

WEL/SEC/2025

February 10, 2025

To,

<b>BSE Limited</b> 1 <sup>st</sup> Floor, Rotunda Bldg., Dalal Street, Fort, Mumbai - 400 001. <b>Scrip Code: 532553</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. <b>NSE Symbol: WELENT</b>
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Dear Madam/Sir,

**Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Q3 FY25 Earnings Call**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on Tuesday, February 04, 2025, for the quarter and nine months period ended December 31, 2024.

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

[https://www.welspunenterprises.com/admin/uploads/investordata/financialresults/fr\\_1739196439.pdf](https://www.welspunenterprises.com/admin/uploads/investordata/financialresults/fr_1739196439.pdf)

You are requested to take the above information on record.

Thanking You,

For **WELSPUN ENTERPRISES LIMITED**

**NIDHI TANNA**  
**COMPANY SECRETARY**  
**ACS- 30465**

*Encl. as above*

**Welspun Enterprises Limited**

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Corporate Identity Number: L45201GJ1994PLC023920

Welspun<sup>®</sup> ENTERPRISES



“Welspun Enterprises Limited  
Q3 FY '25 Earnings Conference Call”  
February 04, 2025

Welspun<sup>®</sup> ENTERPRISES



 **JM FINANCIAL**

C H O R U S  C A L L

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

**MODERATOR** **MR. VAIBHAV SHAH – JM FINANCIAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to Welspun Enterprises Limited Q3 FY '25 Earnings Conference Call hosted by JM Financial. As a reminder, all participant line will be in 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, Sejal. On behalf of JM Financial, I welcome everybody to Q3 FY '25 Earnings Conference Call of Welspun Enterprises Limited. I will now hand over the call to Mr. Salil Bawa, Group Head Investor Relations of Welspun World. Over to you, sir.

**Salil Bawa:** Thank you, Vaibhav. Good morning to all of you. On behalf of Welspun Enterprises Limited, I welcome all of you to the company's Q3 FY 2025 and 9 month FY 2025 earnings call. Along with me today, I have Mr. Sandeep Garg, Managing Director of Welspun Enterprises; Mr. Saurin Patel, Managing Director of Welspun, Michigan Engineers Limited; Mr. Abhishek Chaudhary, Chief Executive Officer, Welspun Enterprises; Mr. Lalit Jain, Chief Financial Officer; and I also have Sangeeta Tripathi, who has just joined us as Lead Investor Relations.

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 may be making references to this presentation. I'm sure you would have taken a note to review the safe harbor statement in the presentation.

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

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

**Sandeep Garg:** Thank you, Salil. Good morning, everyone, and thank you for joining us today. Welcome to Welspun Enterprises Q3 FY '25 Results Conference Call. We appreciate your time and participation.

Before I go to the company-specific discussion, I would want to state that the union budget is positive for us as a company and as well as the industry. The focus on public-private partnership, PPP, the extension of Jal Jeevan Mission, the government's decision to grant access to the PM Gati Shakti data, the INR1.5 lakh crores interest-free loan to states and NaBFID's (National Bank for Financing Infrastructure and Development) partial credit guarantee schemes to ease the funding for the projects are all transformative actions, which augurs well for the company.

We, at Welspun Enterprises, are excited to contribute to this ambitious growth agenda of the government, and we will continue to work to strengthen India's infrastructure backbone for a sustainable future.

So having talked about the union budget, I would want to come to the financial performances. I'm pleased to report that we have sustained our growth momentum for this quarter. Our consolidated income for this first 9 months of FY '25 stands at INR2,717 crores, reflecting a 24% increase compared to the same period last year. Our EBITDA for the same period is INR523 crores, a growth of 14% YoY.

Our subsidiary, Welspun Michigan Enterprise Limited, or WMEL, has also delivered strong performance, with revenue of INR403 crores, a year-on-year increase of approximately 49%. Mr. Saurin Patel, MD of WMEL, will provide further insights into the company's performance in his opening remarks.

Looking ahead, we reiterate that we will be closing FY '25 with a consolidated EBITDA of approximately INR700 crores. At the stand-alone level, we are maintaining a cash reserve of approximately INR840 crores, which positions us well to drive our future growth strategies. Mr. Lalit Jain, our CFO, will share more details on our quarterly performance shortly.

I'm also very excited to talk about the strategic initiatives and technological innovations that the company has embarked upon. Our subsidiary has made significant strides with the SmartOps technology, an innovative solution in waste water and water treatment. We recently secured 2 new orders for its deployment in Pandharpur, Maharashtra and Varanasi, UP. This technology will help address India's water treatment challenges in a sustainable manner. And Saurin will provide more details shortly of this exciting initiative.

Coming to the order book. I'm pleased to announce that our consolidated order book stands at INR14,500 crores, of which around INR9,300 crores comes from water, about INR1,950 crores from tunneling segment and remaining INR1,750 crores from transportation sector. The closing order book of WMEL stands at INR1,500 crores, excluding the orders which are awarded by WEL to WMEL.

In line with our strategic growth areas, we have secured an order of INR1,989 crores to construct our water conveyance tunnel from Dharavi to Ghatkopar in Mumbai. This project complements our ongoing work at Dharavi STP. We will implement this project through Welspun Michigan, leveraging their expertise in Thane. We were also declared L1 for MMC-11 road project by MSRDC. However, due to delays in the project award, we are not incorporating it into our revenue forecast until there is a clarity. Please note that this project was never considered in our order book of INR14,500 crores.

On the execution front, I'm happy to report that all our projects across the water and transportation in WMEL sectors are progressing according to schedule. We are on track to achieve provisional completion for Aunta-Simaria road and project by the end of this financial year.

Talking about our growth strategies at Welspun Enterprises, our long-term vision is to build technology-driven end-to-end water solution company. We aim to become one-stop shop for water infrastructure offering integrated solutions that encompass treatment conveyance and smart management.

Our water strategy revolves around 4 pillars: transmission, treatment, distribution and O&M services. With Welspun Michigan as a technology-focused hub, we are integrating cutting-edge solutions like SmartOps to enhance both project efficiency and sustainability. Through these synergies, we aim to redefine sustainable water management in India.

In the transportation sector, we have built a strong foundation in the road infrastructure, expanding from HAM projects to BOT and EPC models, while maintaining an asset-light approach. Moving forward, our growth strategy focuses on 2 key areas: BOT Toll and large diameter tunneling.

Now looking at the future projections. We are aligned with the government's ongoing focus on infrastructure, and backed by our asset-light model and cash-rich balance sheet, we remain optimistic about future bidding opportunities. We have identified over INR6 lakh crores worth of projects across key segments over the next 5 to 7 years. This includes opportunities in water supply, wastewater treatment, water transmission, BOT Toll projects and large diameter tunneling.

The robust pipeline reinforces our projections and we are on track to close FY '25 with a consolidated order book of -- in the range of INR 15,000 crores to INR20,000 crores depending upon the timing of awards. With this consolidated foundation we anticipate a consolidated total income growth of anything between 18% to 20% in the next 3 years.

I would also want to talk about the sustainability, which is a cornerstone in our strategy. As a part of our commitment to sustainable development, we unveiled our inaugural sustainability report last month, themed transforming infrastructure, advancing sustainability. This report highlights our dedication to excellence, showcasing how we integrate ESG principles across all our operations. It also outlines key initiatives in circularity, resource efficiency, renewable energy and strategic technology collaborations.

Our efforts have been recognized across the industry at ASSOCHAM Infrastructure Conference and Awards 2024. Our Aunta-Simaria Road Project won the Excellence in Project Management Awards. Additionally, Welspun Enterprises was named the Construction and Infrastructure Company of the Year at the Construction Times Awards 2024.

Further, WMEL received the Best Tunnel Project of the Year Award at the S.V. Road Sewer -- for the S.V. Road Sewer Tunnel Project at the Construction Times Award 2024 and the Innovative Project Design Award for Rehabilitating a 100-year-old strong water rain using geopolymer lining at the Trenchless Excellence Award 2024.

With this, I now hand over the call to Mr. Saurin Patel, MD of Welspun Michigan and Head of Water Verticals in WEL, who will provide more insights into the progress of our water sector projects.

**Saurin Patel:**

Thank you, Sandeep, and good morning to everyone. Over the years, we have established ourselves as a trusted engineering solutions provider for water infrastructure, a specialized niche. Building on this expertise, we aspire to scale our presence in specialized areas such as tunneling, water improvement and water delivery projects on a larger scale.

The Dharavi Wastewater Treatment Facility is advancing well with the SBR raft complete and the first floor slab at 80%. The administrative building is finished and the site office has relocated. The pumping stations show piling is ongoing with challenges from unmapped utilities, but equipment from our JV partners item is arriving and client approval for the thermal hydrolysis process has been secured. This project aims for completion by the third quarter of 2026, ahead of its schedule.

In the Bhandup Water Treatment Plant, external approvals, which are mandatory from the forest authorities and eco sensitive zone committees, are in progress. A site office has been established and the excavation contractor bids have been finalized. Work is expected to start very soon.

For the tertiary treated water conveyance tunnel project that was awarded to us just a few months ago, the work spans 93 months, and it includes constructing an 8.48 kilometer tunnel and 2 deep shafts with a maximum depth being at 152 meters. Our TBM has been finalized and an MoU and order has been placed. This delivery is expected in 16 months. And it will be just in time once the shaft completion project has been executed. The necessary permissions are being processed, and we expect a 4- to 6-month process time for such permissions to be granted.

Now for some exciting news. Welspun Michigan Engineers have successfully launched Welspun SmartOps, a JV which introduces a revolutionary new technology in the area of water treatment. This technology is modular, scalable, cost-efficient and easy to deploy in a water body or drain point to rejuvenate or recycle water. With this new business, we endeavor to create an alternative approach to address the huge problem of an estimated 63% of India's sewage being released untreated into the environment.

I'm extremely happy to share that we are about to hand over 2 prestigious projects executed using this technology. One is a rejuvenation of the Holy Durga Kund in Varanasi, Uttar Pradesh, and the second is on the Chandrabhaga River at the Vitthal Mandir in Pandharpur, Maharashtra. In both cases, Welspun Michigan will significantly enhance the experience of thousands of devotees who worship and perform rituals at these sites of religious and tourism significance. This new business line is expected to be rolled out pan-India and we are creating an organizational structure commensurate with the huge opportunity we see waiting to be tapped.

On the financial front, our WMEL order book as on December 31, 2024, is INR2,600 crores. The order book entails 23 projects, which are spread across large dia tunnels, micro and segment tunneling, marine works, rehabilitation of sewer lines and bridge construction and is largely

executable over the next 36 months, excluding the single large tunnel project which has a 93-month period of execution.

Coming to the key financials of the concluded quarter, WMEL has delivered revenue of INR155 crores, thus taking our 9-month FY '25 revenue to INR403 crores, marking a spectacular growth of 49% YoY. I'm confident that we will continue the execution momentum into the financial year and endeavor to better the guided 50% growth for FY '25. This performance has been consistent from a margin perspective. Our EBITDA margin works out to be approximately 23% for the 9 months FY '25.

With this, I will close my remarks and hand the call to Lalit Jain, CFO of Welspun Enterprises for updates on financials.

**Lalit Jain:**

Thank you, Saurin. Good afternoon to everyone, and many thanks for being a part of this call. As our MD shared on a consolidated basis, we have delivered INR919 crores of total income for Q3 FY '25 against INR754 crores in Q3 FY '24, which is a growth of 22% year-on-year. The 9-month FY '25 consolidated income is INR2,717 crores, which is a growth of 24% over 9-month FY '24. Our consolidated EBITDA for Q3 FY '25 is INR180 crores against INR174 crores in Q3 FY '24. This EBITDA works out to margin of 19.6%.

The 9-month FY '25 consolidated EBITDA is INR523 crores against INR460 crores, which is a growth of 14% over 9 months FY '24. A consolidated PBT for the quarter is INR117 crores and our profit after tax for the quarter is INR77 crores. At the consolidated level, we reiterate that our EBITDA for financial year '24-'25 is expected to be INR700 crores and ROCE is expected to be 17%, which does not include the expected gain on the sale of completed assets.

On a stand-alone basis for Q3 FY '25, total income is INR709 crores and EBITDA is INR105 crores. Profit before tax on a standalone basis is INR95 crores, while PAT is at INR69 crores. Our EBITDA margin is at healthy 14.8%. Please note that in Q3 FY '24, we have recognized a claim from EPC business. This resulted in a higher EBITDA margin of 20% in last financial year.

We have a strong balance sheet, as demonstrated by our stand-alone net worth of INR2,605 crores as on 31st December 2024. We remain debt free on a stand-alone basis with cash reserve of INR844 crores, which will allow us to grow the business to the next level.

I would also like to inform you that the company was previously focusing on road project, which accounted for significant portion of its revenue. However, in recent quarter, the order book has diversified to include projects in water, wastewater, tunneling and rehabilitation sectors. Along with the acquisition of Michigan Engineers Limited, to reflect this expanded portfolio, management has decided to go to do segmental reporting starting with quarter 2 FY '25 for each vertical, namely water, transport, tunneling and rehabilitation.

I would like to take you all through the segment-wise revenue numbers for Q3 FY '25. Out of total consolidated operational revenue of INR867 crores, INR328 crores comes from transport,

INR365 crores is contributed by water and the balance of INR174 crores is being contributed by tunneling work.

With this, we can open the forum for question and answer. Thank you.

- Moderator:** Thank you very much. The first question is from the line of Vaibhav Shah from JM Financials.
- Vaibhav Shah:** Sir, firstly, on the balance sheet side, what would be our consol and standalone debt as of December?
- Lalit Jain:** Consolidated INR1,122 crores. And we don't have any debt on the -- at stand-alone level.
- Vaibhav Shah:** I think there was around INR180 crores debt as of September quarter is standalone...
- Lalit Jain:** Basically, we have taken one advance of INR169 crores from the Actis for the 51% MCP stake, which we are going to sell. So this is advance, which is interest -- it will come -- it will be adjusted against our consideration of 51% when we sell this.
- Vaibhav Shah:** Okay. And sir, what would be your order inflow in the 9 months? And how much we're targeting for the entire year?
- Sandeep Garg:** So the order inflow at Welspun Enterprises level stand-alone has been about INR2,000 crores in the FY '25. As I had mentioned in my opening statement mentioned, we had opened L1 for about INR1,850 crores worth of projects, which because it is delayed in award, we are -- we have never considered in order book, but we are also now taking it away from our projections till the time the clarity comes in.
- Based on these guidance, we anticipated that we will be having an order book of about INR6,000 crores addition. However, given that this INR2,000 crores may not come and certain projects are delayed in award, we are not very hopeful that any new award will come in the current financial year.
- Vaibhav Shah:** So FY '25 should be around INR2,000 crores in terms of inflow?
- Sandeep Garg:** Yes. We expect this spill over to be met in the Q1 of FY '26 because the project that we were anticipating will be bid out in this year are slightly behind schedule.
- Vaibhav Shah:** So what would be our target for FY '26 in terms of inflows?
- Sandeep Garg:** We believe that we should be able to make up for this loss of about INR4,000 crores plus the additional INR6,000 crores in FY '26. So we should be garnering an inflowsomewhere between INR8,000 crores to INR10,000 crores order book in the FY '26.
- Vaibhav Shah:** Sir, what should be the broad mix of the inflow that we are targeting for next year? Highway should be somewhere around 30%, 40-odd percent?



- Sandeep Garg:** Yes. So we would -- we expect about 35% to 40%, 35% to be the transport vertical and the balance would come from the water vertical.
- Vaibhav Shah:** Okay. And sir, secondly, on the industry side, what is the current pipeline on the -- especially in the water segment?
- Sandeep Garg:** So the water pipeline is pretty strong. As I said in my opening statement, we see a lot of orders coming through going forward in Maharashtra, in MP, in Rajasthan, in Odisha. So we see a lot of orders being announced and which being expected in any time between 45 days to about 3 months period. So we see a lot of work coming in.
- Vaibhav Shah:** And anything on the competition side, have we seen some increased competition over the last 3 to 6 months in water segment?
- Sandeep Garg:** In the kind of projects that we participate, there are limited players because you need technical qualifications, et cetera, et cetera. So we don't see very intense competition. We don't participate by design in areas which are intensely competitive.
- Moderator:** The next question is from the line of Nirvana Laha from Badrinath Holdings.
- Nirvana Laha:** Sir, my first question is on the discontinued operations losses that we are booking. So what is the status of approval here? And when are we expecting to dispose of this asset? And how much more losses are left to be booked?
- Lalit Jain:** This is with respect to our MCP project, which we have sold out to Actis, 49% we already sold out. And remaining 51%, we are expecting COD in -- within 3 to 4 months. Once we receive the COD, then we have to apply for the NHAI approval. Once it comes -- we are expecting this -- to close the deal in FY '26.
- Nirvana Laha:** Okay, sir. And how much more losses do you anticipate to book in the next 2 quarters?
- Lalit Jain:** Basically discontinued operation losses are not practically losses -- these are only notional loss. We don't see any loss on this account. But for the accounting purpose, we have to consider. So this will be, you can say, INR24 crores, INR25 crores per annum, these are the type of discontinued losses that will come in...
- Sandeep Garg:** Just to add to what Lalit has told, we anticipate in the H1 of FY '26, this whole transfer to take place. And this notional loss that we are making will get consummated rewritten in once -- the equity of 51% is transferred to Actis.
- Nirvana Laha:** I see. So it will be reversed when the transaction is quarter?
- Sandeep Garg:** Yes, yes.
- Nirvana Laha:** Okay. Okay. So a few questions on your P&L. So in this, the other income has spiked quite a lot. It's gone up to 16% from 10% in the Y-o-Y quarter. And if I look at the segmental results,

the EBIT margins for the water segment have really come down, 21% against 33% Y-o-Y. So what led to this?

**Sandeep Garg:** So the other income has 2 components. One is a component of the -- our treasury income. The other component is the...

**Nirvana Laha:** Sir, sorry, I meant other expenses. Other expenses have spiked from 10% to 16%, not other income.

**Lalit Jain:** For other expenses, you have to consider both the things cost of material, subcontractor and put together and then you can compare, because sometimes other expenses like designing expenses also we are accounting on other expenses. So this is part of our subcontracting cost only. So you need to compare putting all 3 heads at 1 place, cost of material, subcontractor and other expenses, then you will be able to compare properly.

**Nirvana Laha:** Okay. So only combined, it makes sense to compare quarter-to-quarter?

**Lalit Jain:** Correct. Makes sense, yes.

**Nirvana Laha:** Okay. Okay. And what led to the big spike in finance costs? And how can we see this number panning out...

**Lalit Jain:** Finance cost, basically, if you see, in the consol level, finance cost has increased because we have drawn the debt at SPV level. We have HAM project, SNRP and Aunta-Simaria. -- we drew around INR500 crores in SNRP projects, that's why the finance cost is increased.

**Nirvana Laha:** Okay. Got it. And last question, if I may. So the opportunity that you're seeing in terms of the water order book, you mentioned INR6 lakh crores across water and road. The water opportunity itself, I think in the annual report, you've commented, it's INR3 lakh crores or more. Can you sort of split this into what government schemes or outside of schemes, what segment, how much of this opportunity you're seeing? And like is there a segment or a government scheme that's going to be the bulk of this opportunity? Like where should we focus in terms of Welspun's opportunity?

**Sandeep Garg:** Yes. So that data is available that it is split into transmission treatment and the other O&M. So the segmentation of this is available, and bulk transmission is about 40% of this pipeline and about 30% is treatment. The balance comes from other distribution, et cetera, et cetera. So this is what the split is at a macro level.

**Nirvana Laha:** So transmission includes only tunneling because UPJJM I think, will be under the distribution this thing, right?

**Sandeep Garg:** Yes. So the transmission will include tunneling as well as the pipe transmission, which is part of our portfolio.

**Nirvana Laha:** So the UP project would be classified under the transmission?

- Sandeep Garg:** The UP division is a distribution project.
- Moderator:** The next question is from the line of Vishal Periwal: from Antique Stock Broking.
- Vishal Periwal:** One on Michigan side, how has been the order inflow in this year?
- Sandeep Garg:** So Michigan has had INR1,700 crores that we have received as incoming orders for the year. And we still have some contracts that we are L1. We are hoping that another INR200 crores to INR400 crores will come in before the March 31st fiscal deadline and add to this number. So we expect to end the year with an order inflow of about INR1,900 crores.
- Vishal Periwal:** Got it. Got it, sir. So at a consol level, then the inflow...
- Sandeep Garg:** I would just want to add to what...
- Lalit Jain:** This includes...
- Sandeep Garg:** This includes the order which has been taken by Welspun Enterprises and subcontracted portion thereof to Welspun Michigan. So in the contra, when we talk about consolidated order, this gets nullified in terms of consolidated order book.
- Vishal Periwal:** Okay. So in a consol level, the INR2,000 crores inflow which you mentioned, that's for stand-alone or consol or...
- Sandeep Garg:** So that's a stand-alone at Welspun Enterprises level. That is why in my opening statement, I made the order book of Welspun Michigan to INR1,500 crores because I had excluded the order which came from Welspun Enterprises to Welspun Michigan.
- Vishal Periwal:** Okay. Okay. And one last question, it's more of a clarification. So the guidance of INR700-odd crores for FY '25, this includes other income, right, sir?
- Lalit Jain:** Correct. Correct.
- Sandeep Garg:** That is correct.
- Vishal Periwal:** And then probably what is the ballpark range of margin this works out?
- Sandeep Garg:** Margins in terms of the overall -- EBITDA margins should be at an overall level, be about -- will be about 19% or there around at a reported EBITDA level.
- Moderator:** The next question is from the line of Koustubh Shaha: from Wallfort PMS.
- Koustubh Shaha:** I had a question on the SmartOps, the 2 projects that we have now kind of successfully done and handed over. So can you just give us a color as to was there any revenue booked? And what were the margins -- and the second question was that when you're saying that there will be a pan-India roll out, so can you just give us a color for FY '26, what we should expect in terms of the orders or the top line, that was for the Michigan part?

- Saurin Patel** Yes, sure. Thanks for asking this. The 2 orders of Varanasi and Pandharpur will contribute about anywhere between INR43 crores to INR45 crores to our top line sales in terms of fiscal year '25. And we hope that we will achieve easily 100% to 150% increase for the next FY '26 projection.
- Now the percentages that this brings to our EBITDA levels in terms of the earnings, we expect that we will not be earning less than 30% on the gross levels in terms of percentage profit margins. And considering that these are smaller projects and we are just ramping up, we hope that this leads to a higher number in the coming years with the productivity and organizational increases that we are currently setting up.
- So pan-India, when you say, we have no choice because the demand that we foresee for cleaning up water bodies and for making sure that the inlets coming into major usable water bodies are meeting NGT standards, et cetera, are so large that unless we are present in various geographies in India, we feel that we would be giving up on opportunity, and that cost would be too high.
- Koustubh Shaha:** Okay. Sir, so you said that in the next year, we should expect 100%, 125% increase in terms of the order flow
- Saurin Patel :** On a conservative level, I think we would do anywhere between INR150 crores to INR200 crores of turnover from SmartOps alone.
- Koustubh Shaha:** Okay. Great. And just to reiterate, the 30% is the gross margin and not the EBITDA margin, correct?
- Sandeep Garg:** Yes. So we would guide you to a 30% gross margin. We will come back with the EBITDA margin as the business matures.
- Koustubh Shaha:** Okay. Great. And second question is on the oil blocks. So how are we looking at in terms of the approvals, you have given the specified quantum that you're expecting? And any capital commitments that would be required for this?
- Sandeep Garg:** So this question is a bit tricky, so but anyway, the honest answer is that we have not got the EDP approval that we were anticipating from the government despite 45 meetings during the quarter gone by. So, once the EDP is approved, then only can we estimate what will be the expense because the evacuation routes will be decided only based on the EDP approval, and the viability of the same and capital allocation thereafter will take place. So we still are a bit away from it is my anticipation. So it will take at least 3 to 6 months still before the government approves this EDP.
- Koustubh Shaha:** Okay. Fair enough. And lastly, from a future perspective, what should we consider at a consolidated e EBITDA margins?
- Sandeep Garg:** So EBITDA margins, at least for the FY '25 will be in the ranges of 19%. So 19% plus is what I would say. And our future businesses, as we speak, are in our continued business. So we will be reporting similar numbers of EBITDA margin for the years to come.

- Moderator:** The next question is from the line of Parth Thakkar from JM Financials.
- Parth Thakkar** Can you provide us with the revenue and the margin guidance for FY '26 and also for FY '27 if you can?
- Sandeep Garg:** So we expect the -- our revenues and our margins to grow in the ranges of 15% to 20% year-on-year basis.
- Parth Thakkar:** Okay. And also, during the 2Q call, we were still waiting for the necessary approvals and clearances for the Dharavi Water Treatment project. Have we received them yet? And how much can we expect on a full year basis to book revenue on that?
- Sandeep Garg:** If I understand it correct, the question is more related to the Dharavi-Ghatkopar tunnel.
- Parth Thakkar** Yes. Yes, sir.
- Sandeep Garg:** So if that is the question, then as Saurin addressed in his opening statement, we anticipate the approvals to come in the next 6 months.
- Moderator:** The next question is from the line of Yash Dedhia from Maximal Capital.
- Yash Dedhia:** Congratulations on the results. Sir, on the margin front, so it seems that, overall, we are getting to a lower margin trajectory, even if we adjust for some of the one-offs in the third quarter of last year, so even if I look at 9M numbers, the margins are a bit tepid. So despite growing by 20% YoY odd on the revenues, I think our PBT and all is relatively flat. So are we still looking for a growth of 15% to 20% at a PBT level for this year?
- Saurin Patel:** So the guidance is at the revenue and the EBITDA level. Now below the EBITDA lines, depending upon how the business is being ramped up and certain costs are getting incurred for future, the PBT and PAT will accordingly get adjusted. But we expect that our EBITDA should grow in the ranges of 15% or there around year-on-year basis and similar numbers will be the revenue situation. Below the EBITDA line because of the very nature of the businesses as they are in the growth phase or we are acquiring certain assets, the numbers at PBT and EBITDA will change.
- Lalit Jain:** So this is Lalit Jain. EBITDA margin remains as sir suggested, PBT and PAT for this financial year will not be comparable with last financial year. There were some claims. So if we remove that claims, then adjusted for the same, there will be a growth of 15% to 20%,.
- Yash Dedhia:** Sir, how much should we adjust? How much was the claim?
- Lalit Jain:** Around INR20 crores something amount was there. So if you remove that, then it will be -- for the quarter, it will get comparable.

- Sandeep Garg:** So there is a onetime adjustment on the Q3 as was highlighted by Mr. Lalit Jain in his address. In the Q3 FY '24, there was a onetime adjustment of about INR20-odd crores. If you take that away, you will see the increase is consistent with the revenue growth.
- Yash Dedhia:** Okay. Understood. -- I'm looking at your segmental, -- I think Mr. Patel was mentioning that the EBITDA margin is 23-odd percent. But if we look at the EBIT percentage, it is coming to around 16% for 9M. So what is the difference in the 2 figures?
- Lalit Jain:** So basically, the allocation of the corporate expenses due to that it is getting reduced. we should understand that there is a difference between the project margin and at the net margin., so you can say corporate allocations just getting reduced.
- Yash Dedhia:** But your segmental will not have corporate allocations, right, that could be below the segmental right? So I'm just looking at INR68 crores of EBIT on a INR422 crores, that is coming to 16% EBIT percentage. And then how does it -- is the depreciation 7-odd percent?
- Lalit Jain:** That we can discuss offline all these details, if you want, we can discuss offline.
- Yash Dedhia:** Okay. And finally, just one clarification on the order inflows and order book. So we are saying that we'll get INR2,000 crores more order inflow in FY '25. And then INR10,000 crores is the expectation for FY '26, which includes INR4,000 crores to be spilled over from FY '25 to FY '26.
- Sandeep Garg:** I think the message that I was trying to give was that we are not anticipating any major orders in this financial year at the WEL level. So there will be a spill over of almost INR4,000 crores from what the projects we were targeting into the next year. And next year, with this spill over included, we will be in the ranges of INR8,000 crores to INR10,000 crores order booking next year. That's what our target is.
- Moderator:** Sorry to interrupt, Mr. Yash, I would request you to rejoin your queue for a follow-up question. The next question is from the line of Animesh Poddar from Wave PMS. Please go ahead.
- Animesh Poddar:** I would like to seek clarification on the cash flow. So last year as of March 2024, the cash flow from operating activities were negative. So are we closing this year with positive cash flows from operating activity? And if you should just give me a ballpark number of what will be the cash flow from operations?
- Sandeep Garg:** So at a macro level, I can tell you we will be closing cash flow positive from the operations. However, the exact number, I think I may not be able to give you right now. I would suggest that if you could connect with the IR team, they will be able to help you with that.
- Animesh Poddar:** Okay. And sir, do we expect to maintain the debt level on this level? Or are we expected to reduce the debt or maybe increase? I mean, how is the financial leverage playing out?
- Sandeep Garg:** Just to take what Mr. Lalit Jain said, we have practically 0 debt at the stand-alone level. However, the SPVs will have some debt, which they will continue to take as the progress happens. One of

the project, which is Aunta-Simaria, which is likely to be completed in this financial year, will be ready for a spin or a flip next year. We will try and see if we can split it next year. So that much of debt will be reducing on the consol level.

**Moderator:** The next follow-up question is from the line of Nirvana Laha: from Badrinath Holdings.

**Nirvana Laha:** So the orders that we are winning in SmartOps, can you tell us a little about what kind of tenders we are winning them for? The reason I asked this is because, is the tender actually dictating certain timeline of completion, et cetera, which is giving SmartOps an advantage? Or are we still competing against the traditional -- we are constructing water treatment plants. So who are our competitors? And what are these kind of tenders where SmartOps is doing well and is likely to do well going forward?

**Sandeep Garg:** So the tenders which we win are tenders where we bring in a differentiation, where the client is valuing both space, time as well as the efficacy and reliability of the system. So overall, O&M is also something that its value. So anybody who's doing a life cycle costing and these key aspects is where we are likely to win.

In terms of competing with the existing technologies, then there is no comparison because the timeline itself is very different for each one of them. So as against a conventional water treatment plant taking a couple of years, we take about 45 to 60 days. And wherein per MLD, the area requirement is about 150 square meters for us, which is almost 3 to 4x of this for a conventional treatment plant. So anybody who is valuing these is where we will get our benefit and we should be able to position ourselves for those kinds of projects.

**Nirvana Laha:** Understood, sir. My question actually is that are the tenders already specifying these time and size constraints to our advantage? Or is it that the tenders are still generic in nature and we are still able to win them basis our bid? That is what I want to ask.

**Sandeep Garg:** We don't bid for generic tenders through this technology because I don't think if there is no differentiation between the 2, we will be able to -- we would want to compete with that technology. We will be selective in our bidding even in this case.

**Nirvana Laha:** Sure, sir. Therefore, the competitors we are coming up with, they also have similar technology, modular technology or they are competing with the older technology?

**Sandeep Garg:** At least to the best of my knowledge, there is no competing technology equivalent to this at this point in time.

**Nirvana Laha:** Sure. And I have one other question on the oil blocks, if I may. So apart from the Mumbai oil block for which we are pursuing FDP, what is happening in the other 2 oil blocks?

**Sandeep Garg:** So the -- as I said earlier, the other block, which is adjoining the Mumbai block is supposed to be evacuated, and the oil and gas is supposed to be evacuated from the evacuation route, which is decided for this particular block. And hence, these are co-terminals. And the other -- there is

no other block where we are otherwise operator, so we are not in a position to comment upon it. And I hope -- I mean, these are the 2 blocks that are of relevance at this point in time.

- Moderator:** The next question is from the line of Harsh from Elegant Family Office.
- Harsh:** So I just wanted to confirm I heard the management correctly in opening remarks, are you guiding INR700 crores EBITDA this year?
- Lalit Jain:** Yes. So we are reporting EBITDA shall be for INR700 crores or we are targeting INR700 crores, including the other income, total -- on a base of total income.
- Harsh:** Are you also upward revising your revenue target of INR4,000 crores in FY '25?
- Lalit Jain:** No, we are not upward revising. We possibly will be slightly short of it because, as I said in my opening statement, one of the orders which we were anticipating has not matured and - we have taken some forecast of revenue from that, that we will not be able to get.
- Harsh:** So by going by that, you will be needing at least -- like you have done INR368 crores of EBITDA in 9 months, that leaves us with almost INR350 crores of EBITDA for Q4. At the revenue run rate of INR4,000 crores, that would be like 25% margin at least.
- Lalit Jain:** I think I would want to clarify this that the guidance is at the EBITDA level of the reporting. You seem to be excluding the other income from the related EBITDA there. So this is the disconnect. I am giving you a guidance as against INR523 crores which we clocked in 9MFY25, we will be at INR700 crores in FY25.
- Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investments.
- Vignesh Iyer:** I wanted to understand on the tax rate side of it more on a consolidated level. So we would be doing -- paying tax at the rate of 30%, right, even going ahead in FY '26 on a blended basis?
- Lalit Jain:** In terms of the stand-alone level, it is 25%. For some SPV, we have 30%, but we are -- it will be in the range of 25% to 27% at the end of the year.
- Sandeep Garg:** So going forward, the question -- if the question is FY '26 and '27, we are going to look at these -- our taxation strategy as to what we need to follow, and we'll come back to you once our strategies are in place.
- Vignesh Iyer:** Okay. Got it. Got it. And sir, sorry, if I missed did earlier, how would we be ending this year, that is FY '25 in terms of revenue?
- Sandeep Garg:** So we anticipate the consolidated revenue to be somewhere close to INR3,700 crores total income.
- Moderator:** The next question is from the line of Diwakar Rana from Prudent Equity.
- Diwakar Rana:** What is the nature of the onetime expense of INR20 crores?



- Lalit Jain:** It's not a one-time expenses. This was the onetime claim and gain ...
- Sandeep Garg:** So I think the question is related to what you're talking about INR20 crores is other income that we had accounted in Q3 FY '24, which is onetime income that had come in, I don't think there is any clarification that we have given out onetime cost side of this.
- Diwakar Rana:** Okay. Sorry. So I thought there is a onetime expense of INR20 crores. You are saying it is other income, right, of INR20 crores?
- Sandeep Garg:** Yes, that is correct.
- Moderator:** The next question is from the line of Nishant Gupta from Minerva Global Capital.
- Nishant Gupta** Just one small question. In the previous con call, you had guided for a revenue growth over the next 3 years in the range of 20% to 22%. This time, you have softened that to 15% to 20% over the next 3 years. So is it more like a cautious approach because the kind of opportunity you mentioned INR3 lakh crores would be in the water segment itself, that kind of indicates there is a -- there can be a higher uptick. So what is the reason for softening the plan?
- Sandeep Garg:** So why I have softened this that the last 8 months, the order inflows or order bids are slow. We would await when they come to their normal levels and then reguide rather than guide in advance of our growth. So more cautious about it. Once the intent of the government converts into actual work, we would be happy to reconsider our guidance.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Sandeep Garg: for closing comments.
- Sandeep Garg:** Thank you. Thanks once again for coming, for joining us today. I hope we have addressed all your queries. We remain committed to creating long-term value for our stakeholders, and our focus is on improving return on equity and return on capital employed. Should you have any further questions or feedback, please feel free to reach out to our CFO or Investor Relations team. Thank you. Good day.
- Moderator:** On behalf of JM Financials, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.