000 Crores, in addition we have a BOT project of about 2100 Crores, and so the total portfolio of road stands at 12000 Crores as of now. The current order book I am executed along with this EPC order stands at approximately 5350 Crores. I would now want to brief the specific on each road projects. First I would want to cover Delhi-Meerut Expressway package-1 and happy to inform that the fifth annuity, which was receivable in January 2021, has already been received on the stipulated date.

Second project, I want to brief is Chutmalpur-Ganeshpur & Roorkee-Chutmalpur-Gagalheri, CGRG; you would recall that we have received the PCOD for same on August 5, 2020, and the first annuity is due in February 2021. We would be applying for the same on the targeted date. The third project is Gagalheri-Saharanpur-Yamunanagar, as I told that we received the PCOD of the same in the last quarter on October 31, 2020, and the first annuity will be due in April 2021. Coming to the ongoing under construction road projects, I would

want to cover the package into Maharashtra, Amaravati project from PWD of Maharashtra. The physical progress of the project is about 78% at the end of Q3 FY2021. The payment from Maharashtra PWD pertaining to third milestone that is the 50% has been received except for taxes. We have also billed the fourth milestone, which is due at 75%. We are targeting to achieve the PCOD in the current financial year for this project. The next project that I would want to cover is Chikhali-Tarsod. The physical progress of this project is about 74% at the end of Q3 FY2021, and we are likely to achieve the PCOD for this project during the current financial year. So, just I want to recap that these five projects you will have a completion of operational projects by the current financial year end, so out of total 7 projects, 5 projects will become operational valued at about 6200 Crores from the portfolio of 1200 Crores.

Coming to the balance portfolio, I would want now to cover the Aunta-Simaria. As you will recall this is primarily a road project of about 8 kilometers. The work completed at the end of December 2020, is about 23%. The project has faced certain delays due to large value change order, which will be an EPC contract on this project of approximately 350 Crores, which is under discussion with NHAI. The project is impacted because of this change other impacting almost 30% of the work that are available, and we expect that the resolution of this change order should come within this financial year. We are receiving the first payment as you would recall which was due at 10%. The second project that I would want to brief is Sattanathapuram-Nagapattinam or SNRP project. The appointed days for this project was received on October 5, 2020, with four-lane road, which was as per bid, but the bids when we saw six-lane structure, which have now been changed to four-lane. The current availability of the land under the 3G is 89% and the balance land is in advance stage of acquisition by NHAI. I am also happy to inform that even though there was a High Court ruling about environmental clearance for this road project, which was in favor of the local people. However, NHAI agitated the matter in Supreme Court, and Supreme Court has given a verdict from January 19, 2021, which clearly states that there is no requirement of obtaining the environmental clearance, which was condition on the appointed date that had been given by the NHAI, so the appointment date of this contract is now fully cleared and we are ready to proceed with the work. I am also happy to inform that the first installment of advance has also been received from NHAI for this project in December 2020. The last project that I would want to brief about in the road sector is Mukarba Chowk-Panipat, toll project, which is tolling project are approved project. Just to recap, we became concessionaire of the project through Harmonious Substitution route.

The original project cost of this toll is 2122 Crores out of which 1593 Crores is the balance to be incurred when we took over. At the end of Q3 FY2021, the physical progress stands at about 67% and is our endeavor to achieve the PCOD of this published project in H1 of FY2022. I would also want to inform that we have received change on orders on this project

amounting to 270 Crores for construction of additional structures due to the change in conditions and the recent development plan system of NHAI in the area. This is an EPC contract for us in addition to the road project. Coming to the infra water project, we have the last water project, which is a supply of water to the industrial area of Dewas.

The commercial operation of this commenced on April 30, 2019 for the 9 months, the revenue stands at 7.5 Crores and the EBITDA is 3.8 Crores. Coming to oil & gas, I would want to brief you about the three areas where some action is going on, one is the Kutch block, what we call GK-I. The ONGC has got an extension to submitted speed of our plant because of the COVID situation and the plant is currently under preparation by ONGC, so there is no significant development there. The significant development is on the Mumbai block, where we enter into phase II and we had started drilling on December 2020, and our geological findings are in accordances what we expected to meet till date.

Following this, drilling plan of Mumbai block, we will move to the discovered small field block B-9, which is a joining block to the major block and we will be drilling it first post completion of the well that we are drilling in the Mumbai block. Just to recap, the overall GIIP for these three blocks is about 0.9 TCF, Trillion Cubic Feet on a 100% basis, but you all are expected to be about 70% of this GIIP.

Going to the outlook, I would want to inform you that currently we have three open bids on road HAM projects, valued at about 3700 Crores and in water segment there are four bids of STP valued at about 12000 Crores, which are yet to open.

In terms of the order pipeline, currently there are around 54 HAM project of NHAI with the total value of approximately 50000 Crores. The company will selectively be targeting the tax rate bidding on few of these projects while preserving its threshold return expectation. In addition to this 54 HAM projects, there are 46 EPC projects of NHAI valued at about 36100 Crores and from these EPC projects, we will be bidding selectively few of them as you may be aware we bided for 2 EPC projects in the last quarter and one of the projects we were hope on the L2 more than 10 bidders, so we see that in selective basis there may be an opportunity for us.

Apart from NHAI, we are also evaluating certain road HAM projects and BOT projects in states and municipal agencies where we believe we have safety of our investment and our revenues are protected. As usual, the company will continue to explore an organic growth opportunities through a measured evaluation of risk return parameters. We will continue to be to pursue an asset like model while focus on operational excellence and prudent risk management. With this, I would want to hand over the call to Mr. Akhil Jindal for the financial highlights.

Akhil Jindal:

Good morning everyone. You would have got a chance to go through the financial numbers. I will just start with the basic number. Our revenue was 207 Crores in the third quarter, our operating EBITDA was little down than our last year on a 15% Y-on-Y that is totally at around 47 Crores and our operating EBITDA at 11.4%, which is a little higher than the last year, which was 11.2% in the Q3 FY2020. Our cash stands at 34 Crores in Q3 FY2021, obviously all of this numbers have got some impact because of the MCP issue in the farmer agitation as we mentioned, so we believe that many of this number would be still from quarter to another and perhaps our next quarter and the falling quarter will be much better than this quarters.

I just want to tell you that we have also been very financially prudent in terms of the cash flows in our own balance sheet, so till date we have invested close to 1449 Crores in the road segment and 271 Crores in the oil and gas segment, so almost 1700 Crores of investment we had made between the road and the oil and gas over the last few years. As of date, our cash balance stood and these are number I am putting as on December 31, 2020, so the December 31, 2020, cash balance stood at 198 Crores, so can say 200 Crores roughly and going forward our equity requirements in HAM and BOOT is around 274 Crores, so you can imagine that we are fully funded more or less for all the HAM and the BOOT assets.

In addition, we have got oil and gas assets investment of 89 Crores and we are making significant progress on oil and gas side as Mr. Sandeep mentioned in the beginning, so we are more or less fully covered. In addition, we have utilized our short-term loan only to the extent of 99 Crores against the limit of 300 Crores, so if the need be we can utilize our short-term limits of CC, CP, WCTL of around 300 Crores and in totality we are adequately supported by the net current assets and we have no challenge in terms of funding of our balance portfolio.

Let me also tell you that while we are talking we are also looking at some divestment and when the divestment starts as we are reaching to the stage where four of our projects are almost complete, I mean 3 COD and PCOD we have announced, the fourth one likely to be complete within few months, so with four projects our portfolio would be attractive enough for people to really serious look at it and to that extent we would be looking at unlocking a value through resetting of a capital and I believe that the company's prudent has also enabled the rating to be AA family, which very few infrastructure company in the country enjoys I know guarantee for sure, but other than that not many companies enjoyed this king of a rating, so we have been very, very financially cautions and prudent both in our bidding as well as in our spending and thus the result why we are able to finance almost 12000 Crores worth of project without basically borrowing or exposing our balance sheet.

Our debt equity ratios are very comfortable, we have equity base of almost 1000 Crores against the debt of around 500 Crores, which is including short-term and long-term everything and to that extent our debt equities are also very well under control, so with this I believe the prudence of the capital will continue and bidding will selectively raising funds. I want to also tell you how the market views our credit rating in the cost of borrowing. The recent CP that we have done the 98 Crores of short-term as I have mentioned to you, the recent CPs that we have done at a rate, which is as low as 5.1%, so this is something which many, many few companies in the country are able to enjoy this kind of a rate and it is clearly a reflective of whatever financial credentials is in the market.

So, I think with I close my opening comments. If any questions are there I would open this for Q&A, and we would be happy to answer each of the question. We are supported here with our both finance team as well as our operation team so we would endeavor to answer all the questions on the call. Should any question remain unanswered you can always get in touch our IRR team and we would also make sure that each of your question get answered promptly. Thank you and we can open the show for the Q&A. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Rohit Natarajan from Antique Stock. Please go ahead.

Rohit Natarajan: Sir, thank you for this opportunity. Sir, my first question is more on the Mukarba Chowk project, if I heard it correctly I had said that 67% physical progress, sequentially if I recollect it, it was 53% last quarter and now that is a 48% point jump here in terms of physical progress, so that was the farmer agitation has not exactly paid in previous execution impact the Q4 performance, is that the right understanding?

Sandeep Garg: This is not entirely correct, the target revenues that we had from the projects was about 300 Crores plus, we could reach only about 200 Crores, so we have a loss of around 100 Crores in the last quarter and continues to impact us in this quarter as well.

Rohit Natarajan: Sir, earlier we were targeting PCOD by H1 FY2022, so what exactly the situation over there, that timelines including the additional change of scope that you have revealed?

Sandeep Garg: The additional change of scope is the EPC contract, so that would be treated as an EPC contract that will impact our tolling, etc., however, our forecast for PCOD and COD in H1 FY2022 remains unchanged assuming that farmer agitation will get resolved in the next, we should be able to make up in the next quarter because they have put mobilized judiciously continuous with project.

Rohit Natarajan: Sure, Sir, some more portions on the road side especially you said on the bids that have yet to open close to 34 billion odd amount is there any L1 indication at this point in time that you have or do you want to guide something on the EPC pipeline that you have?

Sandeep Garg: I think Rohit it will be premature to bid, all I can say we bid for three projects on HAM, which are still not opened, so we cannot predict what will happen as an L1 bidder so whosoever is there is the L1 bidder. In terms of water, we have four open bids valued at about 1200 Crores and we expect the results are the same because those were designed build, the result of the same to be declared within this quarter.

Rohit Natarajan: Sure, Sir. Finally, on the cash position, I understand it has deteriorated even sequentially, but is there a working capital somewhere in the block that is receivables are yet to realize payments, collection issues that have happened?

Sandeep Garg: No, I am not seeing thing material. Obviously, there could be some collection minus, delays, which are regular in business for this EPC in nature, but other than that I do not see anything in fact we mentioned NHAI is very prompt in making the payments, we are getting allover annuity dues, we are also getting all our milestone payments dues as we covered in our earlier comment, so I do not think there major impact, yes, I can think of a little delay on the PWD side from the Maharashtra HAM projects, but business is usual, I am not saying it is any alarming or anything and you would realize that we have not utilized our working capital limits to extent we have as I mentioned to you almost 300 Crores of fund base limits while we have only utilized 98 Crores odd of the limits, so I think it is bigger than usual, nothing alarming comes in my mind.

Rohit Natarajan: That is it from my side. Thanks a lot. If there are any questions I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Neerav Shah from GC Holdings. Please go ahead.

Neerav Shah: Good morning, Sir, and thanks for the opportunity. Sir, few questions, firstly I mean I believe there would be no revenue contribution from Tamil Nadu project in Q3, so any unbilled portion over there and what is our likely guidance considering the execution challenges at two projects with the guidance of Q4 or FY2021?

Sandeep Garg: The SNRP projects have not contributed in the Q3 in a significant manner in the revenue, but we expect that revenue to start in Q4 from SNRP project for sure. Sorry, can you repeat your question?

Neerav Shah: Yes, now what will be guidance for the full year in terms of execution and is execution that SNRP project smooth or we facing any challenges over there as well or just tell us?

Sandeep Garg: I think the guidance I would be able to cautious there because of some added situations and things happening, I would want to only says that the revenue projects that we had told will get adversely impacted, once this farmer agitation clears up we would know exactly how the FY2021 is going to view, but there is definitely going to be a negative impact.

Akhil Jindal: I think this question is more specific on SNRP, what are the things?

Sandeep Garg: In terms of SNRP, I think we have very little turnover projections at this point in time amounting to about 50 Crores odd.

Neerav Shah: The second question is, in your opening remarks you mentioned that for another packager one for the seems in UP, you can expect something for the next week in terms of awarding of second package, if you can just elaborate on that comment?

Sandeep Garg: I would want to clarify Neerav, I said in the coming days, not weeks, we are empanelled for 2 years, so the order book can probably between now and 2 years any time, there is liberty in the client liberty to award between now and 2 years, so we depending upon their cash flow management they would continue to award so this is the first tranche and we expect at least, we are initially applied for about 1750 villages, which is about 1750 Crores projects, the client is entitle to not only award us those 1750 villages, but say additional villages as per the qualification that we have, so this could expand beyond 1750 villages as well under the provisions of the contract.

Neerav Shah: So, we are the preferred contractor for this?

Akhil Jindal: There is no preferred contractor, there are multiple contractors who have been in panel, we are amongst one of them with required technique of capability to execute, so there are about 10 to 12 contractors will be in panel, it is a large value exposure to given you an idea, right now they are talking about 70000 villages that need to be completed in the next few years out of which currently the awards are for about 22000 villages so out of which we have got about 1100.

Neerav Shah: This is out of the four STPs are additional projects where the bids are open?

Akhil Jindal: The four STP project, right now the technical bids have been open, which are currently under consideration or evaluation of the authority, we expect that the technical evaluations, we have been pre-qualified for these packages, three out of four we have already pre-qualified, the fourth pre-qualification is under being currently evaluated by the client and

once this pre-qualification is done, then only the package B or the design and engineering packages are opened, which are opened for us for three projects out of these and once the technical evaluation is complete, which we expect at February end, the commercial or the financial bid will be opened and the stated position of the client is that they wanted to award it by March 2021.

Neerav Shah: How many bidders have been technically qualified for this?

Akhil Jindal: So, there were three bids have been technically qualified, the first bid is Versova, which is the smallest, there are four players, which is Welspun along with EDAC, there is a company called DRN Infra and there is another Mahalakshmi Infra with RDS. So I hope for the other three there are three players, which is Dharavi, Torrent in addition to us in Dharavi there are Adani and Shapoorji Pallonji. In Ghatkopar, in addition to us there is Adani and GVPR, in Worli there is in addition to us, Larson & Toubro and Shapoorji Pallonji. So this is the kind of competition that you are seeing and in this bid there is a provision that one party can win no more than one contract, so each party will get only one contract and no more because these are large value contracts, so the client has stipulated this no party will get more than one contract.

Neerav Shah: This set will be around 3000 Crores to 4000 Crores?

Sandeep Garg: Yes, approximately, so the values are ranging between some 1600 Crores to 4000 Crores, Versova is 1600 and the balance are in the range of 3000 Crores to 4000 Crores.

Neerav Shah: The final question is on oil and gas portfolio, when can we see the first selling of crude or gas?

Sandeep Garg: The way things are need in oil and gases, right now it is called what is the Mumbai block is the exploration well based on that we will conduct certain studies to establish the results because we have the benefit of two wells, which had been done by ONGC on the same channel that we are targeting, so based on that we will arrive at the resources post that we will give a field development plan, which will be approved by DGS and once the field development plan is approved we will go ahead and execute and the gas will be out; however, our intent is to try and see we get to sell our PI if there is right economic value given then we will want to first explore the possibility of selling this reserve to somebody else who has the larger interest in oil and gas than us.

Neerav Shah: Got it, but in case the PI does not happen, I mean if that happens can we see any revenue contribution in FY2022?

Sandeep Garg: No, see the way the things workout that will take about 4 to 6 weeks a month to establish the reserves, it will take about 8 months thereafter for field development plan to get developed, which will take another 3 to 4 months for approval and then it will take about one-and-a-half to 2 years to actually execute the initial work of field development plan so we are talking somewhere in the vicinity of 3 years before the first gas is out.

Neerav Shah: Got it, great. Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Mohit Kumar. Please go ahead.

Mohit Kumar: Good afternoon and congratulations on good set of numbers given the challenging environment. Sir, my question is on the Mumbai sewage treatment plant, I believe there are 4 to 5 packages, this is basically on design filed upgrade basis, also there is also no capital commitment for our side, am I right in saying that and why the competition is too low in this, which is significantly large order?

Sandeep Garg: Good question, first of all, yet we were EPC contracts, so there will be no capital contribution on the project, why the competition is so low, we are very large volume sewage treatment plant, the technical qualification criteria is pretty steep because these are very technically challenging projects, not very many people have those qualifications and since these projects also have O&M phase, which is long-term O&M so lot of people possibly do not have with where all to continue with the projects for so long that is the reason possibly the competition is low; however, getting for first large contract I think is a very good effort on the part of MCGM because to my mind in India similar work has never happened so MCGM is one of the foremost of a very prominent in managing this sewage for them take this large value contracts and commit to first large value contracts for the long-term is in itself is a very big effort, so I think that is the reason and they mindful that only they want serious players, they do not want players who will bid for something and then continue to drive the charges they have mandated by the NGT and to deal with the sewage issues in the Mumbai, so they are mindful that they want people who are not only to take this orders, but also infuse the orders in the earliest fashion, so that is what take on it is, it is my personal take, it may not be what the take of other is, but this is my personal view.

Mohit Kumar: Effectively Namami Gange, Rural Water Supply Department, UP Water and Sanitation Mission Project or Jal Jeevan Mission project, I believe is only 21 months to this project does it mean that we are look at a very larger contribution for FY2022 and is there any guidance we can give for FY2022 EPC side?

Sandeep Garg: You are right, that these are very quickly executed projects, so yes, it is going to contribute in FY2022 and FY2023 in a large value on a water segment side, so the overall schedule for

this project is that once the villages are identified we will create a DRP, which we have to submit it within the next 6 months and there after there are 18 months to complete the project, so in the 24 months all this turnover will be consummated for sure.

Mohit Kumar: What is kind of order which is pending from UP side to get finalized for FY2022 and have they given any indication for doing more project in FY2023 bidding out?

Sandeep Garg: As I said this empanelment is for 2 years, so I do not foresee them to empanel new players for the next 2 years and the current situation is that out of the 70000 villages that are being targeted by UP alone under the scheme current orders cover about 22000 odd villages so there could be almost two-thirds or equivalent to two-thirds, but this current award represents only one-third of the total award that they are going to go ahead and do this under execution and to achieve what is their objective, so I expect substantial order to come through going forward; however, this is our future looking statement I cannot be about it, but our expectation is that this will unfold allot may orders going forward.

Mohit Kumar: Understood, lastly on the BOT, which you are doing in Punjab, the Mukarba Chowk, is it given this how much strike, I believe this will be your fourth majority event, so have you approach NHAI for some kind of compensation, extension of concession or is it too early right now?

Sandeep Garg: So, we have already notified NHAI of the force majeure, so their force majeure has been on behalf of the NGT ban as well as the farmer and other issues, so we are trying to protect the company from a perspective of time, in terms of the compensation, yes, the compensation will come in by the extension of tolling period and the construction period, so we expect that it will not be financially adverse to the company, we expect that the revenues will get rolled over to the next quarters and the total period will get extended equivalent.

Mohit Kumar: Understood, Sir. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Ajay Gupta from JM Financial. Please go ahead.

Ajay Gupta: Good morning. Last quarter you had given a guidance for the company to get orders worth approximately 5000 Crores for this financial year, which was post you taking over the 2100 Crores project, want to know you will still continue with the guidance and what is it looking like?

Sandeep Garg: Yes, we are continuing with the guidance.

Ajay Gupta: And the other question is that it is a cause of concern for lot of investors that you deal with that in the last one and half years, the company has not been able to successfully even get a single new road project through the bidding process, could you throw some light on it like almost close to 75 to 100 projects, which have the company have got L1 and there is not a single project that you have been able to qualify as L1 or get a new project through the bidding process, could you please throw light what has been going wrong and what measures you are taking to rectify to get orders because otherwise it seems trouble?

Akhil Jindal: Good question, and I would want to address that I do not think anything is going wrong first of all I want to correct it, we are a prudent company, we do not want to create an order book wherein we are not protection the job bottom of line fort project, so it is very prudent in risk manages we believe that we do not need to book orders to continue to turn the revenue we are protected for almost 2 years of our revenue at this point in time and we are confident with the orders that we believe we will get in this year that we will be protected for almost 3 years of our revenue whether we get the orders through a bidding process also does not change our equation we are very mindful that we are becoming like a go to company when people are not in a position to deliver what they have already won and they do get lot of substantial hit and we get the contract, which we are happy with, so I want to be clear that winning a bid is not necessary for me, what is important is to keep the order book ratios healthy and whether I get it through a secondary acquisition or through a bidding process I am agnostic to it.

Ajay Gupta: Thank you, Sir and second question from my side, the next question is that Mr. Sandeep Garg had given a guidance of doubling turnovers one-and-a-half years back when the stock was stock was just like Rs.200 and a lot of our investors bought into that story that the turnovers will double to 4000 Crores languishing growth is hardly 10%, would not you think the company will be able to do a 100% growth jump like said on TV and on various other media platforms, or that is not reality now?

Sandeep Garg: I think you are right, I think that guidance depending upon the current facts that we had; however, if you look a the HAM projects, has seen a very intense competition as to give you an idea most of the projects are right now going under the forecast of NHAI price and there is no point in just generating the revenue with the bottomlines not keep in phase, so as I said we are a very prudent company we believe that we are custodian for people so we need to be mindful of the returns that we are going to get to the people that have invested into us.

Ajay Gupta: So that should have also been kept in mind by getting the guidance right, I mean I am sorry, I think you are absolutely right, if the investors have lot money from 200 the stock is

languishing from Rs.80 and we as investors get the brunt of it, I am sorry that, and going forward where do you see next year?

Sandeep Garg:

There is nothing to be sorry about it firstly, Ajay as an investor call I think it is prudent to have those discussions, please do not feel sorry about it and yes, we say all with your related answers are based on the current forecast that we have, if you ask from a forecast then you need to be appreciative that the circumstances will change then we would at the first possible opportune in time we able to address that it is not likely to be true as I said very clearly that my guidance of the last quarter itself will not stand because in light of the current challenging environment that we are seeing and this is something that I would want to say to all my investors and analyst, that if the future forecast is given based on the current informations available of the market and of the competition, so if the environment changes there is no method that we can continue with the guidance otherwise we will not be nimble fêted and say if we just state the order topline you would have invested all our money and we have been debt and there would be no profit margins at the bottom of it, so I want to be very capital allocation sensitive so when allocate capital we are very sensitive that the capital has to yield the result otherwise there is no point in just booking the order and within the same light as I said I refuse to give the forecast for the FY2021 and the same light I would request not seek the guidance for FY2022 until and unless there is a predicability, which is available, if the time circumstance we all know that we have forecasted the kind of scenarios that we have seen pandemic, farmer agitation, lot of issues, which have impacted us, so these are things, which are not within the control of the management, the only thing that the management can do is keep you inform about this, I hope answered your question.

Ajay Gupta:

Thank you.

Moderator:

Thank you. The next question is from the line of Ketan an individual investor. Please go ahead.

Ketan:

Sir, good morning. What is the update on the privatization of railways, when will this be fructified? Second question is that you are telling that you are very much sensitive, but I think you are not being so aggressiveness.

Sandeep Garg:

In the time of railways the entity which is there in the RFP if there is no change at all in the RFP we will never pursue that job. This is our decision, because there is lots of risk and taking that risk during this time, we are not in a position to take it. Secondly, you had said that we are not aggressive, as you expect, I need to tell you one thing that if you see from an industry point of view, in the last decade out of the 10 infrastructure companies at least eight companies are in a financial distress. Hence I do not want to take this company in those lines hence we need to do financial prudence because this is one business where you

see the numbers increasing, and at the same time, you will see the numbers declining and come to losses. So I am saying that we need to be very cautious and at least whatever order book what we want, is it 2.5x or 3x the current sales is there with us now and because of this we can get confidence that we can build the order book, so according to me we need not be very much aggressive.

Ketan: Thank you, Sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for their closing comments. Thank you and over to you!

Sandeep Garg: Thank you everyone and I really appreciate your participating in this investor call and telling us your concerns as well. I would want to say that it has been an interesting quarter. We have dealt with the issues, which hitherto we have not dealt with very effectively. I can assure that Welspun Enterprise will continue its journey of operational excellence on an approximate 12000 Crores of portfolio. We remain focus on value unlocking through recycling of the capital and I thank you for your questions and if there are any further queries you may feel get in touch with our investor relationship team who would be happy to respond to your question. Thank you and good day.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of DAM Capital that concludes today's call. Thank you all for joining us. You may now disconnect your lines.