

Another quarter of steady and continued growth

- Revenue up 15% YoY & 25% YoY for 3QFY20 and 9M FY20 respectively
- EBITDA up 33% YoY & 32% YoY for 3QFY20 and 9M FY20 respectively
- Post NHA1 approval DME re-financing and drawal of top up loan completed
- Current EPC Order Book at Rs. 41,000 million with HAM portfolio of 7 projects

Mumbai, February 12, 2020: Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q3FY20/9M FY20 results.

Standalone Financials

Income Statement Snapshot (Rs Million)						
Particulars	Q3 FY20	Q3 FY19	YoY Growth	9M FY20	9M FY19	YoY Growth
Revenue from Operations	4,899	4,319	13.4%	13,096	10,287	27.3%
Other Income	160	80	98.7%	450	508	-11.3%
Total Income	5,059	4,399	15.0%	13,547	10,795	25.5%
Operating EBITDA**	548	511	7.1%	1,543	1,208	27.7%
<i>Operating EBITDA margin</i>	11.2%	11.8%	-66 bps	11.8%	11.7%	4 bps
EBITDA	690	517	33.4%	1,921	1,459	31.7%
<i>EBITDA margin</i>	13.6%	11.7%	189 bps	14.2%	13.5%	67 bps
<i>PBT (before exceptional)</i>	549	448	22.5%	1,511	1,275	18.5%
PAT (before exceptional)	406	289	40.4%	1,106	876	26.2%
<i>PAT margin</i>	8.0%	6.6%	145 bps	8.2%	8.1%	5 bps
Cash PAT (before excep.)	468	309	51.7%	1,364	1,021	33.7%

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

** Refer table below

Operating EBITDA Calculation (Rs. Million)				
Particulars	Q3 FY20	Q3 FY19	9M FY20	9M FY19
Operating EBITDA (as per reported financials)	530	437	1,471	952
<i>Operating EBITDA Margin (as per reported financials)</i>	10.8%	10.1%	11.2%	9.3%
Add: Cost corresponding to IndAS notional interest	-	45	0	130
Add: ESOP non-cash expense	18	29	72	126
Operating EBITDA	548	511	1,543	1,208
<i>Operating EBITDA margin</i>	11.2%	11.8%	11.8%	11.7%

BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	31 st Dec 2019	30 th Sept 2019	31 st Mar 2019
Net worth	16,849	16,426	15,993
Gross Debt	2,381	1,739	1,709
-Long Term Debt	423	491	130
-Short Term Debt	1,958	1,248	1,579
Cash & Cash Equivalents	3,078	3,325	4,737
Net Debt /(Cash)	(697)	(1,586)	(3,028)
Other Long Term Liabilities	327	322	315
Total Net Fixed Assets (incl. CWIP)	684	744	645
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) [@]	3,127	1,947	1,328
Other Long Term Investments and assets (adj.) [@]	12,667	12,472	11,306

Long Term Debt (incl. current maturities) – Against equipment financing

Short Term Debt (incl. CP) – Against current assets

[@] Temporary funding of Rs. 3,254 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. 3,078 million. The same is reflected in Other Long Term Investments and assets

Financial Highlights

- Revenue in Q3 FY20 stands at Rs. 5,059 million, up 15% YoY. Revenue during the quarter was contributed mainly by five HAM projects.
- EBITDA in Q3 FY20 was up 33% YoY to Rs. 690 million
- As on 31st December, Cash balance was Rs. 3,078 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:
 - Existing HAM Projects: ~ Rs. 1,630 million
 - Oil & Gas: ~ Rs. 1,150 million
- Short-term loans of Rs. 1,958 million are adequately supported by net current assets and long-term loans of Rs. 423 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 third annuity in January 2020 within the stipulated time.
- NHA approval has been received for the loan re-financing and Rs. 65 crore of top up loan.

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

BUSINESS UPDATE

- **Status:** Physical progress of about 87% has been completed by Q3FY20 and payment from NHAJ pertaining to 4th milestone (i.e. @ 75% completion) received in October 2019.

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 84% has been completed by Q3FY20 and payment from NHAJ pertaining to 4th milestone (i.e. @ 75% completion) received in October 2019.

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 47% has been completed by Q3FY20 and payment from NHAJ pertaining to 2nd milestone (40%) received in January 2020.

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 NHAJ 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 NHAJ projects)
- **Bid Project Cost:** Rs. 14.6 billion
- **Status:** Physical progress of about 32% has been completed by Q3FY20. Payment received from PWD totalling to 26% approx. (Mobilisation advance, 1st milestone payment @ 10% completion & partial 2nd milestone). 2nd milestone submitted on 1st January 2020 and partial payment received.

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 18% has been completed by Q3FY20 and payment from NHAJ payment from NHAJ pertaining to 1st milestone (i.e. @ 10% completion) received in January 2020.

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 NHAJ and is awaiting appointed date.
- **Recent developments:**
 - Hon'ble High Court of Madras has recently passed an order directed the NHAJ to put on hold the widening of the 179.55 km NH 45 A between Villupuram and Nagapattinam. NHAJ shall undertake an EIA study and obtain environmental clearance. NHAJ is also directed to obtain approval from CRZMA for CRZ clearance for two locations.
 - However, it is important to note that aforesaid Madras High Court order clearly states that :

BUSINESS UPDATE

- Project-expansion of NH-45A need not be shelved, the concessionaire agreements already into need not be cancelled, and the land acquisition proceedings should not be dropped.
- Only 650m is affected for the CRZ clearance and the scope can be realigned easily.

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:** Commercial operation has commenced from 30th April 2019. YTD revenue stands at Rs. 58 mn with EBITDA of Rs. 28 mn.

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, “We continue to focus on road and water segments, where we expect significant opportunity over the next few years. While we target operational excellence by timely completion of projects, we will strive to unlock value from our existing assets, as demonstrated by the refinancing of our Delhi-Meerut project at one of the lowest interest rates for such road assets. We have also displayed a clear turnaround by taking over 3 projects which were facing difficult conditions and now we are very close to completion of 2 of the projects. With the recent announcements by Government towards Rs.102 lakh crores infrastructure spending, there are potential huge business opportunities. We are confident that with differentiated model, we will be able to create long-term sustainable value for all stakeholders.”

Outlook

- We expect NHAI to bid out close to 2,500 km of road projects in the remainder of FY2020. Of this, majority is expected to be done through HAM model. NHAI has started bidding out projects in last few weeks and we expect the momentum of project bidding to continue and gather pace from remainder of FY2020. The Company is selectively targeting to participate in bidding of few projects, while preserving its threshold return expectations.
- The Company is also exploring opportunities in state and municipal HAM projects in roads.
- The Company will continue to explore inorganic growth opportunities, through a measured evaluation of risk-return parameters.
- On the water segment, the Jal Shakti Ministry’s ‘Nal se Jal’ scheme to provide drinking water access to all by 2024, is expected to result in a potential opportunity of more than Rs. 6 trillion over the next five years. In addition to this, many states and municipal bodies are opting for the HAM model to implement water projects. WEL’s focus will be mainly on sewage treatment, desalination and bulk water transmission projects, either through EPC mode or HAM mode.
- WEL is well-positioned for early financial closure of new project wins, as and when it happens, given its healthy cash balance.
- The Company will continue to pursue an asset-light model, while focussing on operational excellence and prudent risk management.

BUSINESS UPDATE

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

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.