

INTERACTION

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“Our current order book is over ₹100 billion.”

- **Sandeep Garg**, Managing Director, Welspun Enterprises Ltd.

Sandeep Garg, Managing Director, Welspun Enterprises Ltd, in a candid interaction with **Pratap Padode, Editor-in-Chief, CW,** shares the importance of the Actis deal on his company’s roaring results, as he sits on an order book worth more than ₹100 billion, with an expected topline of ₹36 billion in FY24. Excerpts from the interview:

Welspun Enterprises has achieved a good set of numbers in FY23. Can you highlight the significant achievements? Also, what has been the impact of the Actis deal closure on your portfolio?

I believe that this is just the beginning of our growth journey and we expect to see healthy growth in future as well. Some of our significant achievements during the year include receiving Completion Certificates for three of our projects – Amravati-Akola (AM2), Chutmalpur-Ganeshpur (CGRG) and Chikhali-Tarsod Highway Road Project (CTHPL), in addition to securing Provisional Completion



Certificate (PCOD-II) for Mukarba Chowk-Panipat Road Project (MCPRP), where we have completed 97 per cent of total project length.

We have also secured an additional contract of ₹16+ billion, as part of Varanasi-Aurangabad Road Project (VARP). In the Dharavi Wastewater Treatment project, we have completed design, engineering and planning works and have

commenced resource mobilisation for construction at project site. Once completed, this will be India’s first and world’s second multi-tier Waste Water Treatment Facility, with state-of-the art technology and low footprint.

We have also made significant progress in the rural water supply project in Uttar Pradesh for the Government of India’s Jal Jeevan Mission, where we are developing end-to-end infrastructure for supply of water to over 2,500 villages in the state. During the year, we have also deployed leading-edge digital initiatives to further strengthen project management, ensure faster execution and reduce costing.

The Actis deal closure at an enterprise value of ₹60 billion was an important facet for us to remain true to our asset light model. It allowed us to capture the entire value chain of successfully winning, constructing, stabilising and monetising road assets. Until we had the Actis deal, we demonstrated our ability to acquire the business

Ongoing projects list of WEL

Project Name	Type	Contract Type	Authority/ Client	Status
Aunta-Simarua	Road	HAM	NHAI	Under execution
Sattanathapuram-Nagapattinam	Road	HAM	NHAI	Under execution
Varanasi Aurangabad NH2 Project	Road	EPC	SIVAPTL	Under execution
Mukarba Chowk-Panipat	Road	BOT (Toll)	NHAI	PCOD-II achieved w.e.f. 28 March 2023 (~97 per cent of project length)
UP State Water and Sanitation Mission	Water	EPC	SWSM	Under execution
Dharavi Wastewater Treatment Facility	Water	DBO	BMC	Under execution
Dewas Water	Water	BOT	MPSIDC	Operational

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and deliver it to the satisfaction of the client.

Hence, the deal was important for us from the point of churning the capital further as it proves our complete end-to-end model. Rather than monetising individual projects, we created a platform so that we could engage with companies of substance. Our business and cultural synergies were very similar to Actis, which significantly contributed towards the success of the deal.

Based on our thought process of being prudent, we were more focused on creating value during the monetisation phase rather than the construction phase. However, we now know the value at which assets can be sold, which will allow the board to book the right levels of profit in the constructing phase as well as exit phase, as required. We still have ₹30 billion portfolio in our hand.

What plans have you outlined for the current fiscal to go past the previous fiscal numbers?

For FY24, our internal target on an annualised basis is to reach an average of ₹3 billion turnover per month, which leads to a ballpark figure of Rs 36 billion in the fiscal. However, the quarter-on-quarter basis would not be the same, as Q1 and Q2 would be expectedly slow owing to the unprecedented climatic conditions. By and large, given our current order book of over Rs 100 billion and diversified offering comprising HAM, BOT and EPC projects, we are reasonably confident to achieve this mark.

As an enterprise, what are the major challenges you face in the roads sector?

We need to acknowledge the fact that the amount of work happening in India right now has never been



The Dewas water supply project in Madhya Pradesh is on BOT basis.

witnessed before. This is leading to a significant shortage of skilled manpower. The talent pool for the infrastructure sector is limited hence, the scarcity of talent will be observed in the foreseeable future.

Further, given the long term nature of contracts that are being undertaken, I believe that there should be provisions which will allow the Government to take proactive decisions when the desired actions do not take place. In such situations, there must be flexibility which allows the relevant authorities to modify the existing model to deal with difficult situation in light with the ever-changing external scenarios.

Moreover, while there are significant steps being taken for long term funding of infrastructure projects, a lot more effort is required so that infrastructure development can take place at a faster pace.

Finally, in BOT (toll) projects, there is a significant risk about cost escalations, especially due to commodity prices, which are currently not considered, as compared to HAM and EPC projects. A model change on this front will help more developers to bid efficiently and at the same time, ensure there is a healthy participation.



A glimpse of the Delhi-Meerut expressway.

In terms of skill deficit at senior to mid-level project management, where would we get the pool of skilled people?

Skill is a difficult aspect to develop and takes a long time. I believe that the impetus on infrastructure will continue for a substantial period, allowing us significant time to deploy our full efforts to develop manpower, right from workers to engineers, and bridge the gap. Moreover, we must also impart skills that are required to adapt to new technologies, apart from conventional skills, which will enable companies and industries to move with the times.

Are you looking to go international?

I genuinely believe that there is substantial work coming up in India. To my mind, the time is now for India and I want to bring in the best things to India rather than take from India. The right approach to business is to create better standards in India, and try and create the differentiation within the country so that we have the infrastructure that will enable our future generations to live happily. Having said that, we are well-equipped to expand the business internationally, should we come across suitable opportunities.