

WEL/SEC/2023

August 21, 2023

To,

National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No, C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	BSE Limited 1 st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001.
Symbol: WELENT	Scrip Code: 532553

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Disclosure Regulations**”).

Dear Madam/Sir,

Subject: Update in relation to acquisition of 50.10% stake in Michigan Engineers Private Limited (“**Michigan**”) and **Press Release**.

In continuation to our earlier intimation dated July 27, 2023 and pursuant to Regulation 30 of the SEBI Disclosure Regulations, this is to inform you that Welspun Enterprises Limited has completed the acquisition of 50.10% equity shares of Michigan today, i.e. August 21, 2023, by way of purchase of equity shares of Michigan from Authum Investment & Infrastructure Limited and Sansaar Housing Finance Limited.

Pursuant to the said acquisition, Michigan becomes a subsidiary of Welspun Enterprises Limited.

As per Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 attached herewith is press release in relation to the captioned subject which is being released to the media simultaneously (**Annexure -1**).

The details as required under the SEBI Disclosure Regulations read with Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 issued by SEBI are enclosed in **Annexure - 2** hereto.

Request you to kindly take the same on your records.

Thanking You.

Yours Sincerely,

For **Welspun Enterprises Limited****Nidhi Tanna****Company Secretary****ACS – 30465****Encl: As above****Welspun Enterprises Limited**

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Corporate Identity Number: L45201GJ1994PLC023920



Annexure - 1

PRESS RELEASE

Welspun Enterprises acquires 50.10% stake in Michigan Engineers

Strategic investment enables Welspun Enterprises' expansion into the promising water and tunnelling solutions segment in India

Mumbai, 21st August, 2023: Welspun Enterprises Limited (WEL), the infrastructure development arm of Welspun World has announced the successful acquisition of 50.10% stake in Michigan Engineers Private Limited (MEPL), a trenchless technology-based EPC company in the urban water infrastructure segment, from the existing shareholders for an equity investment of Rs. 137.07 crore. With the completion of the transaction, MEPL is now a subsidiary of WEL.

The acquisition aligns with WEL's strategy to expand the water infrastructure business and marks the Company's entry into a high margin and high growth water and tunnelling solutions segment, further strengthening its overall business portfolio.

Leveraging the sophisticated infrastructure development techniques deployed by MEPL, the strategic investment will enable WEL to enter the urban infrastructure space and provide water and tunnelling solutions, which complements its existing water and road businesses. MEPL's experience and capabilities will now allow WEL to undertake projects in the niche and promising areas of micro tunnelling, segment tunnelling, sewer network rehabilitation and other trenchless technologies across India, leading to diversification of its project portfolio and service offerings.

Over the last few years, WEL has already established itself in the water and wastewater segment in India and has built a formidable order book of over Rs. 6,000 crore for the segment. The Company is currently executing a few prestigious projects including the Rural Water Supply Project under Government of India's Jal Jeevan Mission in Uttar Pradesh covering 2,500 villages and the 418 MLD Waste Water Treatment Facility (WwTF) project at Dharavi, Mumbai. The Dharavi WwTF will be India's first multi-tier wastewater treatment facility, with state-of-the-art technology and low footprint. Embracing digitalization and automation in its processes, the Company has deployed advanced technologies such as 5D BIM at the Dharavi Project for better project and cost control.

Commenting on the development of the acquisition, Mr. Sandeep Garg, Managing Director, Welspun Enterprises Limited, said, *"MEPL is strong, strategic fit for accelerating the growth of our water business and we are certain that the combined strengths of the two companies will drive significant value for both our shareholders and customers. Our proven project management expertise, national presence, strong industry foothold and robust financial health, coupled with MEPL's technical knowhow, operational and execution capabilities and experienced manpower will deliver a sustained competitive advantage in the water and tunnelling solutions segment. Supported by favourable sectoral tailwinds, the transaction will enable us to further scale up operations and create a unique edge in the industry."*

Expressing his views on the acquisition, Mr. Saurin Patel, Managing Director, Michigan Engineers Private Limited, said, *"We are delighted to be a part of Welspun World, known globally for its operational excellence and customer service. Our strategic partnership with Welspun Enterprises is a unique convergence of a financially strong infrastructure developer and a niche EPC player in the water and tunnelling space. We see tremendous synergies between us and are eager to deploy their project management skills and best practices, which will transform our business and further drive growth and profitability."*



Favorable sector tailwinds through government's thrust on initiatives such as Atal Mission for Rejuvenation and Urban Transformation, National Mission for Clean Ganga, Jal Jeevan Mission and Community Drinking Water Schemes imbibe confidence and shall contribute to the growth of the water and wastewater market.

About Michigan Engineers Private Limited:

With over four decades of experience in underground infrastructure, water infrastructure and sewage infrastructure projects, MEPL is one of the leading players and a preferred partner in the niche segment of trenchless technology in India. The Company has executed a number of marquee projects and is the first Indian contractor to lay up to 500 mm diameter HDPE sewer lines in Mumbai, in addition to being the first company to use slurry micro tunnelling in the country. The Company is vertically integrated and has in-house fabrication engineering, capabilities for manufacturing of micro-tunnel boring machines, CIPP lining and GRP manufacturing.

The Company is spearheaded by Mr. Saurin Patel, who has been the Managing Director of the Company since 1997. He has been instrumental in steering the company's transition from a pure civil engineering company to undertaking specialized engineering projects of trenchless and rehabilitation technologies. He possesses more than 25 years of experience in the field of Civil Engineering and executing projects in India, with extensive experience in tunnelling and pipeline rehabilitation projects.

MEPL and its existing management team will continue to be led by Mr. Saurin Patel. The combined strengths of WEL and MEPL will be leveraged to create significant value for all stakeholders of MEPL. MEPL's other shareholders include Mr. Saurin Patel, Authum Investments, Sansaar Housing, Patel Engineering. Except Mr. Saurin Patel and WEL, all other shareholders are financial investors who believe in the platform's growth potential.

MEPL's FY23 revenue stands at around Rs. 319 crore, with an EBITDA margin of ~21.5%. The company has been clocking an average EBITDA margin of 19%+ for the last five years on a sustainable basis. Further, the Company's new order book addition grew fivefold in last five years, with an addition of around Rs. 1,475 crore in FY23, taking the unexecuted order book to around Rs. 1,932 crore as on March 31, 2023. This provides visibility and certainty over next ~3 years. MEPL continues to explore for newer opportunities and deliver execution excellence.

About Welspun Enterprises Limited:

Welspun Enterprises Ltd. (WEL), part of the Welspun World, is an infrastructure development company focusing on Road, Water and Wastewater segments. The Company also has investments in Oil & Gas Exploration. Backed by experienced management and strong parentage, WEL has a proven track record with the execution of water supply projects and over 1,000 kms of road projects. <https://www.welspunenterprises.com/>



Annexure – 2

Disclosure pursuant to Regulation 30 of the SEBI Disclosure in relation to acquisition of 50.10% equity shares of Michigan Engineers Private Limited from Authum Investment & Infrastructure Limited and Sansaar Housing Finance Limited.

S. No.	Disclosure Requirement	Details
(a)	Name of the target entity, details in brief such as size, turnover etc.	<p>Michigan is an engineering and construction company, involved in the business of underground infrastructure, water infrastructure and sewage infrastructure projects.</p> <p>Net Worth of Michigan (<i>as of March 31, 2023</i>): INR 200.12 Crore</p> <p>For details of turnover please refer to (j) below.</p>
(b)	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms’ length”	<p>This transaction does not fall within the ambit of related party transactions and no promoter/ promoter group / group companies of Welspun Enterprises Limited have any interest in Michigan.</p>
(c)	Industry to which the entity being acquired belongs	<p>Michigan is a technology based engineering, procurement and construction company with focus on underground infrastructure, water infrastructure and sewage infrastructure projects.</p>
(d)	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	<p>The acquisition is in line with strategy of Welspun Enterprises Limited to grow the water infrastructure business segment and enables its entry into the tunnelling business, which is an adjacency to the existing water and road business. The acquisition would enable Welspun Enterprises Limited to undertake projects in relation to areas of micro tunnelling, segment tunnelling and sewer network rehabilitation, through Michigan.</p>
(e)	Brief details of any governmental or regulatory approvals required for the acquisition	<p>No governmental or regulatory approvals are required for this transaction.</p>
(f)	Indicative time period for completion of the acquisition	<p>The acquisition has been completed on August 21, 2023.</p>



(g)	Nature of consideration - whether cash consideration or share swap and details of the same	Cash consideration.												
(h)	Cost of acquisition or the price at which the shares are acquired	INR 137.07 Crore												
(i)	Percentage of shareholding/ control acquired and/ or number of shares acquired	8,69,596 equity shares representing 50.10% of the paid-up equity share capital of Michigan. Pursuant to the acquisition, Welspun Enterprises Limited would acquire control of Michigan.												
(j)	Brief background about the entity acquired in terms of products/ line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p><u>Brief Background</u> Founded in 1973 and headquartered in Mumbai, Michigan is a renowned civil construction company in the urban water infrastructure segment. It is a pioneer and leading player in the niche segment of trenchless technology in India, with having projects executed across Mumbai and Delhi.</p> <p><u>Line of Business</u> Technology based engineering, procurement and construction company with focus on underground infrastructure water infrastructure and sewage infrastructure projects.</p> <p><u>Date of Incorporation:</u> May 1, 1973</p> <p><u>Turnover of last 3 years</u></p> <table border="1" data-bbox="847 1368 1385 1489"> <tr> <td>FY 20-21</td> <td>INR 208.78 Crore</td> </tr> <tr> <td>FY 21-22</td> <td>INR 293.28 Crore</td> </tr> <tr> <td>FY 22-23</td> <td>INR 319.57 Crore</td> </tr> </table> <p>Profit after Tax of last 3 years</p> <table border="1" data-bbox="847 1570 1385 1691"> <tr> <td>FY 20-21</td> <td>INR 15.71 Crore</td> </tr> <tr> <td>FY 21-22</td> <td>INR 22.21 Crore</td> </tr> <tr> <td>FY 22-23</td> <td>INR 35.17 Crore</td> </tr> </table> <p><u>Country in which the acquired entity has presence:</u> India.</p>	FY 20-21	INR 208.78 Crore	FY 21-22	INR 293.28 Crore	FY 22-23	INR 319.57 Crore	FY 20-21	INR 15.71 Crore	FY 21-22	INR 22.21 Crore	FY 22-23	INR 35.17 Crore
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