

Operational excellence continues

- Revenue up 49% YoY; Operating EBITDA up 68% YoY
- Five HAM projects currently under construction
- Current EPC Order Book at Rs. 47,210 million with HAM portfolio of 7 projects

Mumbai, August 1, 2019: Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q1FY20 results.

Standalone Financials

Income Statement Snapshot (Rs. Million)					
Particulars	Q1 FY20	Q1 FY19	YoY Growth	Q4 FY19	QoQ Growth
Revenue from Operations	5,159	3,470	49%	7,107	-27%
Other Income	116	178	-35%	39	201%
Total Income	5,275	3,648	45%	7,146	-26%
Operating EBITDA**	631	376	68%	898	-30%
<i>Operating EBITDA margin</i>	12.2%	10.8%	+ 141 bps	12.6%	- 39 bps
EBITDA	721	463	56%	910	-21%
<i>EBITDA margin</i>	13.7%	12.7%	+ 96 bps	12.7%	+ 93 bps
PBT	590	407	45%	847	-30%
Exceptional gain	-	2	-	1	-
Reported PBT	590	409	44%	847	-30%
PAT	376	270	39%	463	-19%
<i>PAT margin</i>	7.1%	7.4%	- 26 bps	6.5%	+ 65 bps
Cash PAT	465	331	41%	590	-21%

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

** Refer table below

Operating EBITDA Calculation (Rs. Million)			
Particulars	Q1 FY20	Q1 FY19	Q4 FY19
Operating EBITDA (as per reported financials)	604	327	871
<i>Operating EBITDA Margin (as per reported financials)</i>	11.7%	9.4%	12.3%
Add: Cost corresponding to IndAS notional interest	-	42	-
Add: ESOP non-cash expense	27	48	27
Operating EBITDA	631	376	898
<i>Operating EBITDA margin</i>	12.2%	10.8%	12.6%

BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	30 th June 2019	31 st Mar 2019
Net worth	16,395	15,993
Gross Debt	2,807	1,709
- Long Term Debt (incl. current maturities) – Against equipment financing	562	130
- Short Term Debt (incl. CP of Rs. 1,239 million in Q1FY20) – Against current assets	2,244	1,579
Cash & Cash Equivalents	3,192	4,737
Net Debt /(Cash)	(385)	(3,028)
Other Long Term Liabilities	319	315
Total Net Fixed Assets (incl. CWIP)	743	645
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.)	3,031	1,328
Other Long Term Investments and assets (adj.)	12,555	11,306

Financial Highlights

- Revenue in Q1 FY20 stands at Rs. 5,159 million, up 49% YoY. Revenue during the quarter was contributed by five HAM projects as against three project in the same quarter last year
- EBITDA in Q1 FY20 was up 54% YoY to Rs. 714 million on account of the EPC margins from the higher execution
- As on 30th June, Cash balance was Rs. 3,192 million which is adequate to fund the future equity requirements of the current project portfolio
- Additional equity requirement within the next 2-3 years for the existing portfolio:
 - HAM Projects: Rs. 1,860 million
 - Oil & Gas: Around Rs. 1,220 million
- Short-term loans of Rs. 2,244 million are adequately supported by net current assets and long-term loans of Rs. 562 mn are adequately supported by net fixed assets

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 second annuity in July 2019 within the stipulated time.

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 73% has been completed by Q1FY20

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 70% has been completed by Q1FY20

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 12.5% has been completed by Q1FY20

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 27% has been completed by Q1FY20

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:** Appointed date was declared during the quarter (28th May 2019); Physical progress of about 10% has been completed by Q1FY20

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.

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 obtained on 30th April 2019; commercial operation has commenced.

BUSINESS UPDATE

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “With the new government clearly signalling that infrastructure, especially roads and water, will be a priority, we expect sustained order inflows over the next few years. We continue focussing on our asset-light model, with operational excellence and prudent capital allocation as the key tenets. We are ahead of schedule on all our projects and are confident that we will be able to create long-term sustainable value through our differentiated model.”

Outlook

- Currently, there are close to 30 HAM projects of NHAI, with a total project cost of ~Rs. 300 bn, which are expected to be awarded in the near term, starting from September 2019. The Company is selectively targeting to bid, while preserving its threshold return expectations.
- The Company is also exploring opportunities in state and municipal HAM projects in roads.
- On the water segment, the Jal Shakti Ministry’s ‘Jal se Nal’ scheme to provide drinking water access to all by 2024, is expected to result in a huge potential opportunity. Apart from this, many states are also opting for the HAM model for water projects. WEL’s focus will be mainly on sewage treatment, desalination and bulk water transmission projects.
- 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\$ 2.7 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.

For further information please visit www.welspunenterprises.com

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