

## Orders of Rs. 11,000 mn pouring into EPC water segment

- Revenue in Q3FY21 at Rs. 4,073 mn ; Operating EBITDA margin at 11.4% up 23 bps
- Received PCOD for project “GSY” worth Rs 13,519 mn on 31<sup>st</sup> October 2020
- Current EPC Order Book at Rs. 53,407 million ; Water segment EPC order inflows amount to Rs.11,000 mn

**Mumbai, January 28, 2021:** Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q3/9M FY21 results.

### Standalone Financials

Income Statement Snapshot (Rs Million)						
Particulars	Q3 FY21	Q3 FY20	YoY Growth	9M FY21	9M FY20	YoY Growth
<b>Revenue from Operations</b>	<b>4,073</b>	<b>4,899</b>	<b>-16.9%</b>	<b>9,056</b>	<b>13,096</b>	<b>-30.9%</b>
Other Income	77	112	-31.2%	274	375	-26.9%
<b>Total Income</b>	<b>4,150</b>	<b>5,011</b>	<b>-17.2%</b>	<b>9,330</b>	<b>13,471</b>	<b>-30.7%</b>
<b>Operating EBITDA*</b>	<b>465</b>	<b>548</b>	<b>-15.2%</b>	<b>1,041</b>	<b>1,543</b>	<b>-32.5%</b>
<i>Operating EBITDA margin</i>	<i>11.4%</i>	<i>11.2%</i>	<i>23 bps</i>	<i>11.5%</i>	<i>11.8%</i>	<i>-28 bps</i>
<b>EBITDA</b>	<b>532</b>	<b>642</b>	<b>-17.2%</b>	<b>1,272</b>	<b>1,846</b>	<b>-31.1%</b>
EBITDA margin	12.8%	12.8%	0 bps	13.6%	13.7%	-7 bps
PBT	392	549	-28.6%	872	1,511	-42.3%
<b>PAT</b>	<b>300</b>	<b>406</b>	<b>-26.1%</b>	<b>677</b>	<b>1,106</b>	<b>-38.7%</b>
<i>PAT margin</i>	<i>7.2%</i>	<i>8.1%</i>	<i>-87 bps</i>	<i>7.3%</i>	<i>8.2%</i>	<i>-95 bps</i>
<b>Cash PAT</b>	<b>340</b>	<b>468</b>	<b>-27.4%</b>	<b>866</b>	<b>1,364</b>	<b>-36.5%</b>

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	Q3 FY21	Q3 FY20	9M FY21	9M FY20
<b>Operating EBITDA (as per reported financials)</b>	<b>454</b>	<b>530</b>	<b>998</b>	<b>1,471</b>
<i>Operating EBITDA Margin (as per reported financials)</i>	<i>11.2%</i>	<i>10.8%</i>	<i>11.0%</i>	<i>11.2%</i>
Add: ESOP non-cash expense	10	18	44	72
<b>Operating EBITDA</b>	<b>465</b>	<b>548</b>	<b>1,041</b>	<b>1,543</b>
<i>Operating EBITDA margin</i>	<i>11.4%</i>	<i>11.2%</i>	<i>11.5%</i>	<i>11.8%</i>

**BUSINESS UPDATE**

Balance Sheet Snapshot (Rs. Million)	31 <sup>st</sup> Dec 2020	31 <sup>st</sup> Mar 2020
<b>Net worth</b>	<b>17,785</b>	<b>17,355</b>
Gross Debt	5,018	3,100
-Long Term Debt	4,033	334
-Short Term Debt	986	2,766
<b>Cash &amp; Cash Equivalents<sup>#</sup></b>	<b>1,982</b>	<b>5,293</b>
Net Debt /(Cash)	3,036	(2,193)
Other Long Term Liabilities	305	306
Total Net Fixed Assets (incl. CWIP)	520	565
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) <sup>@</sup>	2,083	1,784
Other Long Term Investments and assets (adj.) <sup>@</sup>	18,523	13,119

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

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

<sup>#</sup> Includes FD classified and disclosed under “Other non-current financial assets”

<sup>@</sup> Temporary funding of Rs. 3,580 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.1,982 million. The same is reflected in Other Long Term Investments and assets

**Key Highlights**

- Revenue in Q3 FY21 stands at Rs. 4,073 million, down 16.9% YoY due to delay in forest land clearances in AM-2 project and Kisan agitation rallies and the erstwhile NGT Ban due to poor weather condition in MCP project
- Operating EBITDA margin in Q3 FY21 at 11.4% vs. 11.2% in Q3 FY20
- Welspun Enterprises Limited in Joint Venture with Kaveri Infraprojects Limited, Hyderabad is empanelled by the UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department (SWSM) for execution of EPC Projects with estimated aggregate contract value of Rs.11,000 mn.
- Adequate cash balance to fund the future equity requirements of its project portfolio
  - As on 31<sup>st</sup> December, Cash balance stood at Rs. 1,982 million.
- Fund requirement within the next 2-3 years for the existing portfolio:
  - Existing road assets (HAM and BOT): ~ Rs. 2,739 million
  - Oil & Gas: ~ Rs. 886 million
- Short-term loans of Rs. 986 mn are adequately supported by net current assets and long term loans of Rs, 4,033 mn by net fixed assets and other long term investments.

**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 of NH-24 in Delhi
- **Completion cost:** Rs. 8.87 billion
- **Status:** Fifth annuity received in January 2021 within the stipulated time.
- Project refinanced at 7.87% pa with top-up loan of Rs. 650 mn.

## BUSINESS UPDATE

### 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. 10.79 billion
- **Status:** Received PCOD on 5<sup>th</sup> August 2020, 1<sup>st</sup> annuity due in February 2021.

### Gagalheri-Saharanpur-Yamunanagar (GSY)

- **Project Description:** 4-Laning of Gagalheri-Saharanpur-Yamunanagar section of NH-73 in UP / Haryana
- **Estimated Completion Cost:** Rs. 13.52 billion
- **Status:** Received PCOD on 31<sup>st</sup> October 2020, 1<sup>st</sup> annuity due in April 2021.

### Chikhali-Tarsod (CT)

- **Project Description:** 4-laning of Chikhali – Tarsod (Package-IIA) section of NH-6 in Maharashtra
- **Bid Project Cost (with escalation):** Rs. 12.38 billion
- **Status:** Physical progress is about 74% by Q3FY21 and payment from NHAI pertaining to 3<sup>rd</sup> milestone has been received.

### Package No. AM2 (Maharashtra Amravati)

- **Project Description:** Upgradation 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 escalation):** Rs. 16.47 billion
- **Status:** Physical progress is about 78% by Q3FY21. Payment from Maharashtra PWD pertaining to 3<sup>rd</sup> milestone has been received except taxes. Welspun has also billed Maharashtra PWD for the 4<sup>th</sup> milestone.
- Aailed disbursement of Rs. 306 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 ~23% has been completed by Q3FY21 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 5<sup>th</sup> October 2020 with 4 lane road & 4 lane structures as against 4 lane road & 6 lane structures specified in the Concession Agreement. The current land availability is 89% under 3G, balance land is at advanced stage of acquisition by NHAI. Also, on 19<sup>th</sup> January 2021, the Supreme Court ruled that there is no requirement for obtaining environmental clearances for NH 45-A Villuppuram - Nagapattinam Highway.
- First instalment of mobilisation advance received in December 2020.

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 post substitution.
- Physical progress of about ~67% has been completed by Q3FY21 and we expect to complete the project by H1 FY22.
- NHAI has given in principle approval regarding Change of Scope amounting to Rs. 2,024 mn and issued order for Rs. 675 mn for construction of Additional Structures as required in due to change in site conditions in view of recent development.
- 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.

### **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 30<sup>th</sup> April 2019. 9M FY21 revenue stands at Rs. 75 mn with EBITDA of Rs. 38 mn.

**BUSINESS UPDATE**

**EPC (Water Project)**

**UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department (SWSM)**

- Welspun Enterprises Limited in Joint Venture with Kaveri Infraprojects Limited, Hyderabad is empanelled by the UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department (SWSM) for execution of EPC Projects of 1,099 villages for the Project of Survey, Design, Preparation of DPR, Construction, Commissioning and Operation and Maintenance for 10 years of Rural Water Supply:

Sr. No.	Revenue Division	District	No of Villages
1	Varanasi	Chandauli	225
2	Varanasi	Jaunpur	200
3	Varanasi	Sant Ravidas Nagar	193
4	Ayodhya	Ambedkar Nagar	241
5	Ayodhya	Amethi	240
		<b>TOTAL VILLAGES</b>	<b>1,099</b>

- The estimated aggregate contract value of the above Projects is Rs.11,000 mn (excluding taxes and O&M value). The final value will be determined on completion of preparation of Detailed Project Report (DPR) by the JV and its approval by the SWSM.
- Preparation of DPR and Construction of the Project is to be progressively completed in 21 to 24 months and thereafter Operated and Maintained by Welspun for a period of 10 years.
- Welspun Enterprises Limited is the Lead Partner in the Joint Venture with a share of 74% in the JV.

**Management Comments**

**Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “Our focus as always remains on road and water segments. Over the next few years we see significant opportunity in these sectors in infrastructure and aim to achieve operational excellence through them. We are proceeding as planned with respect to completing four under-construction projects and aim to finish this financial year with 5 completed projects. We also aim to create long-term sustainable value for all stakeholders with our healthy order book.”**

## BUSINESS UPDATE

### Outlook

- Currently, there are around 54 HAM projects of NHAI, with a total project cost of ~Rs. 500 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 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. 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.*

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**For further information please visit [www.welspunenterprises.com](http://www.welspunenterprises.com)**

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