

Achieving milestones as committed

- Revenue in Q2FY21 up 7% YoY at Rs. 3,242 mn ; EBITDA margin at 13.9%; Operations close to pre-Covid levels
- Received Appointed Date for project Sattanathapuram-Nagapattinam worth Rs. 22,725 mn
- Received PCOD for project “CGRG” worth Rs 10,727 mn
- Current EPC Order Book at Rs. 43,710 million

Mumbai, October 28, 2020: Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q2/H1 FY21 results.

Standalone Financials

Income Statement Snapshot (Rs Million)						
Particulars	Q2 FY21	Q2 FY20	YoY Growth	H1 FY21	H1 FY20	YoY Growth
Revenue from Operations	3,242	3,038	6.7%	4,983	8,197	-39.2%
Other Income	101	146	-31.3%	197	263	-25.1%
Total Income	3,342	3,184	5.0%	5,180	8,460	-38.8%
Operating EBITDA**	381	364	4.8%	577	995	-42.1%
<i>Operating EBITDA margin</i>	<i>11.8%</i>	<i>12.0%</i>	<i>-21 bps</i>	<i>11.6%</i>	<i>12.1%</i>	<i>-57 bps</i>
EBITDA	465	483	-3.7%	740	1,204	-38.5%
EBITDA margin	13.9%	15.2%	-125 bps	14.3%	14.2%	6 bps
PBT	320	373	-14.2%	480	963	-50.1%
PAT	247	324	-23.7%	377	700	-46.1%
<i>PAT margin</i>	<i>7.4%</i>	<i>10.2%</i>	<i>-277 bps</i>	<i>7.3%</i>	<i>8.3%</i>	<i>-99 bps</i>
Cash PAT	352	431	-18.3%	527	896	-41.2%

Note: Cash PAT = PBDT– Current tax + Non-cash ESOP expenses
 Prior figures have been restated wherever necessary

* Refer table below

Operating EBITDA Calculation (Rs. Million)				
Particulars	Q2 FY21	Q2 FY20	H1 FY21	H1 FY20
Operating EBITDA (as per reported financials)	365	337	543	941
<i>Operating EBITDA Margin (as per reported financials)</i>	<i>11.2%</i>	<i>11.1%</i>	<i>10.9%</i>	<i>11.5%</i>
Add: ESOP non-cash expense	17	27	33	54
Operating EBITDA	381	364	577	995
<i>Operating EBITDA margin</i>	<i>11.8%</i>	<i>12.0%</i>	<i>11.6%</i>	<i>12.1%</i>

BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	30 th Sep 2020	31 st Mar 2020
Net worth	17,472	17,355
Gross Debt	4,014	3,100
- Long Term Debt	4,014	334
- Short Term Debt	0	2,766
Cash & Cash Equivalents	2,476	5,293
Net Debt /(Cash)	1,537	(2,193)
Other Long Term Liabilities	309	306
Total Net Fixed Assets (incl. CWIP)	548	565
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) [@]	2,459	1,784
Other Long Term Investments and assets (adj.) [@]	16,311	13,119

Long Term Debt (incl. current maturities) – Against equipment financing

Short Term Debt (incl. CP) – Against current assets

[@] Temporary funding of Rs. 1,200 million has been made in lieu of drawing debt at the subsidiary/JV level in order to minimise the interest cost. This temporary funding has not been included in the cash balance of Rs.2,476 million. The same is reflected in Other Long Term Investments and assets

Key Highlights

- Revenue in Q2 FY21 stands at Rs. 3,242 million, up 7% YoY.
- EBITDA margin in Q2 FY21 at 13.9% vs. 15.2% in Q2 FY20
- Adequate cash balance to fund the future equity requirements of its project portfolio
 - As on 30th September, Cash balance stood at Rs. 2,476 million.
- Additional equity requirement within the next 2-3 years for the existing portfolio:
 - Existing HAM Projects: ~ Rs. 764 million
 - Oil & Gas: ~ Rs. 1,008 million
- Long-term loans of Rs. 4,014 mn are adequately supported by net current assets and net fixed assets.
- Received PCOD for HAM project “CGRG” worth Rs 10,727 mn
- Received Appointed Date for HAM project Sattanathapuram-Nagapattinam worth Rs. 22,725 mn

Project Status

The brief status on **HAM** projects are as under:

Delhi-Meerut Expressway (Delhi-section)

- **Project Description:** 14 Lane expressway: Six-laning of Delhi – Meerut Expressway & four-laning either side from 0th km to existing km 8.4 of NH-24 in Delhi
- **Completion cost:** Rs. 8.87 billion
- **Status:** Fourth annuity received in July 2020 within the stipulated time; cumulative annuity received till date amounts to Rs. 471 mn.
- Project refinanced at 7.87% pa with top-up loan of Rs. 65 crores.

BUSINESS UPDATE

Gagalheri-Saharanpur-Yamunanagar (GSY)

- **Project Description:** 4-Laning of Gagalheri-Saharanpur-Yamunanagar section of NH-73 in UP / Haryana
- **Bid Project Cost (with escalation):** Rs. 13.54 billion
- **Status:** Physical progress of about 98% has been completed by Q2FY21 and awaiting PCOD.

Chutmalpur-Ganeshpur & Roorkee-Chutmalpur-Gagalheri (CGRG)

- **Project Description:** 4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73 in UP & Uttarakhand
- **Estimated Completion Cost:** Rs. 10.73 billion
- **Status:** Received PCOD on 5th August 2020.

Chikhali-Tarsod (CT)

- **Project Description:** 4-laning of Chikhali – Tarsod (Package-IIA) section of NH-6 from km. 360.0 km to 422.7 in Maharashtra
- **Bid Project Cost (with escalation):** Rs. 12.38 billion
- **Status:** Physical progress of about 66% has been completed by Q2FY21 and payment from NHAI pertaining to 3rd milestone has been received.

Package No. AM2 (Maharashtra Amravati)

- **Project Description:** Upgradation of Roads in Maharashtra State or Two Laning Road/ Two Laning Road with paved shoulder under MRIP Package on Hybrid Annuity Mode (HAM) Package No. AM 2.
- **Key Features:** Concessionaire to receive 60% of the Bid Project Cost (BPC) during the construction period (vs. 40% in NHAI projects); balance 40% of BPC and O&M payments is paid back in semi-annual instalments in a period of 10 years (vs. 15 years in NHAI projects)
- **Bid Project Cost (with escalation):** Rs. 16.47 billion
- **Status:** Physical progress of about 71% has been completed by Q2FY21 and part payment from Maharashtra PWD pertaining to 3rd milestone has been received.
- Aailed disbursement of Rs. 245 crores at 7.25% interest rate.

Aunta-Simaria (Ganga Bridge with Approach Roads)

- **Project Description:** Six- Laning from Aunta-Simaria (Ganga Bridge with Approach Roads) Section from km 197.9 to km 206.1 of NH-31 in Bihar. Includes widest extradosed bridge on Ganga river
- **Bid Project Cost (with escalation):** Rs. 13.46 billion
- **Status:** Physical progress of about ~22% has been completed by Q2FY21 and payment from NHAI payment from NHAI pertaining to 1st milestone (i.e. @ 10% completion) received in January 2020.

BUSINESS UPDATE

Sattanathapuram-Nagapattinam (SN)

- **Project Description:** 4 laning of Sattanathapuram to Nagapattinam (Design Ch Km 123.8 to Km 179.6) section of NH-45A (New NH -332) in Tamil Nadu
- **Bid Project Cost(with escalation):** Rs. 22.72 billion
- **Status:** Received Appointed Date on 5th October 2020 with 4 lane road & 4 lane structures as against 4 lane road & 6 lane structures specified in the Concession Agreement and with current land availability of 29.39 Km (52.71%), balance land at advanced stage of acquisition by NHAI.

The brief status on various other projects are as under:

BOT (Road Project)

Mukarba Chowk – Panipat (MCP)

- Completed takeover of a Build-Operate-Transfer (BOT) Toll project, Mukarba Chowk – Panipat from Essel group by harmonious substitution.
- Original Total Project cost estimated to be INR 21,220 mn out of which INR 15,930 mn was the balance to be incurred, to complete the project on acquisition.
- All existing Lenders to the project have agreed to continue supporting the project; thus the project is fully financially tied up and necessary agreements executed with Lenders.
- Physical progress of about ~53% has been completed by Q2FY21 and we expect to complete the project by H1 FY22.
- As per the Concession Agreement, the scheduled concession end date is October 2033, extendable up to 3.4 years based on actual average traffic in year 2025.
- Upon achieving COD for both Haryana and Delhi section, the Company expects to collect toll of INR 3,000 mn per annum.

BOT (Water Project)

Dewas Water

- **Project Description:** Modified project involves the supply of treated water of up to 23 MLD to industrial customers in Dewas
- **Project Cost:** Rs. 1.46 billion
Status: Commercial operation has commenced from 30th April 2019. H1 FY21 revenue stands at Rs. 47 mn with EBITDA of Rs. 23 mn.

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “We continue to focus on operational excellence by focussing on road and water segments, where we expect significant opportunity over the next few years. We are proceeding as planned with respect to completing four under-construction projects during this year and have already received PCOD for one HAM project. Once complete, we will look at unlocking value from our projects which is in line with our asset-light strategy. We also aim to create long-term sustainable value for all stakeholders with our healthy order book.”

BUSINESS UPDATE

Outlook

- Currently, there are around 34 HAM projects of NHAI, with a total project cost of ~Rs. 320 bn, whose bids have been announced. The Company is selectively targeting to participate in bidding of few projects, while preserving its threshold return expectations.
- Apart from NHAI, WEL is also evaluating road HAM projects of State and Municipal agencies.
- On the water segment, the Jal Shakti Ministry's 'Har Ghar Nal se Jal' scheme of providing drinking water access to all by 2024, is expected to result in a potential opportunity of more than Rs. 6 trillion over the next five years. WEL shall actively focus on these projects.
- The Company will continue to explore inorganic growth opportunities, through a measured evaluation of risk-return parameters.
- WEL is well-positioned for early financial closure of new project wins, as and when it happens, given its healthy cash balance.
- The Company will continue to pursue an asset-light model, while focussing on operational excellence and prudent risk management.

About Welspun Enterprises Ltd.

Welspun Enterprises Ltd. (WEL), part of the Welspun Group, is an operating Company in the infrastructure business. The Company also has investments in Oil & Gas Exploration. The company, in its current form was created through the merger of Welspun Enterprises Ltd., Welspun Infratech Ltd., Welspun Plastics Private Ltd. and Welspun Infra Projects Private Ltd. with Welspun Projects Ltd through the Scheme of Amalgamation and Arrangement made effective from May 11, 2015.

About Welspun Group

A US\$ 2.7 billion enterprise, Welspun Group is one of India's fastest growing conglomerates with businesses in Line Pipes, Home Textiles, Infrastructure, Oil & Gas, Advanced Textiles and Floorings. The Group has a strong foothold in over 50 countries with 26,000 employees and over 100,000 shareholders. Headquartered in Mumbai, Welspun Group's manufacturing facilities are strategically located in India, USA and Saudi Arabia. Known for technological and operational excellence, the Group has established a leadership position in the Line Pipe & Home Textiles sectors globally. Its clients include most of the Fortune 100 companies.

For further information please visit www.welspunenterprises.com

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