

# **CORPORATE INFORMATION**

#### WELSPUN ENTERPRISES LIMITED

CIN: L45201GJ1994PLC023920

website: www.welspunenterprises.com; email id: companysecretary wel@welspun.com

#### **Board of Directors**

Mr. Balkrishan Goenka *Chairman (Executive)* 

Dr. Anoop Kumar Mittal Independent Director (appointed w.e.f. 16.06.2021)

Dr. Aruna Sharma Independent Director

Ms. Dipali Goenka Non-Executive, Non-Independent Director (appointed w.e.f. 16.06.2021)

Mr. Mohan Tandon
Independent Director

Mr. Raghav Chandra Independent Director

Mr. Rajesh R. Mandawewala Non -Executive, Non-Independent Director

Mr. Sandeep Garg Managing Director

#### **Key Management Team**

Mr. Balkrishan Goenka *Chairman (Executive)* 

Mr. Sandeep Garg Managing Director

Mr. Akhil Jindal

Director, Group Finance & Strategy

Mr. Deepak Chauhan Director, Legal

Mr. Asim Chakraborty

Director, COO - Highways

Mr. Yogen Lal Director, COO - Water

Mr. Banwari Lal Biyani Director, Audit & System (retired w.e.f. 30.06.2021)

Mr. Ved Mani Tiwari Deputy CEO (01.04.2020 to 03.12.2020)

Mr. Sridhar Narasimhan Chief Financial Officer (18.05.2020 to 19.02.2021)

## Company Secretary

Ms. Priya Pakhare

#### **Auditors**

MGB & Co. LLP, Chartered Accountants

## Securities Registrar and Transfer Agent

Link Intime India Private Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083.

# Stock Exchanges where the Company's Securities are listed

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051

#### **Corporate Office**

Welspun House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: +91-22-6613 6000 Fax. +91-22-2490-8020

#### **Registered Office**

"Welspun City", Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110 Tel: +91-2836 662222 Fax: +91-2836 279010

#### **Audit Committee**

Mr. Mohan Tandon Chairman (Independent Director)

Dr. Aruna Sharma Member (Independent Director)

Mr. Raghav Chandra Member (Independent Director)

# Nomination and Remuneration Committee

Mr. Mohan Tandon
Chairman (Independent Director)

Mr. Raghav Chandra
Member (Independent Director)

Dr. Anoop Kumar Mittal Member (Independent Director)

#### Share Transfer and Investor Grievance and Stakeholders' Relationship Committee

Dr. Aruna Sharma
Chairperson (Independent Director)

Mr. Mohan Tandon Member (Independent Director)

Mr. Raghav Chandra
Member (Independent Director)

#### Environmental, Social and Governance & Corporate Social Responsibility Committee

Dr. Aruna Sharma
Chairperson (Independent Director)

Ms. Dipali Goenka

Member (Non-Independent Director)

Mr. Sandeep Garg Member (Managing Director)

Mr. Mohan Tandon Member (Independent Director)

#### Risk Management and Project Monitoring Committee

Mr. Raghav Chandra
Chairman (Independent Director)

Dr. Anoop Kumar Mittal Member (Independent Director)

Mr. Sandeep Garg Member (Managing Director)

#### Bankers

Aditya Birla Finance Company Ltd Axis Bank Ltd Axis Finance Ltd Bank of Baroda Bank of Maharashtra Central Bank of India IDBI Bank I td IDFC First Bank Ltd Indian Bank IndusInd Bank Ltd India Infrastructure Finance Company Ltd Karnataka Bank I td L&T Infrastructure Finance Company Ltd PTC India Financial Services Ltd Punjab National Bank State Bank of India Tata Capital Financial Services Limited Union Bank of India Yes Bank Ltd

# **STAYING FOCUSED. SEEING BEYOND.**

The COVID-19 outbreak made FY 2019-20 a year like no other, upending economic and social life around the world. At Welspun Enterprises Limited, along with contending with the multiple challenges ensuing the pandemic, we also had to brace ourselves for obstacles beyond our control at certain project sites. Battling against all odds, we recognized that the best, and probably the only way, to emerge unbeaten was to stay focused on our priorities and see beyond the challenges. And that is what we did.

As soon as Government restrictions were lifted and external conditions permitted, we quickly mobilized resources to resume operations at our sites, while always ensuring the health and safety of our people and workforce. Backed by our superior project monitoring skills, we were determined to make up for the lost time and expedite project execution. We also unleashed fast, agile teams by enabling them with the right structures, processes and technology, making it possible for the entire organization to move faster. Our strong focus on operational excellence enabled us to complete two of our projects as per the timelines, an extraordinary achievement in an extraordinary year. While delivering on our project commitments, we also demonstrated financial prudence through careful cash management, another important priority in uncertain times.

Even as the pandemic continues to grip the world and economies are only gradually returning to normalcy, we are looking beyond these speed breakers in our path. Our timely diversification into the water segment, wherein we have been awarded a marquee order, has strengthened our growth prospects. With the Government's focus targeted around improving the water infrastructure and providing clean drinking water to all households, we remain excited about future opportunities, with expectations to grow faster than ever before. As part of our value creation goal, we are also prudently exploring opportunities in the road segment that are being generated with the Government's thrust on building a strong infrastructure. Last but not least, by integrating sustainability into our business. we are better placed and able to look beyond the near future.

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To get this report online and for any other information, log on to: www.welspunenterprises.com



## **ABOUT US**

Welspun Enterprises Limited (WEL), part of the globally reputed Welspun Group, is among India's fastest growing infrastructure development companies. We specialize in road and water projects under the Hybrid Annuity Model (HAM) and via large-value Engineering, Procurement and Construction (EPC) contracts. Besides developing infrastructure assets through the HAM and EPC mode, we selectively undertake **Build-Operate-Transfer (BOT) projects** as well. We also have investments in oil and gas exploration through our wholly-owned subsidiary.

#### **OUR DIFFERENTIATED APPROACH**

Across all project formats, we adopt a rigorous method of project evaluation and bid/buy only for those that fulfill our expected returns criteria. We remain sharply geared towards complex projects as these are marked with low competitive intensity with very few players having the necessary competencies to undertake such projects.

We pursue an asset-light model wherein our focus is largely on project management, engineering and key procurement, while construction is outsourced to best-suited contractors. Rigorous monitoring has enabled us to drive operational excellence, demonstrated in our timely project delivery without compromising on quality. Our differentiated approach also minimizes investments in plant and machinery and lowers our working capital requirements.





Driven by the goal of unlocking capital for sustained value creation, we proactively look at divesting completed projects while always ensuring that the returns meet our threshold expectations. The proceeds are reinvested in new projects, thus bringing in growth opportunities without weakening the balance sheet.

#### **OUR PROJECT PORTFOLIO**

We have a robust portfolio of 11 infrastructure projects in roads and water supply.

Our road portfolio stands at approximately ₹ 12,000 crore as on 31st March 2021.

The judicious and well-timed diversification into the water segment has provided a strong impetus to our growth potential as reflected in the recent inflow of ~₹ 2,500 crore EPC contract from UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department. The project will be executed through a joint venture wherein we are the lead partners.

<b>2</b>
BOT projects
<b>₹8,437</b> cr
Total Order Book

(as on 31st March 2021)

\* includes value of assets capitalized in JVs/ Subsidiaries (gross)



#### **KEY FACTS**

- Superior project execution leading to completion of 1 project ahead of schedule and 2 projects completed during the year under challenging circumstances
- Among very few infrastructure developers with long-term credit rating at AA- and short-term credit rating at A1+
- Experience of operating 500+km toll projects
- Completed India's first 14 lane expressway in record time of 19 months (vs. 30 months)
- Strong banking relationship ensures early financial closure at optimal rates
- Experienced management with proven track record

#### STRONG PARENTAGE

Our penchant for excellence and sustainable value creation finds its roots in our parent company. A USD 2.7 billion enterprise and one of India's fastest growing conglomerates, the Welspun Group has operations in over 50 countries with 26,000 employees and over 1,000,000 shareholders. The Group's businesses encompass Line Pipes, Home Textiles, Infrastructure, Oil & Gas, Advanced Textiles and Floorings. In the Line Pipe and Home Textiles sectors, the Group has established global leadership. Manufacturing facilities have been strategically set up in India, USA and Saudi Arabia to serve a global clientele which includes most of the Fortune 100 companies.

### Key Achievements of the Welspun Group

- Designed and built manufacturing plants and projects worth over USD 3 billion
- Set up Anjar Welspun City, spread across 2,500 acres in Gujarat
- Built renewable energy portfolio of 1,000+ MW worth ₹ 10,000 crore and successfully divested it
- Demonstrated excellent project execution with on or before time delivery
- Built one-of-its-kind anciliarization (captive outsourcing) model in Textiles
- Unlocked value from assets of more than ₹ 130 billion in the past five years



## **CHAIRMAN'S MESSAGE**



WEL BELIEVES IN CREATING AN IMPACT NOT JUST ECONOMICALLY BUT ALSO SOCIALLY. WE ALSO REMAIN COMMITTED TO CARRYING OUT OUR BUSINESS IN AN ENVIRONMENTALLY SUSTAINABLE WAY.

#### Dear Stakeholders.

The past year has been exceptional in terms of challenge and change for us as individuals, for our families and friends and for businesses and governments globally. During this unprecedented period of the COVID-19 pandemic, I am proud of the way how we as an organization have responded to the challenges and delivered on our priorities. While in the first half of the year our business was impacted by the lockdown, we emerged stronger than ever once post the unlocking of the economy. Throughout this period, we did not diverge from our mantra - to focus only on key infrastructure projects and prudent investment. This is in line with our strategy of following a differentiated asset-light model with efficient capital allocation thereby building a strong balance sheet. Our overall resilient performance demonstrates the strength of our business model as well as our commitment towards creating long-term sustainable value for our stakeholders.

#### YEAR UNDER REVIEW

During the first half of the year, activity in the road sector was sluggish. Project awarding as well as construction was impacted mainly due to the lockdown imposed to fight COVID-19. The manpower crisis due to the large-scale departure of migrant laborers also affected the progress of projects. Gradually as movement restrictions were eased, project awarding and executions picked up. In fact, this year has seen an all-time high in road construction.

However, like any other sector, infrastructure is also weighed down by challenges. Banks have continued to be extremely cautious, leading to difficulties in raising debt funding for the projects and delaying Financial closure and Appointed dates for smaller developers. Moreover, post the relaxation in the bidding norms by the National Highways Authority of India (NHAI) and Ministry of Road Transport and Highways (MoRTH), there has been a recent

increase in the number of bidders, heightening the competitive intensity.

Despite all these challenges, WEL progressed and emerged stronger. Our strong focus on operational excellence ensured that our margins remained intact. We received Provisional Commercial Operation Date (PCOD) for two Hybrid Annuity Model (HAM) projects - Gagalheri-Saharanpur-Yamunanagar and Chutmalpur-Ganeshpur-Roorkee-Gagalheri. Achieving these milestones amid considerable headwinds reinforces our excellent project execution capabilities. Moreover, we are at an advanced stage of completion for two HAM projects - Chikhali-Tarsod and Amravati PWD projects, both in Maharashtra. We have also received the appointed date for the project Sattanathapuram-Nagapattinam.

The biggest highlight for the year undoubtedly was being awarded a landmark EPC contract in the water segment in the State of UP. More significantly, this order vindicates our strategy to foray into the water segment, which has at its foundation a commitment to drive better value creation. The previously completed and currently operational Dewas Water Project has been hailed as a PPP project that has breathed new life into an industrial cluster, lacking reliable water supply. Another feather in our cap was our HAM project Delhi-Meerut Expressway being premiered on the History Channel and being hailed as one of the "Engineering Marvels of India".

WEL believes in creating an impact not just economically but also socially. We also remain committed to carrying out our business in an environmentally sustainable way. As part of our corporate social responsibility, we regularly carry out myriad welfare activities such as health checkups for our employees and educational initiatives for the children living around the areas where we work. In these uncertain times, we put in additional measures to safeguard the health and wellbeing of our employees, including a dedicated

COVID-19 helpline and tie-ups with hospitals to ensure that our employees and their family can get vaccinations seamlessly.

#### LOOKING AHEAD

#### **Business Scenario**

We remain optimistic about the Company's growth buoyed by the sharp increase in capital outlay for the infrastructure sector in the Union Budget. Further, the Government has extended its ₹ 111 lakh crore (USD 1.5 trillion) National Infrastructure Pipeline, which is an umbrella program integrating multi-sector infrastructural projects, to cover more projects by 2025. There is also a renewed focus on the private sector by the Government as it seeks to drive efficiency and effectiveness in infrastructure development and lay a strong foundation for strong, multi-year infrastructure growth which will spur economic revival. At WEL, we are well-prepared to cater to India's growing infrastructural needs. Our continual endeavor is to help the nation grow from strength to strength, and I am convinced that our projects will improve road and water infrastructure, allowing for efficient transport, increased productivity, and overall better well-being for society.

While the unprecedented COVID-19 pandemic and consequential challenges have sharply plunged India's GDP for FY 2020-21, the economy is on a recovery path. This is being led by a pick-up in economic activity, steady growth in government capex, timely disbursements of payments, lower interest rate and various other government initiatives.

While driving excellence in project execution, we did not lose sight of opportunities to grow our business and diversify our risks. Our focus is mainly on selectively targeting to participate in the bidding of a few projects while preserving its threshold return expectations. With this mantra, we have forayed into the EPC water segment which has given us a single-large order of ₹2,500 crore. Bolstered by this huge win, we have a robust order book of ₹8,437 crore entering FY 2021-22.

Apart from primary bidding, we also believe that the current environment will throw up many opportunities to acquire distressed projects at attractive valuations. We have successfully displayed strength in our turnaround strategy in projects such as Gagalheri-Saharanpur-Yamunanagar as well as Chutmalpur-Ganeshpur-Roorkee-Gagalheri.

#### **FOCUS FOR FY 2021-22**

We enter the new fiscal year with 7 HAM projects of around ₹ 11,800 crore, of which 3 projects worth nearly ₹ 3,400 crore have achieved COD/

PCOD, and others are in an advanced stage of implementation. Additionally, 1 BOT road project of ₹ 2,122 crore is also in the advanced stage of implementation. Our relentless aim is to not only complete these projects on time or ahead of schedule and within anticipated costs, but also withstand all complexities, demonstrating our rock-solid foundation. At the same time, we will explore inorganic growth opportunities through a measured evaluation of risk-return parameters. Our overarching strategy to pursue an asset-light model, while focusing on operational excellence and prudent risk management, remains unchanged. While the threat of COVID-19 continues, we remain cautiously upbeat about our performance, our confidence stemming from the resilient growth and strong order book achieved in one of the most challenging years.

Keeping the continued uncertainty for COVID-19 in perspective, cost optimization remains the immediate order of the day. We will leverage our solid credit rating and strong relationship with banks and other financial institutions to optimize our financing costs. We continue to follow the refinancing route for completed projects as well, just as we did in Delhi-Meerut Expressway Project. We have just completed the refinancing of the projects Gagalheri-Saharanpur-Yamunanagar as well as Chutmalpur-Ganeshpur-Roorkee-Gagalheri. Like our first HAM project, the refinancing was done at a very attractive interest rate and with a significant top-up despite the difficult market conditions. In line with our asset-light strategy, we will also look at unlocking value through asset monetization, once we have a complete portfolio.

#### MY SINCERE GRATITUDE

We have emerged from the worst with our profitability and creditability intact thanks to all our stakeholders' support and encouragement. I express my sincere gratitude to our shareholders, bankers, customers, Board of Directors, and committed employees. I remain confident that we have just started towards a journey that intends to go only upwards. I hope that you, your family, and your colleagues are well and continue to take the necessary safety measures.

My best wishes to you and all your loved ones.

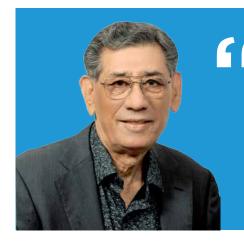
### B. K. Goenka

Chairman

Welspun Group



# MESSAGE FROM LEAD INDEPENDENT DIRECTOR



YOUR BOARD IS COMMITTED
TO MAINTAIN THE HIGHEST
STANDARDS OF CORPORATE
GOVERNANCE, TRANSPARENCY
AND FAIRNESS IN DEALING WITH
ALL STAKEHOLDERS.

#### **Dear Stakeholders**

As your Lead Independent Director, I take this opportunity to share insights into functioning of the Board and the key Board priorities pursued during the year.

The last year has been a challenging year due to the pandemic and has inter alia necessitated escalated Board oversight.

### Board's Key Priorities during the year

- Providing strategic guidance and support to the management in navigating through the uncertain times
- Oversight on risk management and strengthening resilience
- Ensuring safety of our people (Safety First)

- Focusing on sustainability and long-term value creation
- Accelerating digitization and analytics initiatives

#### **Corporate Governance**

Your Board is committed to maintain the highest standards of corporate governance, transparency and fairness in dealing with all stakeholders. The Board continues to take various initiatives from time to time to sustain and further advance the governance practices. Specifically, during the year, the Company re-assessed the corporate governance structures and practices and based on the deliberations and a benchmarking exercise by a leading business consulting firm, key enhancements stand as follows:

#### **Themes**

 Strengthening governance structure & policies

### **Key initiatives**

- Designated a Lead Independent Director
- Audit Committee & Nomination and Remuneration Committee reconstituted such as to comprise wholly (100%) of independent directors
- Board Succession Planning & Diversity framework planned
- Review and revision of Ethics Framework in the Company policies to incorporate leading practices (whistle blower policy & mechanism, anti-bribery and anti-corruption, fraud prevention)
- Review and revision of the Company's related party transaction policy to further enhance it in line with the evolving leading practices. Further, a holistic pricing framework formalized to serve as a guideline for all related-party transactions

Themes	Key initiatives
II. Unlocking ESG's strategic value	Making ESG a strategic priority  ESG is a strategic priority for the Board and the  Company has taken various initiatives to accelerate the ESG journey:
	ESG Committee at the Board level
	<ul> <li>Development of ESG Committee Charter</li> </ul>
	<ul> <li>ESG Materiality and Maturity assessment</li> </ul>
	<ul> <li>Manifesting ESG Goals and targets across the Company enterprise level</li> </ul>
	<ul> <li>ESG Rating preparedness</li> </ul>
	<ul> <li>Benchmarking ESG Governance indicators</li> </ul>
	<ul> <li>Linkage of ESG Goals with Executive remuneration</li> </ul>
	<ul> <li>Formalizing ESG Organization structure, roles &amp; responsibilities</li> </ul>
	Key initiatives planned
	<ul> <li>ESG Governance - Operationalizing ESG into the overall governance structure</li> </ul>
	<ul> <li>Environmental initiatives</li> </ul>
	ESG Data Governance
	<ul> <li>Whistle blower platform to facilitate anonymous reporting</li> </ul>
III. Board effectiveness	<ul><li>Dedicated meeting on strategy</li><li>Formalizing Board Charter &amp; Committee Charters</li></ul>

As a Lead Independent Director of your Company, and speaking on behalf of all of my fellow Directors, I want to emphasize about the Board's collective commitment towards highest standards of governance, transparency and fairness in all aspects of Company working, and indeed in its dealing with all stakeholders.

Should you, as our valued stakeholder have any suggestions, please do share your views during the upcoming Annual General Meeting or write to the Company Secretary. We value your feedback.

Thank you for your continued faith in the Board of your Company. We would continue to work to represent the interests of all Stakeholders.

Sincerely,

#### **Mohan Tandon**

Lead Independent Director



# FOCUSED ON OPPORTUNITIES BEYOND THE ORDINARY



At WEL, we have stayed focused on capturing newer opportunities where we can leverage our strong capabilities to extract better value. To safeguard our investments and generate higher rate of returns, we have also strategically chosen to avoid bidding for projects with intense competition. Our approach to seek opportunities beyond the ordinary encouraged us to foray into the less crowded yet compelling water segment.

Our strong belief and steadfast patience in the water segment has started to show fruition. During the year, WEL, in a joint venture (JV) with Kaveri Infraprojects Limited, Hyderabad, was empaneled by the UP State Water and Sanitation Mission, Namami Gange and Rural Water Supply Department (SWSM) for execution of rural water supply projects. We are the lead partner in this joint venture with a share of 70%.

The contract involves execution of EPC Projects of 2,544 villages for the project of survey, design, preparation of detailed presentation report (DPR), construction, commissioning, and operation and maintenance for 10 years of rural water supply.

THE CONTRACT INVOLVES
EXECUTION OF EPC PROJECTS
OF 2,544 VILLAGES FOR THE
PROJECT OF SURVEY, DESIGN,
PREPARATION OF DETAILED
PRESENTATION REPORT
(DPR), CONSTRUCTION,
COMMISSIONING, AND
OPERATION AND
MAINTENANCE FOR 10 YEARS
OF RURAL WATER SUPPLY.