

HAM portfolio strengthened: Sponsors two new projects; Applying for NBFC licence

- **Agrees to acquire 49% stake in two HAM projects; Option to acquire remaining 51% when regulations permit**
- **To hold 60% stake in financial services initiative**

Mumbai, July 24, 2017: Welspun Enterprises Ltd. (“WEL” or “Company”), formerly Welspun Projects Ltd., part of the US\$ 2.3 billion Welspun Group, today announced its plans to expand its operations in infrastructure and to apply for NBFC (Non-Banking Financial Company) licence.

Infrastructure

In the infrastructure space, WEL has agreed to acquire 49% stake in two NHAI Hybrid Annuity Model (HAM) projects from MBL Group, subject to necessary approvals and statutory compliances. WEL will be the sponsor to these two projects, thus expanding its HAM project portfolio to three projects.

The two projects are:

- a. 4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73
- b. 4-Laning of Gagalheri-Saharanpur-Yamunanagar (UP/Haryana Border) section of NH-73

The consideration for the stake purchase is Rs. 230 mn. The Company has the option to acquire the remaining 51% stake in these projects as and when the regulator (NHAI) permits. The consideration for the purchase of the remaining stake is fixed at Rs. 245 mn.

As per the Hybrid Annuity Model (HAM), the projects will have 40% financial support from NHAI. The debt component is estimated to be 48% of the project cost; and as sponsor, the balance will be funded by WEL (apart from the equity of MBL). WEL is in the process of completing documentations for financial closure and appointed date is expected to be announced by NHAI by the end of the month. The EPC contract of both projects will be executed by WEL.

A more detailed overview of the projects is given in the appendix.

Apart from this, as announced on 19th July 2017, WEL has emerged as the lowest bidder for the Aunta-Simaria HAM project from NHAI at the bid price of Rs. 10.45 bn.

Financial Services

The Board of Directors of WEL has approved the proposal of its subsidiary, namely Welspun Financial Services Limited (WFSL), to apply to RBI for NBFC licence. WEL will be holding 60%

BUSINESS UPDATE

stake in the subsidiary. The remaining 40% will be held by the Welspun promoter group. WFSL is in discussions to get on-board an experienced team of professionals as management/partners.

WEL would initially subscribe to 60% of the equity share capital of WFSL, up to an amount of Rs. 20 mn. The Board has given in-principle approval for maximum investment up to Rs.3.5 bn in the venture, from the Company's cash reserve. A Board delegated committee would be constituted to evaluate and take day-to-day decisions. The specific investment proposal and the business plan would be approved by the Board on obtaining NBFC License, post on-boarding the team. The Memorandum of Association is being suitably altered for this purpose.

Management Comments

Commenting on the developments, Mr. B. K. Goenka, Chairman, Welspun Group said, "With a strong unlevered balance sheet and cash balance of over Rs. 10 bn, WEL is in a unique position to create value for its shareholders. With these two initiatives in sunrise industries, we are taking the right steps towards achieving this objective."

Appendix

Project Details	Package I	Package II
Project Name	4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73	4-Laning of Gagalheri-Saharanpur-Yamunanagar (UP/Haryana Border) section of NH-73
State	Uttar Pradesh & Uttarakhand	Uttar Pradesh & Haryana
Estimated Project Cost – NHA	Rs. 8.1 bn	Rs. 10.1 bn
Length (km)	53.3	51.5
Construction Period	730 days	730 days
Operation Period	15 years post-COD	15 years post-COD
Bid Project Cost	Rs. 9.4 bn	Rs. 11.8 bn
First-Year O&M	Rs. 100 mn	Rs. 100 mn
Expected Fund Commitment from Sponsors	Rs. 1.1 bn	Rs. 1.4 bn

About Welspun Enterprises Ltd. (www.welspunenterprises.com)

Welspun Enterprises Ltd. (WEL), formerly Welspun Projects Ltd., 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.

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 (formerly known as Welspun Projects Ltd), or any of its affiliates. Neither Welspun Enterprises Ltd (formerly known as Welspun Projects 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.