WELSPUN ENTERPRISES
INFRASTRUCTURE AND ENERGY

WEL /SEC/2019 October 30, 2019

To,

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

Dear Sir/Madam,

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

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Business Update with respect to Un-audited Financial Results for the quarter and half year ended September 30, 2019.

Kindly take note of the above.

Thanking you.

For Welspun Enterprises Limited

Priya Pakhare
Company Secretary
FCS - 7805

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Accomplished India's first HAM refinancing

- **Revenue up 22% YoY; Operating EBITDA up 13% YoY**
- **DME loan refinanced at 8.82% p.a.; NHAI approval awaited for additional loan of ~Rs. 900 mn**
- **Current EPC Order Book at Rs. 46,000 million with HAM portfolio of 7 projects**

Mumbai, October 30, 2019: Welspun Enterprises Ltd. ("WEL" or "Company"), part of the US$ 2.7 billion Welspun Group, today announced its Q2FY20/H1FY20 results.

Standalone Financials

Income Statement Snapshot (Rs Million)						
Particulars	Q2 FY20	Q2 FY19	YoY Growth	H1 FY20	H1 FY19	YoY Growth
Revenue from Operations	**3,038**	**2,498**	**21.6%**	**8,197**	**5,968**	**37.4%**
Other Income	174	249	-30.0%	291	427	-32.0%
Total Income	**3,212**	**2,747**	**17.0%**	**8,488**	**6,395**	**32.7%**
Operating EBITDA**	**364**	**322**	**13.1%**	**995**	**697**	**42.8%**
Operating EBITDA margin	*12.0%*	*12.9%*	*-91 bps*	*12.1%*	*11.7%*	*46 bps*
EBITDA	**511**	**479**	**6.6%**	**1,232**	**942**	**30.7%**
EBITDA margin	15.9%	17.4%	*-154 bps*	14.5%	14.7%	*-22 bps*
PBT *(before exceptional)*	373	421	-11.5%	963	827	16.3%
Reported PBT	373	432	-13.8%	963	841	14.5%
PAT	**324**	**331**	**-2.2%**	**700**	**600**	**16.5%**
PAT margin	*10.1%*	*12.0%*	*-197 bps*	*8.2%*	*9.4%*	*-114 bps*
Cash PAT	**431**	**395**	**9.1%**	**896**	**726**	**23.5%**

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

*** Refer table below*

Operating EBITDA Calculation (Rs. Million)				
Particulars	Q2 FY20	Q2 FY19	H1 FY20	H1 FY19
Operating EBITDA (as per reported financials)	**337**	**230**	**941**	**515**
Operating EBITDA Margin (as per reported financials)	11.1%	9.2%	11.5%	8.6%
Add: Cost corresponding to IndAS notional interest	-	43	-	86
Add: ESOP non-cash expense	27	48	54	96
Operating EBITDA	**364**	**322**	**995**	**697**
Operating EBITDA margin	12.0%	12.9%	12.1%	11.7%

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

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

Financial Highlights

- Revenue in Q2 FY20 stands at Rs. 3,038 million, up 22% YoY. Revenue during the quarter was contributed by five HAM projects as against three project in the same quarter last year
- EBITDA in Q2 FY20 was up 7% YoY to Rs. 511 million
- As on 30th September, Cash balance was Rs. 3,325 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. 2,000 million
  - Oil & Gas: ~ Rs. 1,100 million
- Short-term loans of Rs. 1,248 million are adequately supported by net current assets and long-term loans of Rs. 491 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.
- Outstanding loan in the project has been re-financed at a much lower rate of 8.82% p.a. This is the first instance of a HAM project getting refinanced post project completion, in the country. The additional loan of Rs. 900 mn (approx.) shall be available on receipt of NHAI approval for such facility.

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 82% has been completed by Q2FY20 and payment from NHAI 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 78% has been completed by Q2FY20 and payment from NHAI 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 34% has been completed by Q2FY20 and payment from NHAI pertaining to 1st milestone (i.e. @ 20% completion) received in July 2019.

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 15% has been completed by Q2FY20. Payment received from PWD totalling to 20% approx. (mobilisation advance and 1st milestone payment @ 10% completion).

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 15% has been completed by Q2FY20 and payment from NHAI pertaining to 1st milestone (i.e. @ 10% completion) is awaited, due certification from IE already received in September 2019.
- **Rating of the project re-affirmed by CRISIL @ 'A-'**
- Welspun Steel Ltd ('Promoter entity' or 'WSL') is a JV partner in Welsteel Enterprises Ltd ('Welsteel') which holds 26% equity of Welspun Aunta Simaria Projects Private Limited ('WASPL'). WSL and Welsteel have waived their rights to acquire securities in Welsteel and WASPL respectively resulting in cessation of joint control in these entities, thereby giving WEL exclusive control over WASPL and Welsteel making them subsidiaries of WEL.

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:** Commercial operation has commenced from 30th April 2019. YTD revenue stands at Rs. 38 mn with EBITDA of Rs. 21 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. Our unrelenting focus remains on operational excellence and prudent capital allocation. 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 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 4,500 km of road projects in the remainder of FY2020. Of this, 60% is expected to be done through HAM model. We expect the bidding to start from November 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 '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 and strong credit rating.
- The Company will continue to explore inorganic growth opportunities, through a measured evaluation of risk-return parameters.
- 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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