

## Stable operations in challenging times

- EBITDA margin at 15% in Q1FY21, up 131 bps YoY
- Raised NCDs worth Rs. 3,750 mn at a competitive rate of 8.85%
- Completed takeover of BOT Toll project (Mukarba Chowk – Panipat)
- Current EPC Order Book at Rs. 46,926 million

**Mumbai, July 30, 2020:** Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q1FY21 results.

### Standalone Financials

Income Statement Snapshot (Rs. Million)					
Particulars	Q1 FY21	Q1 FY20	YoY Growth	Q4 FY20	QoQ Growth
<b>Revenue from Operations</b>	<b>1,741</b>	<b>5,159</b>	<b>-66.2%</b>	<b>4,504</b>	<b>-61.3%</b>
Other Income	96	116	-17.2%	151	-36.3%
<b>Total Income</b>	<b>1,837</b>	<b>5,275</b>	<b>-65.2%</b>	<b>4,655</b>	<b>-60.5%</b>
<b>Operating EBITDA*</b>	<b>195</b>	<b>631</b>	<b>-69.1%</b>	<b>609</b>	<b>-67.9%</b>
<i>Operating EBITDA margin</i>	11.2%	12.2%	-102 bps	13.5%	-229 bps
<b>EBITDA</b>	<b>275</b>	<b>721</b>	<b>-61.8%</b>	<b>743</b>	<b>-63.0%</b>
<i>EBITDA margin</i>	15.0%	13.7%	131 bps	16.0%	-99 bps
PBT	160	590	-72.8%	630	-74.5%
<b>PAT</b>	<b>130</b>	<b>376</b>	<b>-65.3%</b>	<b>488</b>	<b>-73.2%</b>
<i>PAT margin</i>	7.1%	7.1%	-3 bps	10.5%	-338 bps
<b>Cash PAT</b>	<b>175</b>	<b>465</b>	<b>-62.4%</b>	<b>486</b>	<b>-64.0%</b>

Note: Cash PAT = PBDT– Current tax + Non-cash ESOP expenses

\* Refer table below

Operating EBITDA Calculation (Rs. Million)			
Particulars	Q1 FY21	Q1 FY20	Q4 FY20
<b>Operating EBITDA (as per reported financials)</b>	<b>179</b>	<b>604</b>	<b>592</b>
<i>Operating EBITDA Margin (as per reported financials)</i>	10.3%	11.7%	13.1%
Add: ESOP non-cash expense	17	27	17
<b>Operating EBITDA</b>	<b>195</b>	<b>631</b>	<b>609</b>
<i>Operating EBITDA margin</i>	11.2%	12.2%	13.5%

## BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	30 <sup>th</sup> Jun 2020	31 <sup>st</sup> Mar 2020
<b>Net worth</b>	<b>17,502</b>	<b>17,355</b>
Gross Debt	4,734	3,100
-Long Term Debt	3,994	334
-Short Term Debt	740	2,766
<b>Cash &amp; Cash Equivalents</b>	<b>5,148</b>	<b>5,293</b>
Net Debt /(Cash)	(415)	(2,193)
Other Long Term Liabilities	315	306
Total Net Fixed Assets (incl. CWIP)	564	565
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) <sup>@</sup>	2,676	1,784
Other Long Term Investments and assets (adj.) <sup>@</sup>	14,162	13,119

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

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

<sup>@</sup> 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. 5,148 million. The same is reflected in Other Long Term Investments and assets

### Financial Highlights

*The operations and financial results for the quarter have been adversely impacted by the lockdown imposed to contain the spread of COVID-19. The results for the quarter are therefore not comparable with those for the previous quarter.*

- Revenue in Q1 FY21 stands at Rs. 1,741 million, down 66% YoY.
- EBITDA margin in Q1 FY21 at 15.0% vs. 13.7% in Q1 FY20
- Adequate cash balance to fund the future equity requirements of its project portfolio
  - As on 30<sup>th</sup> June, Cash balance stood at Rs. 5,148 million.
- Additional equity requirement within the next 2-3 years for the existing portfolio:
  - Existing HAM Projects: ~ Rs. 1,280 million
  - Recently acquired BOT project: Rs. 1,140 million
  - Oil & Gas: ~ Rs. 1,060 million
- Short-term loans of Rs. 740 million and long-term loans of Rs. 3,994 mn are adequately supported by net current assets and net fixed assets.

### Project Status

As stated in our Q4FY20 results, post partial opening of lockdown from 14<sup>th</sup> April onwards, we have started the work on all the project sites including recently acquired BOT Toll Project. During the quarter we were working with ~50% of the workforce on the sites due to limited manpower availability.

However post easing of lockdown we expect the complete work force to be back on all project sites. We are confident of making up the revenue loss in Q1 over the next quarters, subject to conditions prevailing due to COVID-19.

The brief status on various HAM projects are as under:

## BUSINESS UPDATE

### 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:** Received fourth annuity in July 2020 within the stipulated time.
- Project refinanced at 8.17% pa with top-up loan of Rs. 65 crores.

### Gagalheri-Saharanpur-Yamunanagar (GSY)

- **Project Description:** 4-Laning of Gagalheri-Saharanpur-Yamunanagar section of NH-73 in UP / Haryana
- **Bid Project Cost:** Rs. 11.84 billion
- **Status:** Physical progress of about 93% has been completed by Q1FY21 and payment from NHAI pertaining to 5<sup>th</sup> milestone received in March 2020.

### 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
- **Bid Project Cost:** Rs. 9.42 billion
- **Status:** Physical progress of about 92% has been completed by Q1FY21 and payment from NHAI pertaining to 5<sup>th</sup> milestone has been received.

### Chikhali-Tarsod

- **Project Description:** 4-laning of Chikhali – Tarsod (Package-IIA) section of NH-6 from km. 360.0 to km.422.7 in Maharashtra
- **Bid Project Cost:** Rs. 10.48 billion
- **Status:** Physical progress of about 61% has been completed by Q1FY21 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 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:** Rs. 14.6 billion
- **Status:** Physical progress of about 63% has been completed by Q1FY21 and part payment from Maharashtra PWD pertaining to 3<sup>rd</sup> milestone has been received.

## BUSINESS UPDATE

### **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:** Rs. 11.61 billion
- **Status:** Physical progress of about ~22% has been completed by Q1FY21 and payment from NHAI payment from NHAI pertaining to 1st milestone (i.e. @ 10% completion) received in January 2020.

### **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:** Rs. 20.04 billion
- **Status:** Received Letter of Award (LoA) in July 2018; signed concession agreement on 3<sup>rd</sup> Dec 2018. Company has submitted financial closure documents to NHAI and is awaiting appointed date.
- **Recent developments:**
  - Hon'ble High Court of Madras has recently passed an order directed the NHAI to put on hold the widening of the 179.55 km NH 45 A between Villupuram and Nagapattinam. NHAI shall undertake an EIA study and obtain environmental clearance. NHAI is also directed to obtain approval from CRZMA for CRZ clearance for two locations.
  - However, it is important to note that aforesaid Madras High Court order clearly states that :
    - Project-expansion of NH-45A need not be shelved, the concessionaire agreements already into need not be cancelled, and the land acquisition proceedings should not be dropped.
    - Only 650m is affected for the CRZ clearance and the scope can be realigned easily.
  - Hon'ble Supreme Court vide its order dated 13.07.2020 has granted an ad-interim stay against order passed by Hon'ble Madras High Court.

### **BOT (Mukarba Chowk – Panipat Toll Roads Limited):**

- Completed takeover of a Build-Operate-Transfer (BOT) Toll project, Mukarba Chowk – Panipat from Essel group
- Original Total Project cost estimated to be INR 21,220 mn out of which INR 15,930 mn is the balance to be incurred, to complete the project.
- 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.
- WEL expects 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.
- The current toll revenue for only Haryana section is about INR 2,000 Mn per annum. Upon achieving COD for both Haryana and Delhi section, the Company expects to collect toll of INR 3,000 mn per annum.

## BUSINESS UPDATE

### 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. Q1 FY21 revenue stands at Rs. 23 mn with EBITDA of Rs. 9 mn.

### COVID-19 Update

We continue to follow the measures taken since Q4 FY20 across our offices and sites to ensure that our commitment to our customers is not compromised. Extreme caution and highest standard of hygiene and safety is being practiced by our staff across all our locations and in order to create awareness and protect our employees, additional efforts have been implemented. We are continuing with our 'Work from Home' policy for our employees for their safety and well-being.

### Management Comments

**Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said,** "Our focus for FY21 will be to continue on our journey of operational excellence. We plan to complete four under-construction projects during this year. We are also expecting significant progress on the execution of our other projects, including the recently acquired Mukarba Chowk - Panipat project.

In line with our asset-light strategy, we will also look at unlocking value from our projects, once they are complete. We have managed to build a robust order book showing our capability of overcoming any challenge, which will go a long way in creating long-term sustainable value for all stakeholders."

### Outlook

- Currently, there are around 26 HAM projects of NHAI, with a total project cost of ~Rs. 270 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.
- The Company will continue to explore inorganic growth opportunities, through a measured evaluation of risk-return parameters.
- In the water segment, WEL's focus will be mainly on sewage treatment, desalination and bulk water transmission projects, either through EPC mode or HAM mode.
- 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.

## **BUSINESS UPDATE**

### **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.*

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