

WEL/SEC/2019

May 15, 2019

To,

BSE Limited 1 st Floor, Rotunda Bldg, Dalal Street, Fort, Mumbai - 400 001. Scrip Code: 532553	National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. NSE Symbol: WELENT
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Dear Sir/Madam,

Sub.: Business Update pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further to our letter dated May 15, 2019 with respect to Audited Financial Results for the quarter and year ended March 31, 2019, kindly find attached Business Update which is being released to the media.

Kindly take note of the above.

Thanking you.

For Welspun Enterprises Limited



Priya Pakhare
Company Secretary
FCS - 7805



Welspun Enterprises Limited (Formely known as Welspun Projects Limited)

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Corporate Identity Number: L45201GJ1994PLC023920

Record quarter; Robust growth

- Revenue up 86% YoY; Operating EBITDA up 151% YoY
- All HAM projects in advanced stages of implementation
- Current EPC Order Book at Rs. 52,367 million with HAM portfolio of 7 projects
- Dividend of Rs. 2 per share proposed by the Board

Mumbai, May 15, 2019: Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.3 billion Welspun Group, today announced its Q4FY19 & FY19 results.

Standalone Financials

Income Statement Snapshot (Rs. Million)						
Particulars	Q4 FY19	Q4 FY18	YoY Growth	FY19	FY18	YoY Growth
Revenue from Operations	7,107	3,819	86%	17,394	9,972	74%
Other Income*	39	221	-83%	546	956	-43%
Total Income	7,146	4,040	77%	17,940	10,928	64%
Operating EBITDA**	898	357	151%	2,106	951	121%
<i>Operating EBITDA margin</i>	12.6%	9.4%		12.1%	9.5%	
EBITDA	910	491	85%	2,369	1,660	43%
<i>EBITDA margin</i>	12.7%	12.1%		13.2%	15.2%	
PBT	847	431	97%	2,122	1,385	53%
Exceptional gain	1	14		199	142	
Reported PBT	847	445	91%	2,320	1,527	52%
PAT	463	282	64%	1,537	1,097	40%
<i>PAT margin</i>	6.5%	7.0%		8.6%	10.0%	
Cash PAT	590	325	82%	1,809	1,298	39%

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

* In Q4FY19, Other income includes treasury income of Rs.7 million (vs. Rs. 170 million for Q4FY18). The reduction is attributable to MTM impact on bond investment and deployment of treasury funds into business

** Refer table below

Operating EBITDA Calculation (Rs. Million)				
Particulars	Q4 FY19	Q4 FY18	FY19	FY18
Operating EBITDA (as per reported financials)	871	270	1,823	704
<i>Operating EBITDA Margin (as per reported financials)</i>	12.1%	7.1%	10.5%	7.1%
Add: Cost corresponding to IndAS notional interest	-	40	130	153
Add: ESOP non-cash expense	27	47	152	94
Operating EBITDA	898	357	2,106	951
<i>Operating EBITDA margin</i>	12.6%	9.4%	12.1%	9.5%

BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	31 st Mar 2019	31 st Dec 2018	30 th Sept 2018	31 st Mar 2018
Net worth	15,993	15,514	15,013	14,573
Gross Debt	1,709	1,230	545	664
- Long Term Debt (incl. current maturities)	130	-	492	521
- Short Term Debt (incl. CP of Rs. 1,480 million in Q4FY19)	1,579	1,230	54	143
Cash & Cash Equivalents[@]	4,737	6,365	6,062	7,135
Net Debt /(Cash)	(3,028)	(5,135)	(5,517)	(6,471)
Other Long Term Liabilities	315	306	299	303
Total Net Fixed Assets (incl. CWIP)	645	342	280	87
Net Current Assets (Excl. Cash & Cash Equivalents) [@]	1,328	1,730	1,349	1,053
Other Long Term Investments and assets	11,306	8,613	8,167	7,263

@ Temporary funding of Rs. 1,091 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. 4,737 million

Financial Highlights

- Revenue in Q4FY19 stands at Rs. 7,107 million, up 86% YoY. Revenue during the quarter was contributed mainly by four HAM projects as against three project in the same quarter last year
- EBITDA in Q4FY19 was up 85% YoY to Rs. 910 million on account of the EPC margins from the higher execution partially offset by MTM impact on Other Income
- As on 31st March, Unlevered Growth Capital stands at Rs. 4,119 million comprising of Rs. 3,028 million in the form of net cash and cash equivalents and Rs. 1,091 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. 3,010 million
 - Oil & Gas: Around Rs. 1,300 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 COD. The COD was achieved 11 months ahead of the scheduled date.

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 60% has been completed by Q4FY19

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
- **Bid Project Cost:** Rs. 9.42 billion
- **Status:** Physical progress of about 60% has been completed by Q4FY19

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 10% has been completed by Q4FY19

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:** Appointed date was declared during the quarter (Jan 2019); Physical progress of about 17% has been completed by Q4FY19

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 submitted financial closure documents to NHAI and is awaiting appointed date.

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 submitted financial closure documents to the authority and is awaiting appointed date

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:** Provisional COD expected in May 2019

BUSINESS UPDATE

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “We continue our unrelenting focus on operational excellence and prudent capital allocation. All our projects are progressing well and from H2FY20, we expect one project to achieve commercial operations every 3 to 6 months. We are very cautious on our bidding and would invest only in profitable projects that will meet our return-threshold. I strongly believe that our asset-light model is unique in the industry and it will help create long-term sustainable value”

Outlook

- Ordering activity from NHAI is expected to pick up after the general elections. The Company 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 in 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.

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

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