

“Welspun Enterprises Limited Q2 FY2022
Conference Call”

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MANAGEMENT: MR. SANDEEP GARG - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - WELSPUN ENTERPRISES LIMITED
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Moderator: Ladies and gentlemen, good day and welcome to the Welspun Enterprises Q2 FY2022 earnings conference call hosted by Dam Capital Advisors 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from Dam Capital Advisors Limited. Thank you and over to you Sir!

Mohit Kumar: Thank you, Bilal. Good afternoon to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievement to differ significantly from what it expressed or implied by such forward-looking statements. To take us through the results and answer your questions today, we have the senior management of Welspun Enterprises represented by Mr. Sandeep Garg, Managing Director and CEO, Mr. Akhil Jindal, Group CFO and Head Strategy and Mr. Sanjay Sultania, Chief Financial Officer. We start the call with a brief overview of the past quarter by Mr. Garg and Mr. Jindal followed by a Q&A session. I now hand over the call to Mr. Sandeep Garg. Over to you, Sir!

Sandeep Garg: Thank you, Mohit. Good day ladies and gentlemen. On behalf of Welspun Enterprises Limited, I welcome you all for Q2 FY2022 Earnings Call. I hope that you, your family, and colleagues are well and safe and are taking the necessary precautions.

Let me start this call by welcoming on board Mr. Sanjay Sultania, the CFO of the Welspun Enterprises. For this call today, I will cover the key business highlights and later Mr. Akhil Jindal will cover the key financial highlights. The world is coming back to normalcy in the aftermath of the second wave of COVID-19. It caused not only business disruptions, but also the emotional distress to a lot of people including some of our employees. I would like to salute the resilience of the entire team of Welspun Enterprises, which weathered the storm and is now geared for the opportunities and challenges that lie ahead.

Let me quickly share key recent developments with you all. The total Road asset portfolio stands at Rs 12,000 crore as on 30th September 2021. Of this, Roads HAM portfolio is 7 projects worth approximately Rs. 9,870 crore, out of which 4 projects of around Rs. 4,600 crore have achieved COD/PCOD and another project of over Rs. 1,600 crore is very close to PCOD. Additionally, 1 BOT project of Rs. 2,122 crore is also at an advanced stage of implementation.

The outstanding Road EPC order book position as on 30th September 2021 is ~Rs 7,835 crore - ~Rs 5,300 crore in Road and Rs 2,535 crore in Water segment.

Our performance in this quarter was impacted by three factors. Firstly, the extended monsoon rains across most of our projects meant that works were hampered for a longer period than our plan based on historical trends.

Secondly, you are aware of the farmer's agitation occurring around the NCR. This has affected the construction activity on substantial length of our Mukarba Chowk - Panipat project. Despite these uncontrollable events we expect PCOD shortly for the project. Work on the balance portions impacted by agitation shall be taken up after the issue is resolved.

Finally, the progress in our Sattanathapuram - Nagapattinam project (SNRP) has been affected by the unavailability of earth. This is a state-wide issue concerning permissions for mining earth and has affected all road projects in that state. The industry has made representations to the State Govt., NHAI and MORTH on this matter. We are hopeful of a resolution, and in the meantime, we are tackling those portions of work such as structures, which are not affected by lack of earth.

I am happy to share that the Company received PCOD of the Chikhali – Tarsod (Package-IIA) section of NH-6 in Maharashtra (completion cost of Rs. 1,240 crore) from NHAI on August 25, 2021. This is the fourth road HAM project in our portfolio to have achieved PCOD / COD.

On the Aunta-Simaria project, which primarily consists of a bridge over river Ganga; access to the bridge from the Aunta side has been impacted due to multiple railway tracks in the area. Through the intervention of PMO, both NHAI and Railways are trying to resolve the issue. Both the parties are actively addressing the issue and we expect the resolution shortly. As an interim relief authority has granted 180 days of extension, and we have applied for a further EOT related to this matter.

We are also pleased to announce that with regard to the Six-laning of Varanasi Aurangabad NH2 project, our contract has come into effect following an agreement between NHAI and our client Soma Indus Varanasi Aurangabad Tollway Private Limited on land availability and handover. The contractual Commencement Date for our contract was September 30, 2021, so we should see revenue from this project coming from this quarter onwards. The original contract value of the project is around Rs 2,400 crore including GST. Following the agreement between our client and NHAI on the handover of ROW along 44 km of the project, we expect a further addition to our contract value. This matter is presently under discussion between the parties, and we will provide an update upon its conclusion.

In the Water segment, we have commenced execution on our first major order, namely the rural water supply project of the UP State Water and Sanitation Mission under the centrally funded Namami Gange programme. We have made substantial progress in the first stage of DPR submissions and approvals - whose details we have shared in the Press Release. We expect to conclude the DPR approval stage soon and execution to pick-up further in Q3.

Coming to the outlook, firstly, I would want to mention that considering the higher competitive intensity in the road bidding, we have been extremely selective in evaluating opportunities in this sector; however, on a parallel we are evaluating feasibility of alternate business verticals such as the railways to feel the future growth.

In this direction, we have submitted RFQs for three railway station development projects, which are currently under evaluation. Also, I would like to mention that with the impetus being provided by the government for drinking water access under the Jal Shakti Ministry, “Har Ghar Nal Se Jal” scheme, we see a huge opportunity in this sector over the next four to five years.

Welspun Enterprises will actively focus on projects under the scheme. We also continue to look at projects in sewage treatment plant and water recycling. The company will also continue to explore inorganic growth opportunities through a major evaluation of risk return parameters.

Finally, I would want to say that having build a substantial portfolio of completed projects, the company will now explore opportunities for divestments in accordance with this policy of asset like model and operational excellence.

With this, I now hand over the call to Mr. Akhil Jindal for the financial highlights. Over to you, Akhil!

Akhil Jindal:

Thank you, Sandeep. Thank you everyone for joining in today. Firstly, I would like to just give you a small summary of the financial numbers that we announced last night. Clearly, the revenues we have seen a 25% growth in H1 to almost 624 Crores in comparison to the corresponding period last fiscal year growth. Now this growth has been seen largely on an account of the total work done during this quarter though the number could have been far better, but due to the reason that Sandeep mentioned like monsoon continuity and certain force majeure events, the numbers are what they are and we are hoping to recover quite a lot of this in H2.

The EBITDA for the first six months was around 75 Crores and if I compare it with last year's number for the same period this was almost the same at the same level. The cash PAT for the first six months is around 41.8 Crores and again this is comparable to the last year's

number around the same period. Last year was a little more, but again it is comparable. The important thing is on the balance sheet side, our gross debt, which was 500 Crores today, is lower than 566 Crores as we reported on June 30, 2021.

We have healthy cash balance of 343 Crores compared to 95 Crores that we announced in June 30, 2021 call and these are all the cash balance post the dividend payout of 22 Crores that we did, which was attributable to the last financial year, but it has been done during this quarter, so the cash balance of 343 Crores is after the 22 Crores of dividend payment.

On the investment side, I think we are inching very, very smoothly to some other projects, which are about to be completed. Clearly the portfolio is quite healthy and in that sense with four HAM projects already completed, fifth one likely to get complete pretty soon and the BOT project, which is also likely to see the PCOD.

We would be almost done with almost 8300 Crores of that projects completed. Order book of 12000 Crores that means only 30% of our book, which you know going in the next financial year will be incomplete, not a small achievement for the company, which has gone through all this disruption during the last 12 months, 18 months due to external factors and as a result about 70% of the book is almost complete from an execution to operational zone. We feel quite comfortable around this and exactly this is what are also reflecting in our investment position, so out of our total investment, we have nearly done close to 2121 Crores.

The balance investment left is only 180 Crores and this 180 Crores is also after we have taken up price increase, cost escalation nearly 50 Crores, in the SNRP project as per the NHAI guideline. So that means substantial money that need to be invested has already been invested, what is balance is only 180 Crores odd, our cash balance is 343 Crores and to that extent this is quite adequate. We have also invested 92 Crores in the water assets and other assets being 54 Crores, oil and gas being 379 Crores and the road assets you know, the BOT is 575 Crores and HAM is 1021 Crores, so that is a breakup of 2121. We have provided the same breakup in our press release also that you have also seen by now and if there is any question regarding that, we will be happy to answer that.

I think all in all we have kept the balance sheet at check. The rating has been kept at check. We continue to be AA family rating and in that sense all our loans everything are being serviced in time. Our total loan is 500 Crores gross out of which 475 Crores is a long-term loan and the 25 Crores is the accrued interest and other aspects, which also gets clubbed into the loan portion.

So, with this I open the floor for the question and answers. If there is anything that we have not covered in our opening statement, feel free to ask the question, the whole management

team is there including Mr. Sanjay, who has recently joined us, so a very warm welcome to Sanjay and we are all available as a team to be able to answer any of your questions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Rohit from Antique Stock Broking. Please go ahead.

Rohit: Thank you for this opportunity. Sir, my first question is on the outlook as such, can you quantify what kind of execution are we looking at considering that in the first half we have done 600 Crores odd?

Sandeep Garg: Rohit, just to answer this question, I will answer this in two forms, if you see historically last year to this year we are about 25% higher so we expect the same trend to continue on to H2. To enable that as you may be aware that may not be a general knowledge, but we are strengthening the organization in addition to Sanjay, whom I introduced from this call, there is Mr. Ajay Hans, who has also joined the company as CEO and one Mr. Neeraj Gupta who has also joined the company as Chief Operating Officer, so we are strengthening the organization to ensure the execution become stronger and we anticipate the trends that have been past in between the ratios of H1 to H2 to continue this year as well.

Rohit: Can we say Sattanathapuram, this will be a year where we can do at least 500 Crores revenue and Panipat-Haryana, we can do 400 Crores revenue?

Sandeep Garg: Panipat-Mukarba Chowk, I think it will be determined by primarily how the farmer agitation pans out, so there is a substantial work which is stuck because of the fact and in terms of the turnover the primary focus would remain NH2 which is the Varanasi Aurangabad project, which is an EPC project and it is absolutely ready for execution, so we are quite hopeful that that is where the majority of turnover will come from.

Rohit: Question is on the order inflow part, we were L1 for that MCGM project, 35 billion MCGM project, so what is the status over there?

Sandeep Garg: Looking at MCGM project we are L1; however, we are still awaiting the final decision in the matter, we expect MCGM to take up the matter to finalize soon.

Rohit: Sir, then the Kerala harmonious substitution, you were in talks with NHA for this project, what is the situation over there?

Sandeep Garg: We decided to stay away from it because of the delays that were taking place in the substitution and the appointed date having been taken for the project, so we were at risk of delay, so we decided to stay away from it.

Rohit: Sir, in the last call, I believe because we have had a conversation about ramping up the execution to 3000 Crores kind of number by the year next because for the order backlog that we have in hand and the deadlines to executed, these numbers are anything, but inevitable, so what is the outlook now as such for the next year, I am not talking about this year, because this was a difficult year, maybe next year are we geared up?

Sandeep Garg: We have a very healthy order book to achieve that number, and we are reasonably comfortable that COVID is behind us and hence we should be in a position to improve our execution abilities going forward with the healthy order book.

Rohit: Thank you. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Sudarshan an Individual Investor. Please go ahead.

Sudarshan: A couple of questions, one last time I only asked about the run rate because you mentioned that 3000 Crores was the run rate and you said Q3 would be 600 Crores what you expect, are we on track or do you think we will not be able to do 600 Crores?

Sandeep Garg: To answer the question, the situation is that the monsoon has extended , so there will be certain challenges as you know even in the October, north as well as in the south, we have monsoons that has been extremely heavy. It also impacts our work on the River Ganga. So, there is going to be some challenges, hopefully the monsoon is now behind us and then we should be able to ramp up, but as the October month has seen challenges contributed by the monsoon, so that will impact the run rate for sure.

Sudarshan: Somehow I think we have been promising numbers, we have been telling the future outlook every time and it is not getting reflected on performance, even this number I think H1 of last year and H1 of this year is not comparable because the Q1 last year was complete lockdown and you are commenting that H1 of this year you have shown a growth versus H1 of last year whereas the comparable would be Q2 to Q2 and Q2 you have degrown. If you really see the number of road projects active, Aunta-Simaria anyway because of conflict with railway the work is stopped, and Sattanathapuram-Nagapattinam because of the earth mining the work is not going at the pace what you want, Varanasi Aurangabad we just got the commencement date, so it looked like that we have nothing very active on the road project and where we are reading almost on a regular basis various companies getting awards, we are being very selective, which we have been all along, suddenly our order book

looks very dried up, third on the UP project, now election coming up, we do not know how the things are going to move there, so are we looking at dry spell in the future?

Sandeep Garg:

Just to answer your question, see the reality is that a certain orders, which were expected to start off, did not start off in the time and this is an industry wide phenomenon, in terms of the monsoon I am sure we have heard it from multiple sources that it is there are challenges most of the companies are facing, so to that extent these are issues which are not controllable by the management, we are going to try and control to the extent they are possible. In terms of Varanasi project, you are right, this has just started. We have worked very hard to get to that project so we are well prepared to hit the ground running. In terms of the water project, yes, there is likely to be an election, but I think with the orders of the DPR approval of approximately 800 Crores for us, I do not think that that should be a challenge going forward for the execution; however, these are the issues that nobody controls, we will have to deal with the situation as it comes.

Sudarshan:

To be very honest Sandeep, I am sure as the management also you may be relooking your strategy, but something needs to change because we have been missing our performance on a very regular basis and that is getting reflected in our stock price, if you really compare any other good infra companies their stock prices have moved pretty substantially whereas we have degrown even on the stock price and we are now valued actually lower than our networth so I think we have to think slightly out of box to see how the things can improve from it?

Sandeep Garg:

Sure, this is a valid point and as I said, we are looking at alternatives, we do not to be seen playing in a very highly competitive environment and whilst the other companies' strategy are there, our strategy has always been that we will grow the company with the bottomline focus, so we are looking at alternates where we can create better value rather than just trying to create or stick to a particular sector where the competitive intensity is extremely high and I am sure you are investor in this sector, you would be seeing the competitive bid intensity being extremely high which is even a worrisome issue for the client themselves. So I think as an investor you would not want to advise the management to look at alternative out of the box solution rather than get into the same race where everybody is racing on only the price point in lower than the other one.

Akhil Jindal:

Also I think just to add on to what Sandeep has said, clearly you know the challenges that are seen in the industry, were visible to us and that is the reason why there has been a bit of a lateral change of taking a good profitable outside EPC work in the terrain and in the regions that we know and also to get into water, so if you see the last two events that has happened in the company, they have been in that direction because if the road sector is becoming over competitive and for no rhyme or reason that you know the mad race has started once again despite a lot of people suffering in the past and new people not learning

from those mistakes, the company shifted gear and you know we have now got into the third party EPC and water and also as Sandeep mentioned that the railways is another part, which is being evaluated very, very strongly, so a few quarters has been some disappointment for both the company as well as for the market, but we are trying to get into the zone, where let us say all this profitability that we promised and what we think gets delivered quarter after quarter rather than just one time event. Thank you for your feedback. We really appreciate that and I just wanted to tell you some action being taken by the company and we will keep on looking at such new avenues for the sustainable and profitable growth.

Sudarshan: One last advise, because I do not want this to be one-to-one, last feedback I think somewhere my personal because I am invested in all three of your companies, Welspun Enterprises somehow I see a lot of gap between what you say and what you perform, which is not the case with your other two companies, so maybe you would like to relook that.

Sandeep Garg: I appreciated that I think also let us accept that the COVID had a severest impact on this company.

Sudarshan: I am talking for not just COVID and I am discussing on the poor performance.

Sandeep Garg: Sure, we will have a relook at it.

Sudarshan: Thank you.

Moderator: Thank you. The next question is from the line of Meet Vora from DAM Capital. Please go ahead.

Meet Vora: Thanks for the opportunity. Sir, I had a couple of questions, regarding our run rate of execution, we have an order book of 78 billion and our revenue run rate is close to 24 billion, so how soon do we expected to ramp up and going to say 30 billion?

Sandeep Garg: So, the attempt would be to ramp it up in the next year, we are strengthening the organization accordingly, we are diversifying into water, we have already diversified and we are also getting into the EPC third party project, so all these should start showing to reflect in the revenue growth as well as the profit growth in the next year is what our expectation is.

Meet Vora: Sure, Sir and on the roadside what is our outlook from NHAI in terms of bidding and tendering that we are going to carry out this year and what part have we bid out or what are we expecting as a part of our order inflow from that?

- Sandeep Garg:** We have practically stayed away from bidding the last quarter, couple of quarters primarily because all the bids are going at a price tight levels that we cannot even sustain so it is a considered decision until at the competitive intensity does not ease up, we are going to stay away from these project because they genuinely believe that there is hardly any money to be made and we are diversifying in terms of our offerings to the market in terms of the third party EPC contracts both in road and water as well as looking at exigencies where we believe there is still substantial money to be made.
- Meet Vora:** Then on the water front what is your outlook like say for example, in terms of our ordering scope and our ordering outlook and the number if you can give, what order inflow are we expecting?
- Sandeep Garg:** The first order inflow in the water side, which we are working with the order of MCGM, which is substantially a big order of about 3500 Crores odd and we are bidding for certain other projects in the water sector and we expect at least one of those projects to crystalize in the financial year.
- Meet Vora:** So, a follow up question on that, this MCGM order which you are saying has not yet been finalized, right, so when do we expected to get finalized?
- Sandeep Garg:** I think it will take at least couple of more months for the MCGM to decide the order, so the process is on; however, we are not accounting that this order is under the belt, so without this order under the belt we have a reasonably healthy order book of about 8000 Crores, we are not extremely hungry for the orders at this point in time.
- Meet Vora:** Sure, Sir. Thanks.
- Moderator:** Thank you very much. The next question is from the line of Rohit from Antique Stock Broking. Please go ahead.
- Rohit:** Thank you for the follow up. Sir, my question is on the Lucknow Railway Station project, you were earlier bidding I mean if I am not mistaken, we were part of that bidding process, what exactly is the situation over there?
- Sandeep Garg:** At this point in time the government is restructuring how they will execute this project, so we are under the prequalification stage, we believe that we will get prequalified and we will participate in the bidding process; however, the government itself is now reconsidering about the entities that will take these station redevelopment project, so we will have to wait for the government to decide which entity takes it forward and then only can we go in for RFP.

- Rohit:** How much do you want your balance sheet to add exposure to that particular segment?
- Sandeep Garg:** So, we will want to first look at the final concession documents that they are coming up as the part of scope of development that they will participate because this is something which is evolving at this point in time, first we know the concession agreement that are being finalized and the real estate component and the station component as to how the split is will be the exposure that you want to take on a balance sheet.
- Rohit:** One more question on the oil and gas front considering the prices that we have seen right now, is there any relook into the oil and gas assets as such, what is the status over there?
- Sandeep Garg:** Oil and gas as I said last time we can expect, we are right now evaluating the reserves certification part, so we want to know what the reserves are and how the reserves are going to behave, that particular action is on. The situation is that post December, we will work with field development plan to see this is something this is the way that we decide to move forward and that will determine the next actions on oil and gas, happy to share that we are in a healthy position in terms of this particular sector, we expect the reserves to be better than what we originally estimated.
- Rohit:** Sir, finally my question comes back to the asset monetization part, you how stressed at this point today as well and here as well, if I am not mistaken you are earlier planning to do some refinancing of the expensive loans in first half, do some structuring within the PCOD assets and then bring them out for monetization, so what stage are in all those stages?
- Akhil Jindal:** Rohit, if I may address this, the refinancing is something that goes on continuously, so for example, you know we completed 2 PCODs refinancing so as and when the project achieves PCOD, we start talking to the banks and by the time the first annuity comes, the rating would have happened and refinancing would have happened, so it normally takes around 3 to 6 months time from the PCOD date, so all the projects, which have achieved PCOD, they have been refinanced, but for the CTHPL project, which has got recently commissioned there we are in discussion with our lenders and our target is to get it refinance within this calendar year probably by December itself and as far as the top up loan is concerned at the company level we are being also conservative and not drawing the top up loan although it is sanctioned by the bank so both is GSY and CGRCG, the two projects where we achieve PCOD last year and we did the refinancing and the top up loans are sanctioned, but we have not yet taken the disbursement of them, that is something which is pending at our end and we would like to wait and watch till we draw up top up loan. As far as the monetization is concerned now we have a substantial assets portfolio, the whole bouquet where we have five assets, four completed, one also to get complete, so almost 6200 Crores on the HAM side and another BOOT project which is as Sandeep mentioned round the corner for the PCOD, so together 8300 Crores to 8400 Crores as a project cost is

something that is now available to us to be offered as a platform and we are going to be an active dialogue with prospective bidders because with this size it attracts the right kind of partners, right kind of an investors, selling the small asset one by one is not something that is very prudent, but we have realized that now we have almost over a billion as a site to offer, clearly we can attract the serious and larger players and to that extent we are hopeful that by the end of this financial year we would be definitely be in a position to sign the definitive agreement if not receiving the money by March, so this is our endeavour, we have got to good 5 months to work on, the team is seriously working on all the fronts and I believe that we are in good dialogues with some of the prospective buyers and we would have some news to share with you let us say in the Q4.

Rohit: Sure, Sir. Thank you for all those insights, Sir. I wish you all the best.

Moderator: Thank you very much. The next question is from the line of Mohit Kumar from Dam Capital Advisors. Please go ahead.

Mohit Kumar: Good evening, Sir. Sir, on the monetization part, are we looking to keep some stake in that entity or you are looking to offload large stakes and be a minority in that particular monetization plan, can you please comment on that?

Sandeep Garg: I think our preference will be to do the 100% exit may be allowed by NHAI, may be allowed by the regulator, wherever the regulator does not allow an exit because of some time limitation we might have a structure where we may end up holding it for the time being with a clear route that there would be an 100% exit as and when allowed by the regulator, this is in line with our well laid out policy for the last 3 years that as a developer when the role ends since the project is operational, we would like to monetize them, we would like to sell them 100% and as I mentioned earlier now with a substantial assets bouquet, we are in a better position to offer it to the market.

Mohit Kumar: So, is it one billion dollar, InvIT is a real possibility? Are we exploring that route?

Sandeep Garg: InvIT is also one of the possibilities, which we have explored, but I think our preference would be again to give it to the investors who are either have an InvIT or planning to form their own InvIT and it could be extent to InvIT, rather than floating our own InvIT and then InvIT if we do ourselves it would not be 100% monetization as mentioned to you earlier, so to that extend, I think the preference would be to look at the third party investor rather than floating our own InvIT though we have evaluated that option also internally.

Mohit Kumar: Sir, on the EPC side as you said that you are trying to build capabilities or trying to bid in the areas where you are not there, are we building capabilities in your area and which are those areas and have you hired a team or something to build those capabilities?

- Akhil Jindal:** As we said we are looking at alternate transportation on other areas is definitely there is a way Sandeep talked about and we are looking at all the exigencies where we believe that there is skill set is transferable and we need a smaller teams to build up, however, we are building up the team on the sector of railway.
- Mohit Kumar:** Sir, this TOT or BOT mix for you, or you think it is not for us?
- Sandeep Garg:** BOT is something that we will look at it; however, we are a bit skeptical about the Greenfield BOTs, we will look for something which has a historical background, so as you know in cities, Varanasi Aurangabad, Mukarba Chowk-Panipat is a BOT toll project and that is something which synergizes because there is a history of tolling..
- Mohit Kumar:** Sir, my question was with respect to of course there are a couple NHAI bids expected to come in the fiscal on the BOT space, TOT of course there is a large, there are at least three or four bids open right now and then the Ganga Expressway of course it is a Greenfield, completely Greenfield, so do you think in the prior year in your basket set does any of this fit into your opportunities size or you would like to participate in those bids?
- Sandeep Garg:** We would definitely look at the NHAI BOT projects to ascertain the risk and reward profile and if it makes sense for us we shall attend those project. I do not think TOT synergizes with asset light model, so we would stay away at least at this point in time from TOT. Coming to the Greenfield BOOT projects, that is one line we need to be extremely cautious about because there is no history and then we are taking our estimate on how much of traffic will get diverted on those roads, which becomes a very difficult assumption and it would go wrong tremendously, so we think we are skeptical about it, but we keep on looking at those opportunities for sure.
- Mohit Kumar:** Sir, last question on the timeline for the EPC work on the UP JJM, I think we won this order I think a few months back and it looks like there is no execution as of now, so when do you expect execution to pickup and is there a risk that the UP election will delay the work and a related question is that are there JJM contracts open in the entire country at this point of time where we would like to bid?
- Sandeep Garg:** Two things I would want to say, number one that the process itself of the UP JJM project was that they will have empanelment and then they will create DPRs which was finally get approved and then the project will come into execution phase, so happy to share that the DPR approvals has taken place in the last 5 to 6 months and if the projects are now in the executive shape, I do not expect any adverse challenges on these projects during the phase of election because it is for the good of the masses and I think it is a social project, so we expect this was a social environment and the government will support this through election phase; however, we would see as it evolves. The third point that you said was that are we

going to look at other states for sure where we feel that the projects are substantial in nature, we will look at those projects, we cannot be executing very small value contracts that is something that we have not participated.

Mohit Kumar: My question was, are the larger tenders in JJM available at this point of time?

Sandeep Garg: There are projects, Odisha is coming up, MP is coming up, Rajasthan is coming up, Maharashtra is coming up, so there are enough, this is going to be across the pan India rather than specific state platform.

Mohit Kumar: Understood, Sir. Thank you and all the best, Sir.

Moderator: Thank you very much. That was the last question for today. I would now like to hand the conference over to the management for their closing comments. Over to you, Sir!

Sandeep Garg: Thank you everyone. I really appreciate your participation in this investor call. I can assure that Welspun will continue its journey of operational excellence on approximately 12,000 Crores of portfolio, we are now focussed on unlocking through recycling for the country. I thank you for the questions and if there are any queries remain unanswered, please feel free to get in touch with our investor relationship team, we would be happy to respond to your questions. Thank you and good day.

Moderator: Thank you very much. Participants, on behalf of DAM Capital Advisors Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.