

Received India's first HAM annuity

- Revenue up 58% YoY; Operating EBITDA up 72% YoY
- Delhi-Meerut Expressway project receives first annuity on time
- All HAM projects in advanced stages of implementation
- Current EPC Order Book at Rs. 57,520 million (excluding GST) with HAM portfolio of 7 projects

Mumbai, January 29, 2019: Welspun Enterprises Ltd. ("WEL" or "Company"), part of the US\$ 2.3 billion Welspun Group, today announced its Q3FY19 & 9MFY19 results.

Standalone Financials

Income Statement Snapshot (Rs. Million)						
Particulars	Q3 FY19	Q3 FY18	YoY Growth	9M FY19	9M FY18	YoY Growth
Revenue from Operations	4,319	2,734	58%	10,287	6,153	67%
Other Income*	80	247		508	735	
Total Income	4,399	2,981	48%	10,795	6,888	57%
Operating EBITDA**	511	297	72%	1,208	593	104%
<i>Operating EBITDA margin</i>	11.8%	10.9%		11.7%	9.6%	
EBITDA	517	462	12%	1,459	1,169	25%
<i>EBITDA margin</i>	11.7%	15.5%		13.5%	17.0%	
PBT	448	392	14%	1,275	954	34%
Exceptional gain	184	45		198	128	
Reported PBT	632	438	44%	1,473	1,082	36%
PAT	473	344	37%	1,074	815	32%
<i>PAT margin</i>	10.8%	11.6%		9.9%	11.8%	
Cash PAT	493	375	31%	1,121	973	15%

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

* In Q3FY19, Other income includes treasury income of Rs.35 million (vs. Rs. 188 million for Q3FY18). The reduction is attributable to MTM impact of Rs. (83) million (mainly related to increase in yields on PSU bonds) and deployment of treasury funds into business

** Refer table below

Operating EBITDA Calculation (Rs. Million)				
Particulars	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Operating EBITDA (as per reported financials)	437	215	952	434
<i>Operating EBITDA Margin (as per reported financials)</i>	10.1%	7.9%	9.3%	7.1%
Add: Cost corresponding to IndAS notional interest	45	39	130	112
Add: ESOP non-cash expense	29	43	126	47
Operating EBITDA	511	297	1,208	593
<i>Operating EBITDA margin</i>	11.8%	10.9%	11.7%	9.6%

BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	31 st Dec 2018	30 th Sept 2018	31 st Mar 2018
Net worth	15,514	15,013	14,573
Gross Debt	1,230	545	664
- Long Term Debt	-	492	521
- Short Term Debt (CP of Rs. 1,000 million in Q3FY19- primarily to remain active in treasury market)	1,230	54	143
Cash & Cash Equivalents[@]	6,365	6,062	7,135
Net Debt /(Cash)	(5,135)	(5,517)	(6,471)
Other Long Term Liabilities	306	299	303
Total Net Fixed Assets (incl. CWIP)	342	280	87
Net Current Assets (Excl. Cash & Cash Equivalents) [@]	1,730	1,349	1,053
Other Long Term Investments and assets	8,613	8,167	7,263

@ Temporary funding of Rs. 775 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. 6,365 million

Financial Highlights

- Revenue in Q3FY19 stands at Rs. 4,319 million, up 58% YoY. Revenue during the quarter was contributed mainly by three HAM projects as against only one project in the same quarter last year
- The Company has a policy of regularly divesting completed assets in order to recycle capital. During the quarter, the 13% residual stake in Dewas Bhopal road project was sold for Rs. 577 million. With this, the total consideration received by Welspun was Rs. 1,841 million as against its fund infusion of Rs. 854 million implying a multiple of 2.15x.
- EBITDA in Q3FY19 was up 12% YoY to Rs. 517 million on account of the EPC margins from the higher execution partially offset by MTM impact on Other Income
- As on 31st Dec, Unlevered Growth Capital stands at Rs. 5,910 million comprising of Rs. 5,135 million in the form of net cash and cash equivalents and Rs. 775 million as temporary funding to subsidiaries/JVs in lieu of drawing debt at that level. The temporary funding was done in order to minimise the interest cost at the SPVs and the funds are available to WEL, on demand
- Additional equity requirement within the next 2-3 years for the existing portfolio:
 - HAM Projects: Rs. 5,140 million
 - Oil & Gas: Around Rs. 1,750 million

Project Status

HAM Road Projects: All projects are with full financial tie-ups and are in the advanced stage of implementation as detailed below:

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 the first annuity in January 2019 within the stipulated time of 15 days from the completion of 6 months from provisional COD. The provisional COD was achieved 11 months ahead of the scheduled date. Annuity details are given in the below table:

BUSINESS UPDATE

Sr. No.	Description	Amount (Rs. in million)
1	1 st Annuity installment	112
2	Interest on completion cost (currently 9.75% p.a.p.m)	261
3	O & M payments	22.1

- Early completion bonus of Rs. 287 million has been approved by Independent Engineer (IE) and is in the process of approval by NHAI

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 more than 40% has been completed by Q3FY19 and the project is on track for an early completion.

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 more than 35% has been completed by Q3FY19 and the project is on track for an early completion.

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:** NHAI declared the Appointed Date for the Project as 30th August 2018; execution in full swing.

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:** NHAI declared the Appointed Date as 16th January 2019; execution has commenced.

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 3rd Dec 2018. Company has received firm sanction letter from lenders for financial closure.

BUSINESS UPDATE

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:** Received Letter of Award in Nov 2018; concession agreement signed on 10th Jan 2019. Company has received firm sanction letter from lenders for financial closure.

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:** Execution in full swing, physical progress of more than 70% has been completed; project expected to be completed ahead of the scheduled completion date of May 2019.

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “We are focussed on operational excellence and prudent capital allocation. Consequently, all the projects under execution are ahead of schedule and we will continue to invest in profitable projects that will meet our return-threshold. I strongly believe that Welspun Enterprises will continue to create long-term sustainable value through a differentiated asset-light business model.”

Outlook

- Around 10-12 HAM projects are expected to be bid out by NHAI in the remainder of this financial year. WEL is selectively targeting to bid, while preserving its threshold return expectations.
- As part of its diversification strategy, the Company is also exploring opportunities in state HAM projects as well as the water segment
- WEL is well-positioned for early financial closure given its healthy cash balance and strong credit rating
- 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. 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.

BUSINESS UPDATE

About Welspun Group

A US\$ 2.3 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

DISCLAIMER:

The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in Welspun Enterprises Ltd or any of its affiliates. Neither Welspun Enterprises Ltd, nor their affiliates' officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.