

Highest Ever Order Book of Rs. 8,437 crores

Mumbai, June 16, 2021: Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q4FY21 / FY21 results.

Management Comments:

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, “FY21 was a challenging year in many ways, we progressed and emerged stronger.

Over the next few years we see significant opportunity in infrastructure and aim to achieve operational excellence through them. We are optimistic about the company’s growth buoyed by the growth in outlay in the National Infrastructure Pipeline. Our robust order book provides visibility of delivering sustainable growth over the next couple of years thereby creating long-term value for our stakeholders.”

Key Highlights

- In process of acquiring HAM project (Kozhikode Bypass) worth Rs. 1,900 crores through Harmonious substitution
- Undertaking procurement & construction of NH2 Project worth Rs. 2,366 crores
- Water segment EPC (UPSWSM Project) order book increased to Rs. 2,500 crores
- AWEL discovers gas in MB-OSN-2005/2 & B-9 field of Mumbai Offshore Block
- EPC Order Book (excl. Kozhikode project) as on 31st March 21 is Rs. 8,437 crores (Rs. 5,893 crores in Road & Rs. 2,544 crores in Water segment).

Key Financial highlights (Standalone):

	(₹ Crs)							
Particulars	Q4 FY21	Q3 FY21	QoQ %	Q4 FY20	YoY %	FY21	FY20	YoY %
Revenue from Operations	504.6	407.3	23.9%	450.4	12.0%	1,410.2	1,760.0	-19.9%
Other Income	1.6	7.7	-79.6%	15.1	-89.6%	29.0	52.6	-44.9%
Total Income	506.2	415.0	22.0%	465.5	8.7%	1,439.2	1,812.6	-20.6%
Operating EBITDA*	70.0	46.5	50.7%	60.8	15.1%	174.2	215.1	-19.0%
Operating EBITDA margin	13.9%	11.4%	246 bps	13.5%	36 bps	12.3%	12.2%	13 bps
EBITDA	70.6	53.2	32.9%	74.3	-4.9%	197.8	258.9	-23.6%
EBITDA margin	14.0%	12.8%	115 bps	16.0%	-200 bps	13.7%	14.3%	-54 bps
PBT	53.9	39.2	37.6%	63.0	-14.4%	141.0	214.1	-34.1%
PAT	39.7	30.0	32.4%	48.8	-18.6%	107.5	159.3	-32.6%
PAT margin	7.8%	7.2%	62 bps	10.5%	-263 bps	7.5%	8.8%	-132 bps
Cash PAT	43.1	34.0	26.8%	48.6	-11.4%	129.7	185.1	-29.9%

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

Operating EBITDA Calculation:

Particulars	Q4 FY21	Q4 FY20	Q3 FY21	FY21	FY20
Operating EBITDA (as per reported financials)	69.1	59.2	45.4	168.8	206.3
Operating EBITDA Margin (%)	13.7%	13.1%	11.2%	12.0%	11.7%
Add: ESOP non-cash expense	0.9	1.7	1.0	5.3	8.8
Operating EBITDA	70.0	60.8	46.5	174.2	215.1
Operating EBITDA margin	13.9%	13.5%	11.4%	12.3%	12.2%

Balance Sheet Snapshot	31 st Mar 2021	31 st Dec 2020	31 st Mar 2020
Net worth	1,819	1,779	1,736
Gross Debt	602	502	310
-Long Term Debt	505	403	33
-Short Term Debt	97	99	277
Cash & Cash Equivalents[#]	375	198	529
Net Debt / (Cash)	227	304	(219)
Other Long Term Liabilities	31	31	31
Total Net Fixed Assets (incl. CWIP)	54	52	57
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) [@]	50	208	178
Other Long Term Investments and assets (adj.) [@]	1,974	1,852	1,312

Long Term Debt (incl. current maturities) – Against equipment financing | Short Term Debt (incl. CP) – Against current assets

[#] includes FD classified and disclosed under “Other non-current financial assets”

[@] Temporary funding of Rs. 299 crores 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. 375 crores. The same is reflected in Other Long Term Investments and assets.

Revenue:

- Q4FY21 → Rs. 504.6 cr, up 23.9% QoQ and up 12.0% YoY
- In FY21 stands at Rs. 1,410.2 crs, down 19.9% YoY
 - Due to the ongoing impact of Covid in project execution in all projects and Kisan agitation rallies and the NGT ban due to poor weather condition in MCP project.

Operating EBITDA:

- Q4FY21 → Rs. 70.0 cr, up 50.7% QoQ and up 15.1% YoY & Margin was at 13.9%
- FY21 → Rs. 174.2 cr, down 19.0% YoY & Margin was at 12.3%

PAT:

- Q4FY21 → Rs. 39.7 cr, up 32.4% QoQ and down 18.6% YoY & Margin was at 7.8%
- FY21 → Rs. 107.5 cr, down 32.6% YoY & Margin was at 7.5%
 - FY21 **EPS** stood at ₹ 7.17 vs ₹ 10.61 in the same period last year

Funding Requirement and Cash Balance:

- As on 31st March 2021, the company has invested (incl. Loan) Rs. 1,030 crores in HAM Road portfolio, Rs. 444 crores in Road BOT project, Rs. 93 crores in Water BOT project, Rs. 320 crores in Oil & Gas sector and Rs. 54 crores in Other Assets. Thus the Total Investment in these projects amount to Rs. 1,940 crores.
- The company is hopeful to start monetising some of these assets going forward which will free up funds for further growth opportunities.
- Adequate cash balance to fund the future equity requirements of its project portfolio
 - As on 31st March 2021, cash balance stood at Rs. 375 crores.
- Fund requirement within the next 2-3 years for the existing portfolio:
 - Existing road assets (HAM and BOT): ~ Rs. 220 crores
 - Oil & Gas: ~ Rs. 40 crores
- Short-term loans of Rs. 97.3 crores are adequately supported by net current assets and long term loans of Rs. 505 crores by net fixed assets and other long term investments.

Key updates on Projects:

1	Delhi-Meerut Expressway (Delhi-section)	Road	HAM
	<ul style="list-style-type: none"> Project Description: 14 Lane expressway: Six-laning of Delhi – Meerut Expressway & four-laning of NH-24 in Delhi Completion Cost: Rs. 887 crores Status: Fifth annuity received in January 2021 within the stipulated time. Project refinanced with top-up loan of Rs. 65 crores. Present effective rate is 7.82% pa 		
2	Chutmalpur-Ganeshpur & Roorkee-Chutmalpur-Gagalheri (CGRG)	Road	HAM
	<ul style="list-style-type: none"> Project Description: 4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73 in UP & Uttarakhand Completion Cost: Rs. 1,108 crores Status: Received PCOD on 5th August 2020, 1st annuity received Project refinanced at 7.75% pa with top-up loan of Rs. 58 crores 		
3	Gagalheri-Saharanpur-Yamunanagar (GSY)	Road	HAM
	<ul style="list-style-type: none"> Project Description: 4-Laning of Gagalheri-Saharanpur-Yamunanagar section of NH-73 in UP / Haryana Completion Cost: Rs. 1,388 crores Status: Received PCOD on 31st October 2020, 1st annuity has been received Project refinanced at 7.75% pa with top-up loan of Rs. 63 crores 		
4	Chikhali-Tarsod (CT)	Road	HAM
	<ul style="list-style-type: none"> Project Description: 4-laning of Chikhali – Tarsod (Package-IIA) section of NH-6 in Maharashtra Bid Project Cost (with forecasted escalation): Rs. 1,238 crores 		

- Status: Physical progress¹ is about 83% by Q4FY21 and payment from NHAI pertaining to 4th milestone has been received

5	Package No. AM2 (Maharashtra Amravati)	Road	HAM
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- Project Description: Up gradation of Roads in Maharashtra State of Two Laning Road with paved shoulder under MRIP Package on Hybrid Annuity Mode (HAM) Package No. AM 2
- Bid Project Cost (with forecasted escalation): Rs. 1,620 crores
- Physical progress¹ is about 79% by Q4FY21. Payment from Maharashtra PWD pertaining to 3rd milestone has been received. Welspun has also billed Maharashtra PWD for the 4th milestone of which part payment has been received

6	Aunta-Simaria (Ganga Bridge with Approach Roads)	Road	HAM
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- 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 one of the widest extradosed bridge on Ganga river
- Bid Project Cost (with forecasted escalation): Rs. 1,346 crores
- Physical progress¹ of about 26% has been completed by Q4FY21. Receiving progressive payments under Atmanirbhar Bharat

7	Sattanathapuram-Nagapattinam (SN)	Road	HAM
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- 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 forecasted escalation): Rs. 2,272 crores
- 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.
- The negative change order because of change in width of structures is estimated by IE to be approx. Rs. 29 crores. Thus, the base Bid Project Cost for the project is forecasted as Rs. 1,976 crores against the original bid project cost of Rs. 2,004.5 crores
- First instalment of mobilisation advance received in December 2020, release of second instalment of mobilisation advance is in progress

8	Mukarba Chowk – Panipat (MCP)	Road	BOT
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- 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 Rs. 2,122 crores out of which Rs. 1,593 crores was the balance to be incurred, to complete the project post substitution
- Physical progress² of about 71% has been completed by Q4FY21

¹ Physical progress is based on Schedule G milestone billing of the authority

² Physical progress is as per the Independent Engineer

- NHAI has given in principle approval regarding change of scope amounting to Rs. 202 crores. In addition company is to receive payment of ~Rs. 67 crores against earlier issued change of scope
- 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

9	Kozhikode Bypass (Vengalam Jn. to Ramanattukara Jn.) of NH-66	Road	HAM
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- WEL has agreed to take over Hybrid Annuity Mode Project i.e. Six-Laning of existing Kozhikode Bypass (Vengalam Jn. to Ramanattukara Jn.) of NH-66 in the state of Kerala (“the Project”) awarded by NHAI to Calicut Expressway Private Limited (“existing Concessionaire”) through the process of Harmonious Substitution
- The proposal of Harmonious Substitution has been submitted by the existing Concessionaire to the lenders of the project and the proposal is subject to NHAI approval
- The Appointed Date for the Project has been declared by NHAI. The original Bid Project Cost of the Project, of 28.4 Kms length, is Rs. 1,710 crores. The current estimated Bid Project Cost with price index escalation is over Rs. 1,900 crores, and the first-year Operations and Maintenance is Rs 6.3 crores
- The Project is proposed to be undertaken by a wholly-owned subsidiary of the Company

10	Six-laning of Varanasi Aurangabad NH2 Project	Road	EPC
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- WEL has reached an agreement with Soma Indus Varanasi Aurangabad Tollway Private Limited (SPV), a Special Purpose Vehicle promoted by Indus Concessions India Private Limited and Soma Enterprises Limited, for six-laning of Varanasi Aurangabad NH2 Project. The project length is around 192 km, and is situated in Uttar Pradesh and Bihar
- The contract value for the Company is estimated at Rs. 2,366 crores (inclusive of GST). Under the contract the Company will undertake the procurement and construction, while the Engineering will be undertaken by the SPV
- The project construction is expected to start in August 2021 and likely to be completed in 24 months subject to the ongoing discussions between SPV and NHAI on De-scoping to non-availability of land

11	Dewas Water	Water	BOT
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- Project Description: Modified project involves the supply of treated water of up to 23 MLD to industrial customers in Dewas
- Project Cost: Rs. 146 crores
- Commercial operation has commenced from 30th April 2019. FY21 revenue stands at Rs. 10.3 crores with EBITDA of Rs. 5.3 crores. Both Revenue and the resultant EBITDA was adversely effected due to extremely low offtake by industrial clients facing long lockdown / stretched period of inactivity.

12	UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department (SWSM)	Water	EPC
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- WEL in Joint Venture with Kaveri Infraprojects Limited (WEL is the Lead Partner in the Joint Venture with a share of 74%) is empanelled by the UP SWSM for execution of EPC Projects as per the table below for the Project of Survey, Design, Preparation of DPR, Construction, Commissioning and Operation and Maintenance for 10 years of Rural Water Supply:

S No.	Revenue Division	District	No of Villages
1	Varanasi	Jaunpur	747
2	Varanasi	Sant Ravidas Nagar	877
3	Ayodhya	Ambedkar Nagar	241
4	Ayodhya	Amethi	240
5	Meerut	Bulandshahr	439
Total No of Villages			2,544

- The estimated aggregate contract value of the above Projects is Rs. 2,500 crores (excluding O&M value and GST). The final value will be determined on completion of preparation of Detailed Project Report (DPR) by us and its approval by the SWSM
- Preparation of DPR and Construction of the Project is to be progressively completed in 21 to 28 months and thereafter operated and maintained for a period of 10 years

Outlook:

- Currently, there are around 27 HAM projects of NHAI, with a total project cost of ~Rs. 310 bn, whose bids have been announced. The Company is selectively targeting to participate in bidding of a few projects, while preserving its threshold return expectations
- Apart from NHAI, WEL is also evaluating road HAM projects of State and Municipal agencies.
- We are also selectively evaluating EPC and BOT (Toll) projects
- 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 four years. WEL will 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. Welspun enterprises focuses on Road and water segments. The Company also has investments in Oil & Gas Exploration.

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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Q4 FY21 Investor / Analyst conference call:

Conference call with the management to discuss the company's
Q4FY21 financial results on Thursday, June 17, 2021 at 11.00 AM IST

Date : **Thursday, 17th June 2021**

Time : **11.00 AM IST**

Conference dial-in:

Primary Number : **+ 91 22 6280 1384 / + 91 22 7115 8285**

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