

## Consistent annual performance amidst turbulent times

- EBITDA margin at 14.3% in FY20, up 108 bps YoY
- Cash PAT at Rs. 1,851 mn , up 15% YoY
- Strong Balance sheet – Net cash of Rs. 2,193 mn; Long term credit rating ‘AA-‘
- Acquiring BOT Toll project (Mukarba Chowk – Panipat) through harmonious substitution
- Current EPC Order Book at Rs. 48,624 million

**Mumbai, June 1, 2020:** Welspun Enterprises Ltd. (“WEL” or “Company”), part of the US\$ 2.7 billion Welspun Group, today announced its Q4FY20/FY20 results.

### Standalone Financials

Income Statement Snapshot (Rs Million)								
Particulars	Q4 FY20	Q4 FY19	YoY %	Q3 FY20	QoQ %	FY20	FY19	YoY %
<b>Revenue from Operations</b>	<b>4,504</b>	<b>7,107</b>	<b>-36.6%</b>	<b>4,899</b>	<b>-8.1%</b>	<b>17,600</b>	<b>17,394</b>	<b>1.2%</b>
Other Income	151	39	290.8%	112	34.5%	526	546	-3.7%
<b>Total Income</b>	<b>4,655</b>	<b>7,146</b>	<b>-34.9%</b>	<b>5,011</b>	<b>-7.1%</b>	<b>18,126</b>	<b>17,940</b>	<b>1.0%</b>
<b>Operating EBITDA**</b>	<b>609</b>	<b>899</b>	<b>-32.3%</b>	<b>548</b>	<b>11.1%</b>	<b>2,151</b>	<b>2,105</b>	<b>2.2%</b>
<i>Operating EBITDA margin</i>	13.5%	12.6%	87 bps	11.2%	233 bps	12.2%	12.1%	12 bps
<b>EBITDA</b>	<b>743</b>	<b>910</b>	<b>-18.3%</b>	<b>642</b>	<b>15.7%</b>	<b>2,589</b>	<b>2,369</b>	<b>9.3%</b>
EBITDA margin	16.0%	12.7%	323 bps	12.8%	314 bps	14.3%	13.2%	108 bps
<b>PBT (before exceptional)</b>	<b>630</b>	<b>847</b>	<b>-25.6%</b>	<b>549</b>	<b>14.8%</b>	<b>2,141</b>	<b>2,122</b>	<b>0.9%</b>
Reported PBT	630	847	-25.7%	549	14.8%	2,141	2,320	-7.7%
<b>PAT</b>	<b>488</b>	<b>463</b>	<b>5.3%</b>	<b>406</b>	<b>20.2%</b>	<b>1,593</b>	<b>1,537</b>	<b>3.7%</b>
<i>PAT margin</i>	10.5%	6.5%	400 bps	8.1%	238 bps	8.8%	8.6%	22 bps
<b>Cash PAT</b>	<b>486</b>	<b>590</b>	<b>-17.6%</b>	<b>468</b>	<b>3.9%</b>	<b>1,851</b>	<b>1,610</b>	<b>14.9%</b>

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

\*\* Refer table below

Operating EBITDA Calculation (Rs. Million)					
Particulars	Q4 FY20	Q4 FY19	Q3 FY20	FY20	FY19
<b>Operating EBITDA (as per reported financials)</b>	<b>592</b>	<b>871</b>	<b>530</b>	<b>2,063</b>	<b>1,823</b>
<i>Operating EBITDA Margin (as per reported financials)</i>	13.1%	12.3%	10.8%	11.7%	10.5%
Add: Cost corresponding to IndAS notional interest	-	-	-	-	130
Add: ESOP non-cash expense	17	27	18	88	152
<b>Operating EBITDA</b>	<b>609</b>	<b>898</b>	<b>548</b>	<b>2,151</b>	<b>2,105</b>
<i>Operating EBITDA margin</i>	13.5%	12.6%	11.2%	12.2%	12.1%

## BUSINESS UPDATE

Balance Sheet Snapshot (Rs. Million)	31 <sup>st</sup> Mar 2020	31 <sup>st</sup> Dec 2019	31 <sup>st</sup> Mar 2019
<b>Net worth</b>	<b>17,355</b>	<b>16,849</b>	<b>15,993</b>
Gross Debt	3,100	2,381	1,709
-Long Term Debt	334	423	130
-Short Term Debt	2,766	1,958	1,579
<b>Cash &amp; Cash Equivalents*</b>	<b>5,293</b>	<b>3,078</b>	<b>4,736</b>
Net Debt /(Cash)	(2,193)	(697)	(3,027)
Other Long Term Liabilities	306	327	315
Total Net Fixed Assets (incl. CWIP)	565	684	645
Net Current Assets (Excl. Cash & Cash Equivalents) (adj.) <sup>@</sup>	1,784	3,127	1,328
Other Long Term Investments and assets (adj.) <sup>@</sup>	13,119	12,667	11,341

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

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

\* Net Cash includes Rs. 522 mn advance towards purchase of mutual fund, which was completed in first week of April

@ Temporary funding of Rs. 1,200 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. 5,293 million. The same is reflected in Other Long Term Investments and assets

### Financial Highlights

- Revenue in FY20 stands at Rs. 17,600 million, up 1.2% YoY. Revenue during the year was contributed by five HAM projects.
- Operating EBITDA margin in FY20 at 12.2% vs. 12.1% in FY19
- Revenue in Q4 FY20 stands at Rs. 4,504 million, down 37% YoY. Revenue during the quarter was adversely affected due to delay in certain regulatory approvals, unseasonal rains and lockdown on account of Covid-19.
- WEL has adequate cash balance to fund the future equity requirements of its project portfolio. As on 31<sup>st</sup> March, Cash balance stood at Rs. 5,293 million. In addition, the Company has raised Rs. 3,750 million through NCDs in May 2020.
- Additional equity requirement within the next 2-3 years for the existing portfolio:
  - Existing HAM Projects: ~ Rs. 1,350 million
  - Recently acquired BOT project: Rs. 2,000 million
  - Oil & Gas: ~ Rs. 1,100 million
- Short-term loans of Rs. 2,766 million are adequately supported by net current assets and long-term loans of Rs. 334 mn are adequately supported by net fixed assets

### Project Status

Post partial opening of lockdown from 14th April onwards, we have started the work on all the project sites. We expect the pace of work to gather momentum gradually. We are confident of making up the revenue loss in April over the next 11 months.

**Force Majeure:** Welspun Enterprises has written to authorities invoking Force Majeure which ensures interest of the Company is protected under Concession Agreement.

## BUSINESS UPDATE

The brief status on various HAM projects are as under:

### 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.
- Project refinanced at 8.17% pa with top-up loan of Rs. 65 crores.

### 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 91% has been completed by Q4FY20 and payment from NHAI pertaining to 5<sup>th</sup> milestone received in March 2020.

### 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 89% has been completed by Q4FY20 and payment from NHAI pertaining to 5<sup>th</sup> milestone is awaited.

### 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 60% has been completed by Q4FY20 and payment from NHAI pertaining to 3<sup>rd</sup> milestone is awaited.

### 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:** Physical progress of about 54% has been completed by Q4FY20 and part payment from NHAI pertaining to 3<sup>rd</sup> milestone has been 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

## BUSINESS UPDATE

- **Status:** Physical progress of about ~21% has been completed by Q4FY20 and payment from NHAI payment from NHAI 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 3<sup>rd</sup> Dec 2018. Company has submitted financial closure documents to NHAI and is awaiting appointed date.
- **Recent developments:**
  - Hon'ble High Court of Madras has recently passed an order directed the NHAI to put on hold the widening of the 179.55 km NH 45 A between Villupuram and Nagapattinam. NHAI shall undertake an EIA study and obtain environmental clearance. NHAI 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 :
    - 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.
  - Supplementary agreement signed with NHAI for extension of time upto 30<sup>th</sup> June 2020 for fulfilling conditions precedent.

### **BOT (Mukarba Chowk – Panipat Toll Roads Limited):**

- Acquiring a Build-Operate-Transfer (BOT) Toll project, Mukarba Chowk – Panipat from Essel group
- As on date, ~31% of the 71.1 km long NH-44 project has been completed
- Original Total Project cost estimated to be INR 21,220 mn out of which INR 15,930 mn is the balance to be incurred, to complete the project.
- All existing Lenders to the project have agreed to continue supporting the project; thus the project is fully financially tied up.
- WEL expects to complete the project by H1 FY22.
- As per the Concession Agreement, the scheduled concession end date is October 2033, extendable up to 3.4 years based on actual average traffic in year 2025.
- The current toll revenue for only Haryana section is about INR 2,000 Mn per annum. Upon achieving COD for both Haryana and Delhi section, the Company expects to collect toll of INR 3,000 mn per annum.

### **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 30<sup>th</sup> April 2019. FY20 revenue stands at Rs. 79 mn with EBITDA of Rs. 36 mn.

## BUSINESS UPDATE

### COVID-19 Update

We have adopted several measures across our offices and sites to ensure that our commitment to our customers is not compromised. In order to curb the spread of COVID-19, we have issued stringent travel advisories to avoid any business-related travel within the country or in international markets. We have implemented 'Work from Home' for our employees for their safety and well-being. A robust IT infrastructure has been put in place for remote working to ensure business functions seamlessly from any location.

Extreme caution and highest standard of hygiene and safety is being practiced by our staff across all our locations. In order to create awareness and protect our employees, additional efforts have been implemented, as explained below:

- Thermal screening of all employees at entry of all offices and sites
- Following of social distancing norms i.e. minimum 6 ft distance to be followed.
- Minimize labor entry points across project by consolidating labor camps.
- Minimizing external visitors unless crucial
- Replacing biometric with RFID card attendance
- Compulsory hand sanitization for all at frequent intervals
- Daily periodic sanitization of offices, work-area, company transport, etc.
- Tie-ups with hospitals and medical centers
- Ensuring availability of medical staff round the clock
- Provision of hand sanitizers, N95 masks and medical equipment
- Multiple awareness drives for all employees
- Posters and banners educating on COVID-19 and hygiene
- Strict prohibition on chewing Pan or Gutka

### Management Comments

**Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said,** "In spite of the bleak macroeconomic scenario currently, Welspun Enterprises is well placed to tap opportunities in the Infrastructure space through its cautious Bid and Buy strategy. Our robust order book, strong balance sheet with healthy cash balance and focus on operational excellence will help us tide over these challenging times. We are confident that with our differentiated asset-light model, we will be able to create long-term sustainable value for all stakeholders."

### Outlook

- Currently, there are around 39 HAM projects of NHAI, with a total project cost of ~Rs. 390 bn, whose bids have been announced. 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.
- In the water segment, WEL's focus will be mainly on sewage treatment, desalination and bulk water transmission projects, either through EPC mode or HAM mode.

## *BUSINESS UPDATE*

- 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.*

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