

# WELSPUN ENTERPRISES LTD

## An Infra Player with a Difference

September 2018



*Actual photo of Delhi-Meerut Expressway; completed in record 19 months vs. scheduled 30 months*

# SAFE HARBOR

---

The information contained in this presentation is provided by Welspun Enterprises Limited (the "Company"). Although care has been taken to ensure that the information in this presentation is accurate, and that the opinions expressed are fair and reasonable, the information is subject to change without notice, its accuracy, fairness or completeness is not guaranteed and has not been independently verified and no express or implied warranty is made thereto. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as you may consider necessary or appropriate for such purpose. Neither the Company nor any of its directors assume any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. Neither the Company nor any of its directors, officers, employees or affiliates nor any other person accepts any liability (in negligence, or otherwise) whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

The statements contained in this document speak only as at the date as of which they are made, and the Company expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. By preparing this presentation, none of the Company, its management, and their respective advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document is for informational purposes and does not constitute or form part of a prospectus, a statement in lieu of a prospectus, an offering circular, offering memorandum, an advertisement, and should not be construed as an offer to sell or issue or the solicitation of an offer or an offer document to buy or acquire or sell securities of the Company or any of its subsidiaries or affiliates under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, both as amended, or any applicable law in India or as an inducement to enter into investment activity. No part of this document should be considered as a recommendation that any investor should subscribe to or purchase securities of the Company or any of its subsidiaries or affiliates and should not form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax, investment or other product advice.

This presentation contains statements of future expectations and other forward-looking statements which involve risks and uncertainties. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition, and future events and plans of the Company. These statements can be recognized by the use of words such as "expects," "plans," "will," "estimates," or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results, performances or events may differ from those in the forward-looking statements as a result of various factors and assumptions. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, or that assumptions are correct. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

Any reference herein to "the Company" shall mean Welspun Enterprises Limited, together with its consolidated subsidiaries.

# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

comes with vast experience of

- Nurturing businesses
- Executing marquee projects
- Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

## Welspun Enterprises

- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
  - Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
  - Minimal Plant & Machinery
  - Low Working Capital
- Continuous asset value unlocking
  - High RoCE, Low Leverage



# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

comes with vast experience of

- Nurturing businesses
- Executing marquee projects
- Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

## Welspun Enterprises

- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
  - Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
- Minimal Plant & Machinery
  - Low Working Capital
- Continuous asset value unlocking
  - High RoCE, Low Leverage

# WELSPUN GROUP OVERVIEW

## FY18 Revenue

**Rs. 152 bn**

CAGR 21% (1995-2018)

## FY18 EBITDA

**Rs. 22 bn**

Overall 15% EBITDA margin

## Asset Base

**Rs. 198 bn**

Asset creation calibrated to  
Demand & Cash flows

## Net Debt of Rs. 30 bn

Continuous focus on reducing  
high cost debt

Net Debt to Equity of 0.40 x

## 25,000+ Employees

Managing large, diverse  
workforce across geographies

## Strong Credit Rating

Welspun India: AA

Welspun Corp: AA-

Welspun Enterprises: AA-



## Global Leader in Home Textiles

Ranked #1 Home Textile Supplier  
to USA 5 Times in Last 6 Years



## Global Leader in Large Diameter Pipes

Manufacturing facilities in India,  
Saudi Arabia & USA



## Specialised HAM Infra player

Completed India's first 14 lane  
Expressway in record time of 19  
months vs scheduled 30 months

# GROUP'S RICH EXPERIENCE OF PROJECT EXECUTION

---



**History of designing & building manufacturing plants & projects worth USD 3 bn+**

---



**Successfully built Anjar Welspun City, spread across 2,500 acres in Gujarat**

---



**Built renewable energy portfolio of 1,000+ MW worth Rs.10,000+ crores & successfully divested it**

---



**Track record of delivering quality projects, on or before time**

---



**Successfully built one-of-its-kind anciliarisation (captive outsourcing) model in Textiles**

---



**Experience of value unlocking from assets of more than Rs. 130 bn in the past five years**

---

**Group vision to be among the Top-3 HAM players in the country**

---

# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

- comes with vast experience of
- Nurturing businesses
  - Executing marquee projects
  - Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

## Welspun Enterprises

- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
- Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
- Minimal Plant & Machinery
- Low Working Capital
- Continuous asset value unlocking
- High RoCE, Low Leverage

# ROAD SECTOR WITH STRONG THRUST FROM GOVERNMENT

**Road Infrastructure a vital ingredient for country's GDP growth**



**Only ~5%**

of Indian Roads are national / state highways

**8.1% of GDP**

As per IMF, required spend on Infra in India



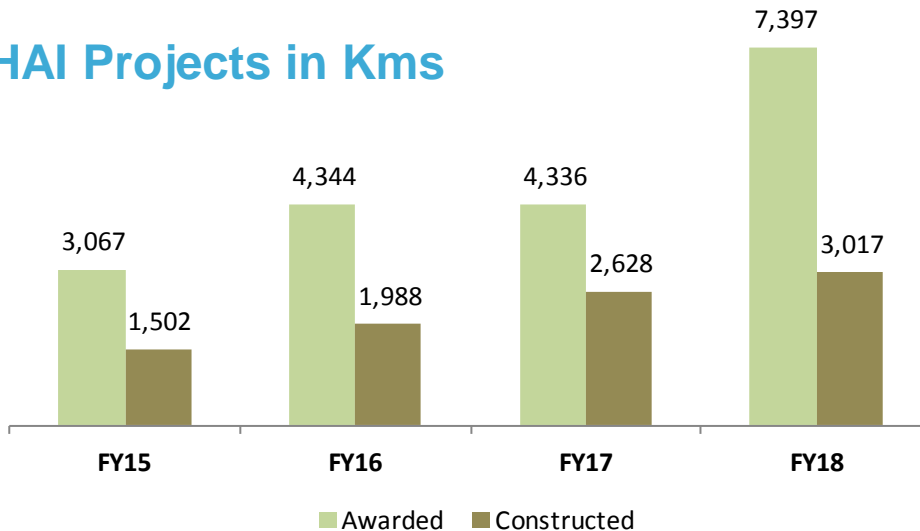
**8x Multiplier effect**

Investment in roads has multiplier impact on GDP growth

**Employment**

Local employment generation

## NHAI Projects in Kms



## Increasing Road Projects Awarding & Spending

Budget 2018 earmarked Rs. 1.2 Trillion for Road Infrastructure



# FUTURE POTENTIAL PROVIDES HUGE BIDDING OPPORTUNITY

**~Rs. 5.35 Trillion**

Road projects expected to be awarded in next 5 years

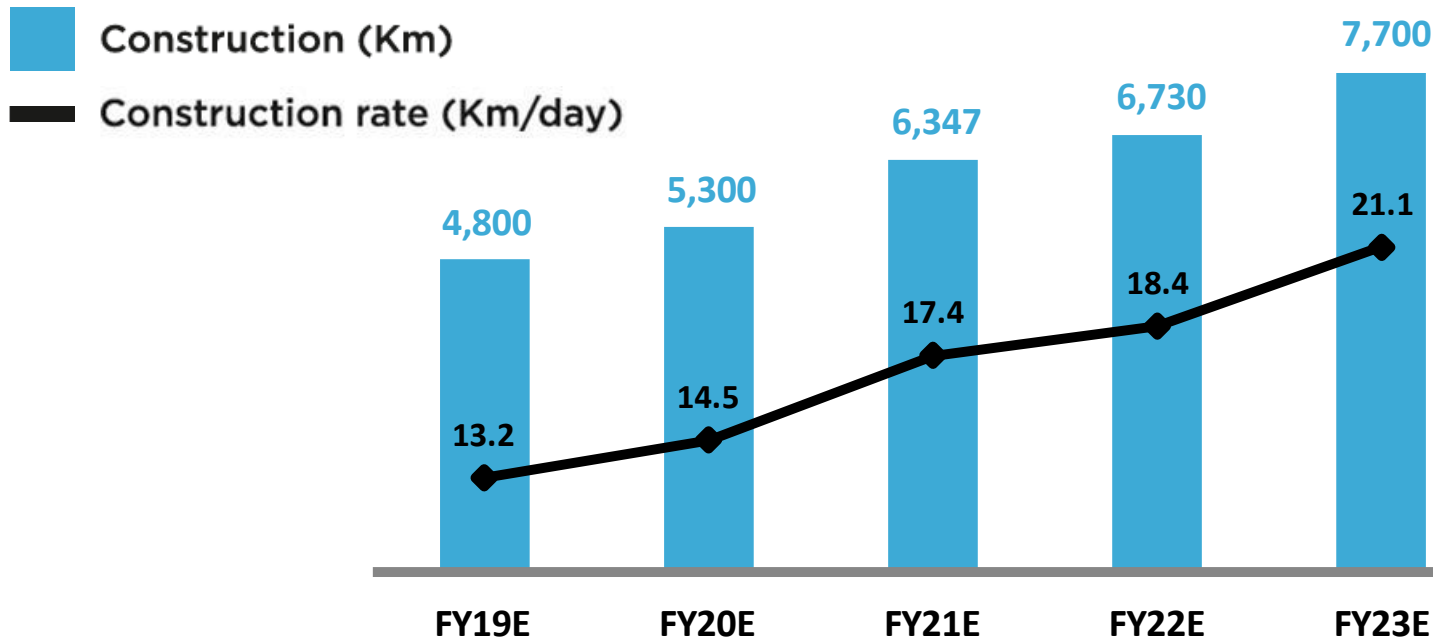
**India Ranks 66 / 137**

India's infrastructure rank, while improved from Rank#87 in 2015, still has a long way to go

**34,800 kms**

Bharatmala project total construction target by 2022

## NHAI: Planned construction of the Bharatmala programme



**~1.6x growth expected in annual road construction in next 5 years**

# POTENTIAL UNDER BUY & TURNAROUND STRATEGY

Several HAM projects awarded to various infra players with weaker balance sheet are not financially closed...

....Welspun Enterprises with its strong banking relationship backed with strong balance sheet sees this as an opportunity to be a Turnaround Specialist

## Welspun Enterprises' Turnaround Record – 3 projects till date

1) Gagalheri-Saharanpur-Yamunanagar (GSY)

2) Chutmalpur-Ganeshpur & Roorkee-Chutmalpur-Gagalheri (CGRG)

### Concessionaire

Concessionaire not in a position to achieve financial closure



Along with Welspun Enterprises

Financially closed **within 2 months**

3) Chikhali-Tarsod (Package-IIA)

### Concessionaire

Concessionaire not in a position to achieve financial closure



Along with Welspun Enterprises

Financially closed **within 1 month**

# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

- comes with vast experience of
- Nurturing businesses
  - Executing marquee projects
  - Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

## Welspun Enterprises

- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
  - Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
- Minimal Plant & Machinery
  - Low Working Capital
- Continuous asset value unlocking
  - High RoCE, Low Leverage

# HYBRID ANNUITY MODEL (HAM) INTRODUCED IN 2016....

....to overcome BOT issues including

Land Acquisition

Change of scope

Traffic changes

Toll Risk

Financing

....thus, now NHAI awarding projects under HAM and pure EPC.

## HAM advantageous to both Developer & Authority

**NHAI** as a partner  
providing  
**40% funding**

**12-15%**  
of project cost  
Minimal Equity requirement

At least **80% land**  
provided by the authority on  
appointed date. COD given  
based on land provided

**All Clearances**  
provided by the authority  
before appointed date

**No Toll Collection**  
**Risk**  
No traffic risk

**O&M covered**  
by separate payments  
from authority

During construction,  
**Better Credit Rating**  
**than BOT** on account of  
lower risk

Once constructed, **AAA**  
**(SO) Credit Rating** as  
semi-annual assured  
payments from NHAI

**Public Private**  
**Partnership** to build  
world class infrastructure

**Lesser Cash**  
**Outflow** as  
compared to EPC  
model

**Revenue**  
**Generation** from  
toll collection which  
funds the annuity

**Quality Assured**  
due to maintenance  
obligation of 15 years by  
concessionaire

# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

- comes with vast experience of
- Nurturing businesses
  - Executing marquee projects
  - Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

## Welspun Enterprises

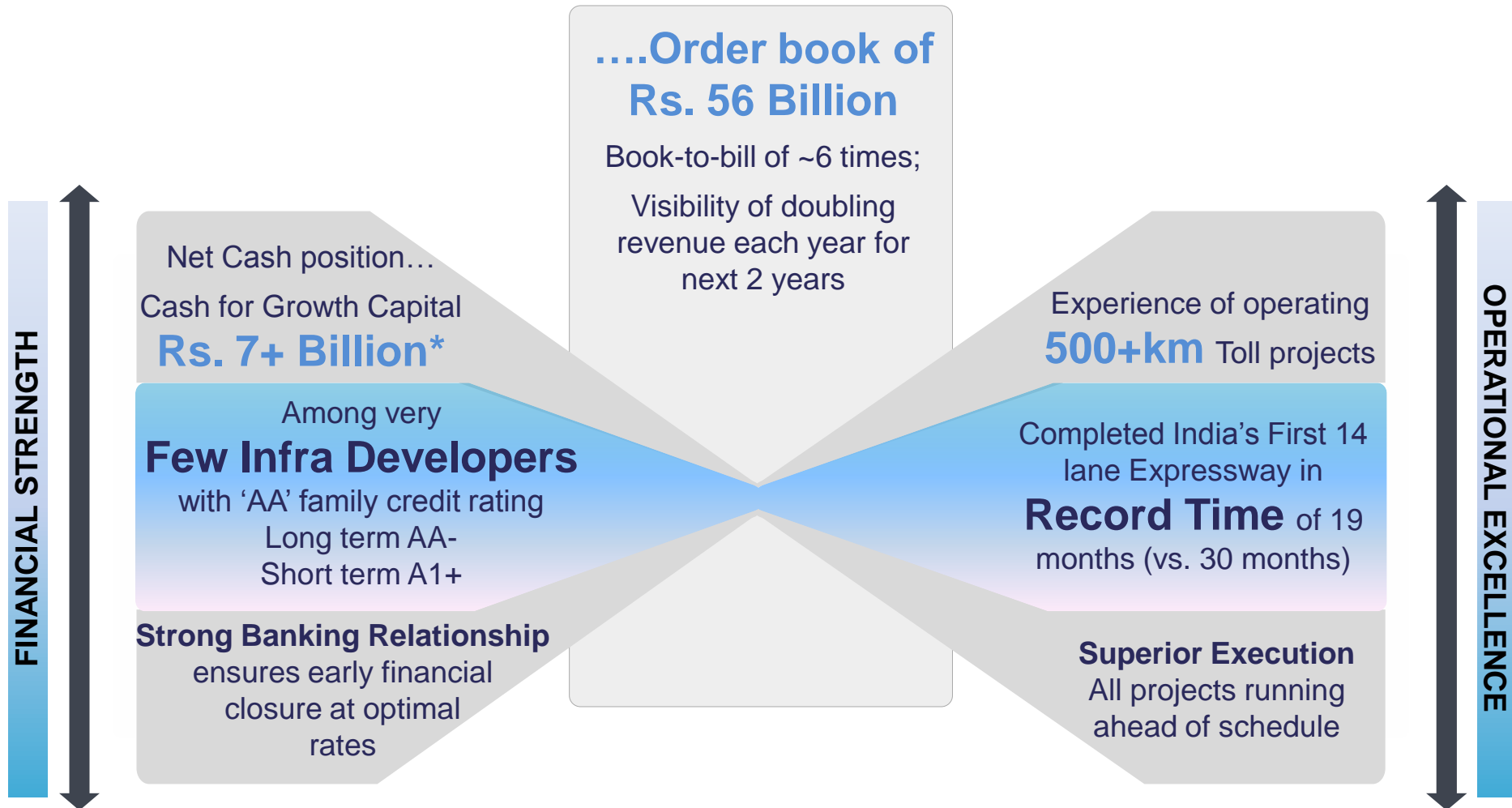
- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
  - Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
- Minimal Plant & Machinery
  - Low Working Capital
- Continuous asset value unlocking
  - High RoCE, Low Leverage



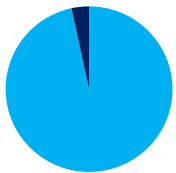
## WEL ROBUST HAM PORTFOLIO OF Rs. 70+ BILLION WITH....



# STRONG PLATFORM SET FOR FUTURE GROWTH

Continuously building HAM portfolio through bid / buy strategy for profitable growth  
Current order book at ~Rs. 56 Billion

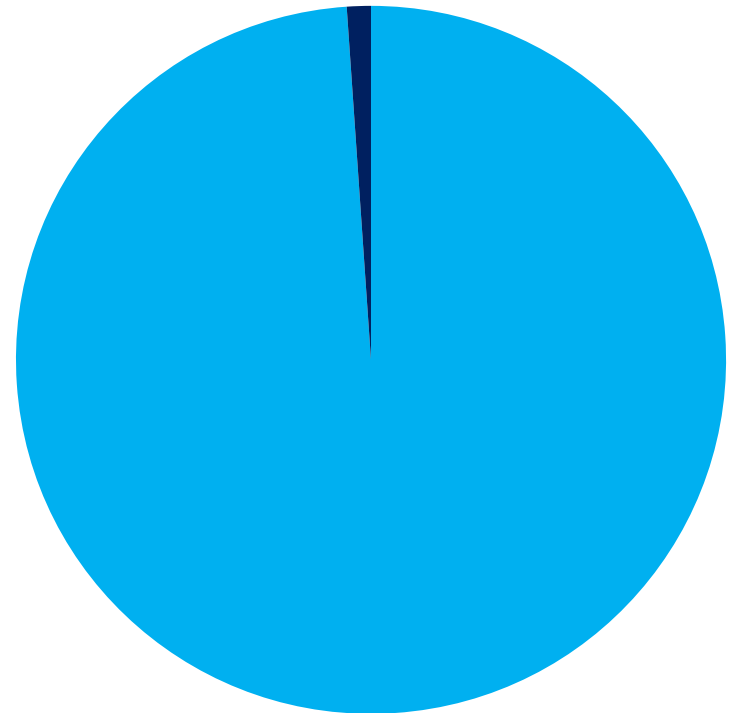
As on Mar-17



EPC of HAM: 5.2 bn  
Other EPC: 0.2 bn

 EPC of HAM Projects  
 Other EPC

As on June-18



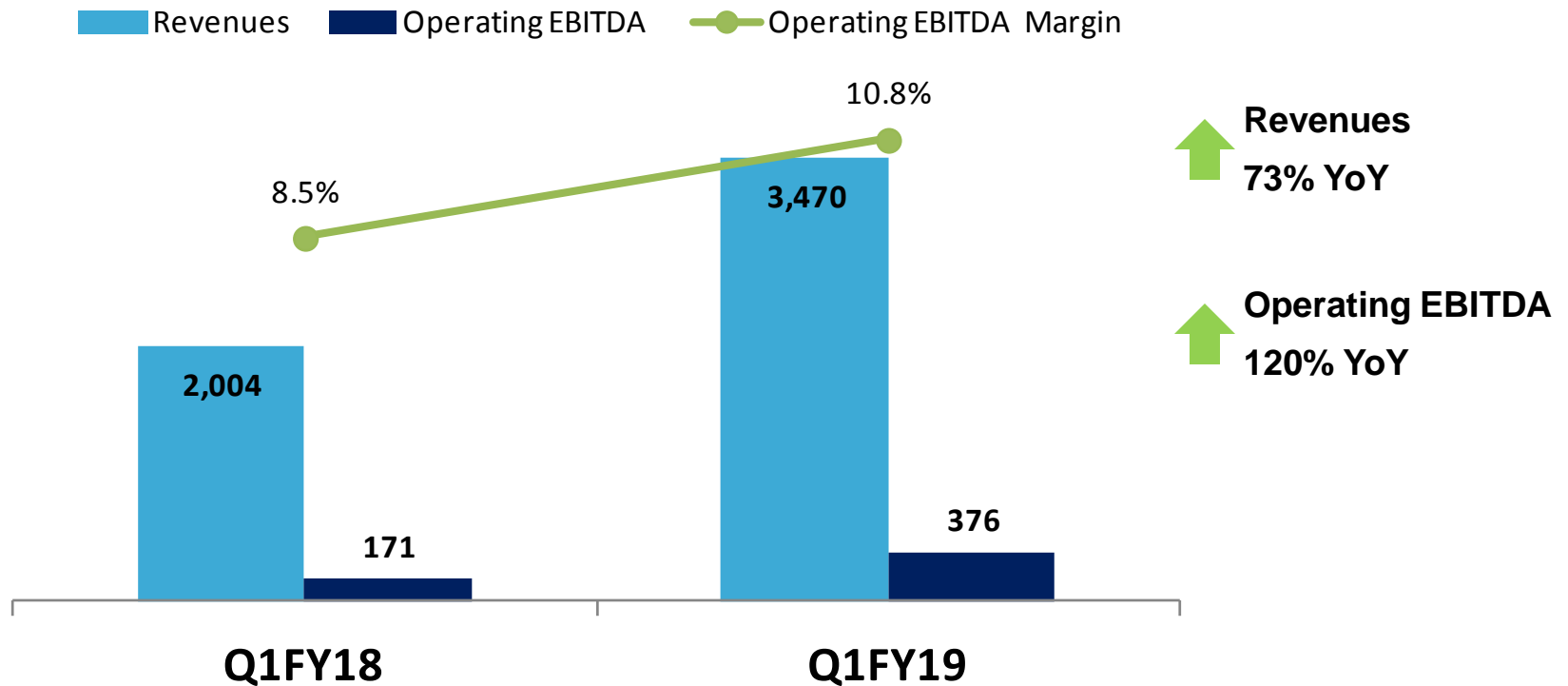
EPC of HAM: 55.4 bn  
Other EPC: 0.6 bn

# OPERATING LEVERAGE TO IMPROVE MARGINS

Q1FY19 revenue contributed by 3 projects as against 1 in last year

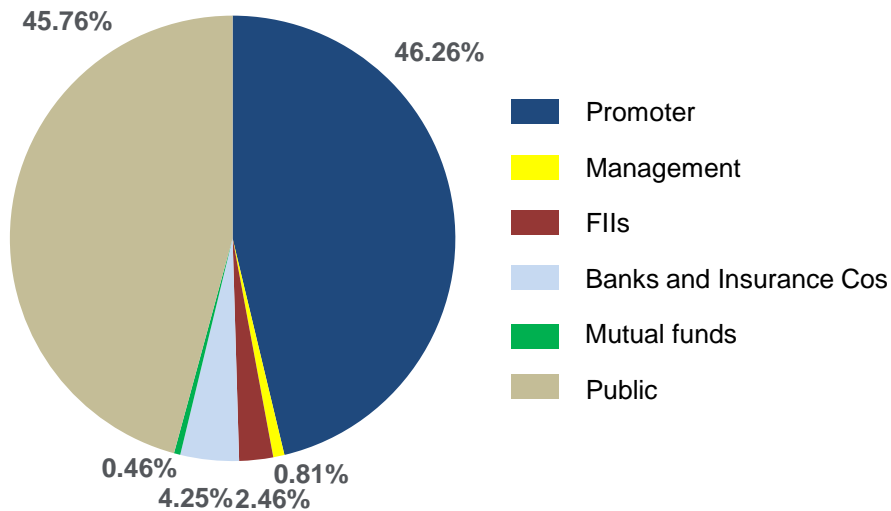
Margin improvement as fixed cost absorption increased with higher execution on multiple projects

## Revenues and Operating EBITDA (Rs. Million)



# WITH UNDIVIDED FOCUS ON SHAREHOLDER VALUE CREATION

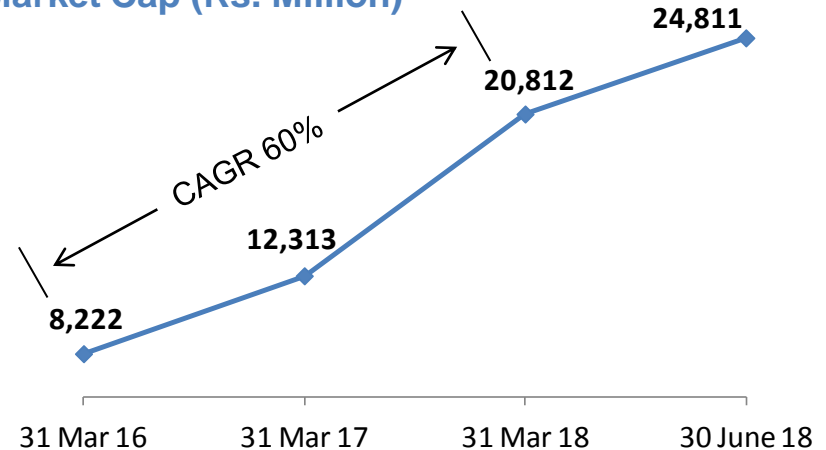
## Shareholding Pattern (as on 30<sup>th</sup> June 2018)



## Market Statistics

As on June 30, 2018	INR	USD
Price per share (Face value Rs. 10 per share)	168.45	2.46
No of Shares outstanding (Mn)	147	147
Market Capitalization (Mn)	24,762	362
Daily Average Trading Volumes (Q1FY19) No of shares in Mn	0.77	0.77
Daily Average Trading Value (Q1FY19) (Mn)	134	1.96

## Market Cap (Rs. Million)



## Creating Shareholder value

### Share Buyback

- Bought back ~27 mn shares at Rs. 62 per share
- Total cash outflow of Rs. 1.67 bn
- Completed in March 2017

### Stated Dividend Distribution Policy

- Endeavor to achieve distribution of an amount of profit subject to maximum of 25% of Profit After Tax
- Applicable FY18 onwards

# THROUGH AN EXPERIENCED BOARD AND MANAGEMENT

## Board of Directors

### **B.K.Goenka**, Chairman

- Amongst India's most dynamic businessmen
- Ranked amongst India's Most Powerful CEOs by Economic Times

### **Rajesh Mandawewala**, Group MD

- Associated with Welspun Group since 1985 as promoter
- Chartered Accountant with experience across industries

### **Dhruv Subodh Kaji**, Independent Director

- Chartered Accountant with 35+ years experience across industries

### **Mala Tadarwal**, Independent Director

- Qualified CA with experience in Audit Assurance, Due Diligence, Corporate Restructuring and Transaction Advisory

### **Mohan Tandon**, Independent Director

- Ex MD of GIC of India, and Chairman & MD of National Insurance Co. Ltd.
- Expert in Org. Restructuring; Productivity-oriented Incentive Schemes

### **Ram Gopal Sharma**, Independent Director

- 40+ years experience in life insurance, MFs, finance, training & development

## Management Team

### **Sandeep Garg**, Managing Director & CEO, Member of Board

- Harvard Graduate with 30+ years experience in diverse roles in infrastructure and oil & gas sector
- Prior experience with ONGC, Punj Lloyd, IL&FS

### **Asim Chakraborty**, Chief Operating Officer (COO) - Highways

- 32 years experience in Designing, Engineering and Construction of Infrastructure projects

### **Banwari Lal Biyani**, Operation Head – BOT & EPC

- AICWA professional with approx 39 years experience in Commercial, Planning & Budgeting, Business Excellence & Strategy and Operations

### **Shriniwas Kargutkar**, Chief Financial Officer (CFO)

- Qualified CA with 34+ years experience in Finance and Accounts

### **Yogen Lal**, Head- Water Business

- Civil engineer with 26+ years experience in water segment

### **Akhil Jindal**, Group CFO & Head - Strategy

- 22+ years of experience in corporate finance, M&A, strategy, new business development and fund raising
- Has significantly contributed to Welspun Group in the last 12 years with its global expansion plans

### **Deepak Chauhan**, Head – Group Legal

- 20 years experience in legal, majorly in infrastructure and transportation

### **Devendra Patil**, Head – Group Secretarial

- 30+ years experience in secretarial and legal



# KEY INVESTMENT HIGHLIGHTS

## Welspun Group

- comes with vast experience of
- Nurturing businesses
  - Executing marquee projects
  - Investing & timely value unlocking

## Sunrise Road Sector

~ Rs. 5.35 Trillion of road projects to be awarded in next 5 years

## Hybrid Annuity Model (HAM) Opportunity

- Win-win model for government & developer
- Around half of road awards happening through HAM

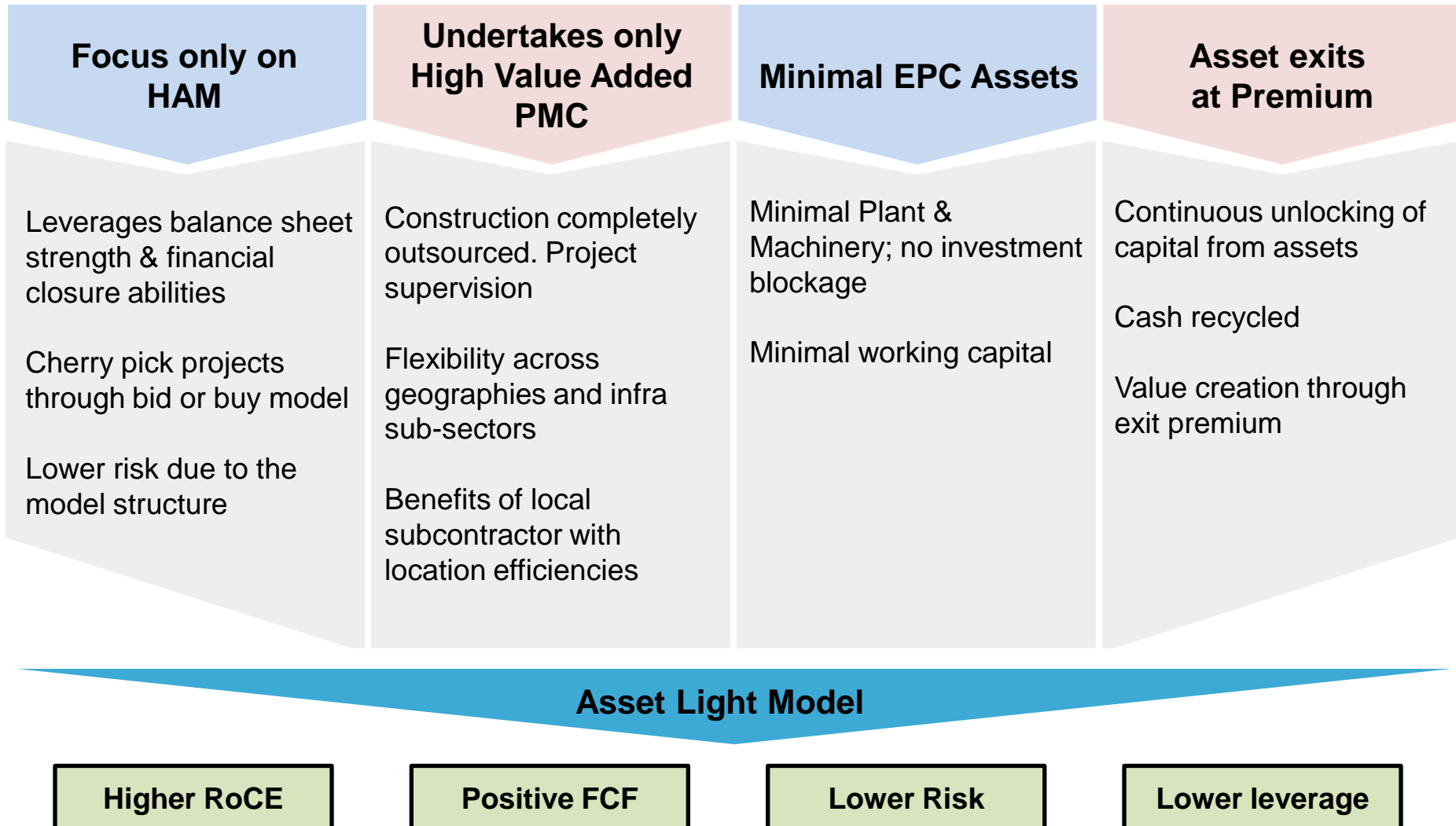
## Welspun Enterprises

- Focussed purely on HAM
- Order book with revenue growth visibility of 100% p.a. for 2 years
- Demonstrated operational excellence
  - Financial strength

## Asset Light Model

- Focussed on Project Management Consultancy (PMC)
  - Minimal Plant & Machinery
  - Low Working Capital
- Continuous asset value unlocking
  - High RoCE, Low Leverage

# ONE OF ITS KIND ASSET LIGHT MODEL



# CREATING VALUE THROUGH A PROFOUND STRATEGY

**1**

**Bid for differentiated HAM projects/  
Buy distressed HAM projects**

- Lower competition
- Better IRRs

**2**

**Achieve early financial closure**

- Strong Balance Sheet
- Reduced finance cost

**3**

**Award construction to best suited sub-contractor**

- Reduce execution risk
- Minimal investment in Plant & Machinery

**4**

**Project Management Consultancy**

- Rigorous monitoring
- Achieve early completion

**8**

**Reinvest proceeds in new projects**

- Ensure optimal balance sheet size

**7**

**Timely value unlocking**

- Divest to long term investor with lower cost
- Sustained Cashflow

**6**

**Refinance to reduce interest cost**

- Rating revision
- Reduce financing cost

**5**

**Achieve COD ahead of schedule**

- Earn early completion bonus
- Improve returns

# DELHI MEERUT E-WAY: VALIDATING OUR DIFFERENTIATED STRATEGY

Project Under the Aegis of Prime Minister of India Narendra Modi and NHAI

Laying of foundation stone



Inauguration of completed project



- ★ India's FIRST 14-Lane Expressway
- ★ India's FIRST Green Expressway
- ★ India's FIRST HAM project to achieve financial closure
- ★ India's FIRST and ONLY COMPLETED HAM project
- ★ India's ONLY HAM project to be awarded AAA (SO) credit rating



# APPRECIATION BY PRIME MINISTER OF INDIA SHRI NARENDRA MODI

New Delhi  
23 May, 2018

Shri B. K. Goenka Ji,

I am delighted to know of your valuable contribution to the completion of Package I of Delhi-Meerut Expressway, which as you know got completed much before the target date.

We, as a nation, are standing at the cusp of a wave of development that is driven by a young nation with great aspirations. The infrastructure we are building will create new pathways for India's all-inclusive development and open new vistas of opportunity for our people.

It was our former Prime Minister Shri Atal Bihari Vajpayee's vision to connect each and every village and city with all-weather roads. He envisioned India's future built on a firm foundation of enhanced connectivity for people and businesses.

Today, from highways to I-ways, we are ensuring that our nation is ahead of the curve in infrastructural development.

The Delhi-Meerut expressway has showcased India's engineering capabilities that are well integrated with our goal of sustainable development. Also appreciable is the way in which the expressway has been converted into a green belt with initiatives such as drip water irrigation, solar plant and landscape development.

It is a matter of immense joy to see pride in people's eyes when they experience seamless commute through these modern day marvels. The new expressway is one such marvel that will ease the lives of citizens by saving them time and money as well as ensuring that local economy flourishes.

It is my firm belief that the highways built today will become runways for dreams of tomorrow to take flight. I, once again, congratulate everyone associated with this project for achieving a remarkable feat and delivering not just an expressway, but a roadway to progress and prosperity.

I wish you success in all your future endeavours.

Yours Sincerely,



(Narendra Modi)



सत्यमेव जयते

प्रधान मंत्री

Prime Minister



## APPRECIATION BY SHRI NITIN GADKARI, UNION MINISTER



सड़क परिवहन एवं राजमार्ग मंत्रालय  
(भारत सरकार)  
Ministry of Road Transport & Highways  
(Govt. of India)



### Certificate of Appreciation

AWARDED TO

**SHRI SANDEEP GARG**

Managing Director, M/s Welspun DME Pvt Ltd.

*In recognition of your valuable contribution towards the successful completion of Delhi-Meerut Expressway Project (Pkg.-I) well before the scheduled time and that too with great efficacy, I really appreciate your efforts and professionalism by which you have been associated in completion of the project well before time.*

**Nitin Gadkari**

Union Minister of Road Transport & Highways Shipping  
and Water Resources, River Development & Ganga Rejuvenation  
Government of India

May 31, 2018

# BUILDING MUCH MORE THAN AN EXPRESSWAY



Vertical garden developed along the entire bridge

**40,000+ Trees**

transplanted and retained existing trees



**3,230 Solar Panels**

Electrification through solar power of 1050 kWp



**Beautification Initiatives**

Wall art & replicas of famous monuments



# WELSPUN ENTERPRISES CSR INITIATIVES

Working with communities through diverse social interventions to secure stable & sustainable futures



## Community Healthcare

### Initiatives

- Weekly health check-up camps being organised
- Regular fogging

### Impact

- Cases of illness have reduced 90% over a span of 6 months
- Malaria/Dengue/Chikungunya cases completely eliminated



## Potable Water Supply

### Initiatives

- Distribution of Potable Water every alternate day at slums
- Provided clean & hygienic water bottles for storage

### Impact

- Condition have changed from unavailability of water to doorstep water distribution.
- 250+ beneficiaries



## Promoting Education

### Initiatives

- Providing basic education at a young age
- Distribution of school kits and books for children

### Impact

- Programme started with 20 children, now increased to 60
- 15 students admitted in govt. school post preliminary education at classes



# FINANCIALS

# INCOME STATEMENT SNAPSHOT - STANDALONE

Income Statement Snapshot (Rs. Million)	Q1 FY19	Q1 FY18	YoY Growth
<b>Revenue from Operations</b>	<b>3,470</b>	<b>2,004</b>	<b>73%</b>
Other Income*	178	238	-25%
<b>Total Income</b>	<b>3,648</b>	<b>2,242</b>	<b>63%</b>
<b>Operating EBITDA**</b>	<b>376</b>	<b>171</b>	<b>120%</b>
<i>Operating EBITDA margin</i>	10.8%	8.5%	
<b>EBITDA</b>	<b>463</b>	<b>369</b>	<b>25%</b>
Reported PBT	409	291	41%
<b>PAT</b>	<b>270</b>	<b>212</b>	<b>28%</b>
<b>Cash PAT</b>	<b>323</b>	<b>283</b>	<b>14%</b>

*Note: Cash PAT = PBDT (before exceptional items) – Current tax+ Non-cash ESOP expenses*

*\* Other income includes treasury income of Rs.102 million for Q1FY19 and Rs. 189 million for Q1FY18.*

*\*\* Operating EBITDA excludes: a) Rs. 42.2 million (vs. Rs. 36.3 million in Q1FY18) included in 'Other Income' as notional interest under IndAS and excludes corresponding cost of Rs. 42.2 million included in 'Other Expenses' b) ESOP related non-cash expense of Rs. 48.2 million (vs. Rs. 3.2 million in Q1FY18)*



## BALANCE SHEET SNAPSHOT - STANDALONE

Balance Sheet Snapshot (Rs. Million)	30 <sup>th</sup> June 2018	31 <sup>st</sup> Mar 2018
<b>Net worth</b>	<b>14,889</b>	<b>14,573</b>
Gross Debt	506	664
<b>Cash &amp; Cash Equivalents<sup>@</sup></b>	<b>4,872</b>	<b>7,135</b>
Net Debt /(Cash)	(4,366)	(6,471)
Other Long Term Liabilities	311	303
Total Net Fixed Assets (incl. CWIP)	60	87
Net Current Assets (Excl. Cash & Cash Equivalents) <sup>@</sup>	2,769	1,053
Other Long Term Investments and assets	8,006	7,263

*Note: Cash & Cash Equivalents includes liquid Investments & ICDs*

*As on 30th June, Growth Capital stands at Rs. 7,062 million comprising of Rs. 4,872 million in the form of direct cash and cash equivalents and Rs. 2,190 million as temporary funding to subsidiaries/JVs in lieu of drawing debt at that level. This was done in order to minimise the interest cost at the SPVs and the funds are available to WEL, on demand.*

# KEY HIGHLIGHTS

- ✓ **Well Positioned to Benefit from India's Economic Growth & Development**
- ✓ **Unique Position with Strong Financials and Robust Credit Rating to tap Infra Opportunities**
- ✓ **Strong Order book with visibility of doubling revenue each year for next 2 years**
- ✓ **Asset light business model in Infra with regular project value-enhancement post COD**
- ✓ **Demonstrated Operational Excellence with earlier-than-scheduled completion**
- ✓ **Focus on Sustainable and Inclusive Growth**
- ✓ **Strong Corporate Governance - Experienced Board with Majority Independent Directors**
- ✓ **Transparency through Timely Disclosures with Stated Dividend Distribution Policy**
- ✓ **Management with Proven Track Record**

# WAY FORWARD

---



**Continue approach of prudent bid/buy strategy to strengthen HAM portfolio**

---



**Targeting projects where differentiation is possible**

---



**Evaluating opportunities in State road HAM projects on a selective basis**

---



**Divest completed projects in order to unlock value and capital**

---



**Looking at opportunities in associated areas in Infra; targeting water segment**

---



**Explore and develop existing oil & gas blocks**

# THANK YOU

**For further details, please contact:**

**Harish Venkateswaran**

AVP - Group Finance and Strategy

Email: [harish\\_venkateswaran@welspun.com](mailto:harish_venkateswaran@welspun.com)



# APPENDIX

# HYBRID ANNUITY MODEL (HAM) OVERVIEW

**Award criterion:** Lowest NPV value based on Construction cost and O&M cost, quoted by the bidders

40% of Project Cost (Construction Support) by Govt.

**Hybrid Annuity Project**

60% of Project Cost arranged by Concessionaire for Financial Closure  
 - 12-15% through equity from developer  
 - Remaining through debt

**Construction Period**

**COD**

## Returns to Concessionaire on Capital Arranged

- Annuity payments (biannually) till end of concession period as per predetermined schedule
- Interest payments (on reducing balance @ Bank Rate + 3%)
- O&M payments at the bid rate with escalation

Toll collection by Govt.

O&M by Concessionaire

**O&M Period**

# HAM BETTER THAN BOT

	<b>BOT Toll</b>	<b>HAM</b>
<b>Traffic Risk</b>	Risk borne by concessionaire	No risk on the concessionaire
<b>Toll Tariff Rates</b>	Risk with concessionaire as tariffs decided as per National Tariff Policy	No risk on the concessionaire
<b>Equity Requirement</b>	Higher (25-30% of project cost)	Lower (12-15% of project cost)
<b>Project Credit Rating</b>	Lower rating based on the higher risk	Better rating during construction Once constructed, AAA (SO) credit rating
<b>O&amp;M Payments</b>	No separate O&M payments from the authority	Separate O&M payments from the authority



# WELSPUN ENTERPRISES INFRASTRUCTURE PORTFOLIO

## HAM PROJECTS

### Delhi-Meerut Expressway (Pkg 1)

Authority: NHAI  
 Status: Completed  
 Inaugurated by PM

1

### Gagalheri-Saharanpur-Yamunanagar (GSY)

Authority: NHAI  
 Status: Under Construction

2

### Chutmalpur-Ganeshpur (CGRG)

Authority: NHAI  
 Status: Under Construction

3

### Aunta-Simaria

Authority: NHAI  
 Status: Under Construction

4

### Chikhali-Tarsod

Authority: NHAI  
 Status: Under Development  
 FC Achieved

5

### Sattanathapuram-Nagapattinam

Authority: NHAI  
 Status: Awaiting concession  
 agreement signing

6

## BOT PROJECTS

### Dewas Water

Authority: MPSIDC  
 Status: Operational  
*(Modified Project under construction)*

### Himmatnagar Bypass

Authority: GSRDC  
 Status: Operational

### Raisen - Rahatgarh

Authority: MPRDC  
 Status: Operational

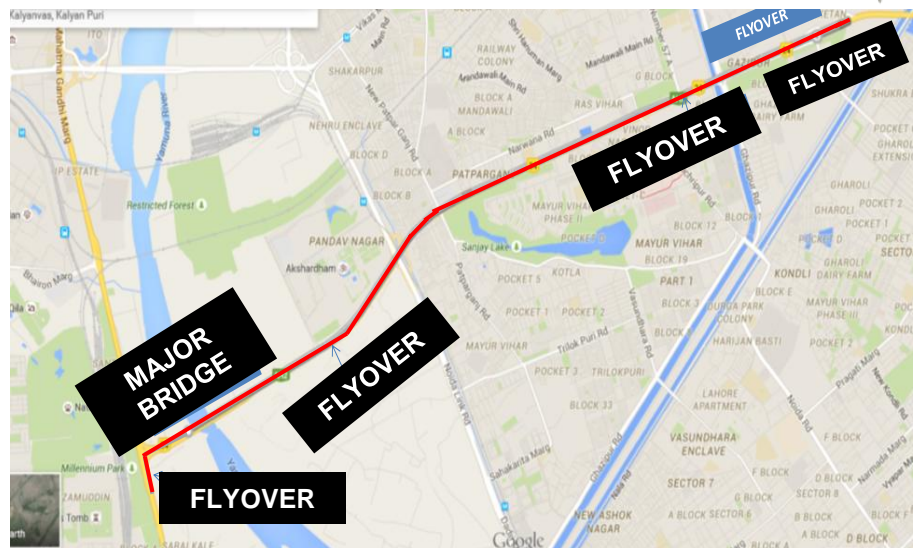
**Robust portfolio of 9 infrastructure projects in roads and water supply**

**1**

# HAM: DELHI-MEERUT EXPRESSWAY PACKAGE 1

**Scope:** 14 Lane expressway: Six-laning of Delhi – Meerut Expressway & four-laning either side from 0<sup>th</sup> km to existing km 8.4 of NH-24 in Delhi

**Status:** Completed. Inaugurated by PM of India on 27th May 2018; Received provisional certificate for commercial operation w.e.f. June 28, 2018  
 Record completion within 19 months



## PROJECT DETAILS

Project Length (Kms)	8.716 Km
Award Date	Jan 2016
Financial Closure	Achieved
Appointed Date	28 <sup>th</sup> Nov 2016
Scheduled Construction Period	30 months
COD (Provisional) Date	28 <sup>th</sup> June 2018
Concession Period after COD	15 Years

## PROJECT COST & FINANCING

(Rs. Mn)

<b>Bid Project Cost</b>	<b>8,415</b>
<b>Means of Finance</b>	
- NHAI	3,366
- Debt	4,000
- Equity	1,049
<b>O&amp;M Cost (First Year)</b>	<b>39.5</b>

**2**

## HAM: GAGALHERI-SAHARANPUR-YAMUNANAGAR

**Scope:** 4-Laning of Gagalheri-Saharanpur-Yamunanagar section of NH-73 in UP / Haryana

**Status:** NHAI declared the Appointed Date for the Project as 26<sup>th</sup> January 2018; execution in full swing



### PROJECT DETAILS

Project Length (Kms)	51.5 Km
Acquisition Date	Jan 2018
Financial Closure	Achieved
Appointed Date	26 <sup>th</sup> Jan 2018
Scheduled Construction Period	24 months
Concession Period after COD	15 Years

### PROJECT COST & FINANCING

(Rs. Mn)

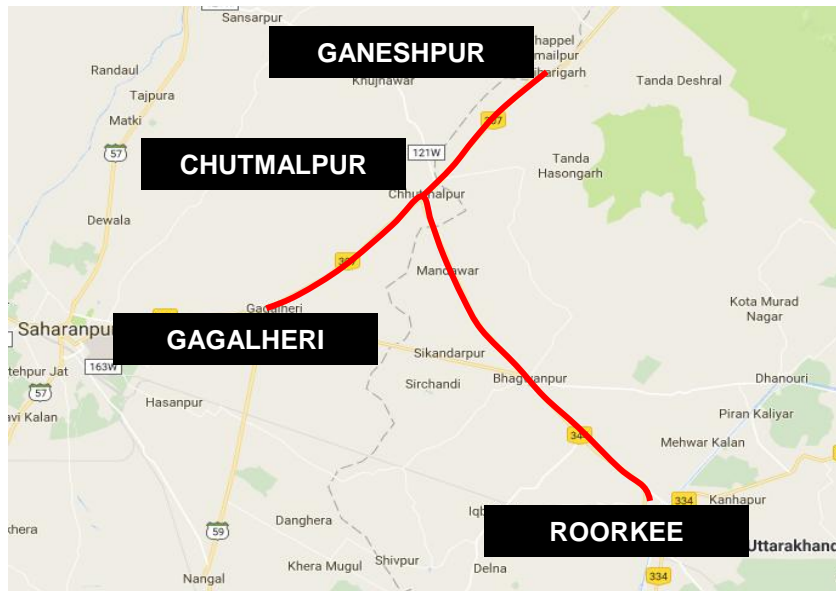
<b>Bid Project Cost</b>	<b>11,840</b>
<i>Means of Finance</i>	
- NHAI	4,736
- Debt	5,683
- Sponsor's Commitment	1,421
<b>O&amp;M Cost (First Year)</b>	<b>100</b>

**3**

# **HAM: CHUTMALPUR-GANESHPUR & ROORKEE-CHUTMALPUR-GAGALHERI**

**Scope:** 4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73 in UP & Uttarakhand

**Status:** NHAI declared the Appointed Date as 28th February 2018; execution in full swing



## **PROJECT DETAILS**

Project Length (Kms)	53.3 Km
Acquisition Date	Jan 2018
Financial Closure	Achieved
Appointed Date	28 <sup>th</sup> Feb 2018
Scheduled Construction Period	24 months
Concession Period after COD	15 Years

## **PROJECT COST & FINANCING**

(Rs. Mn)

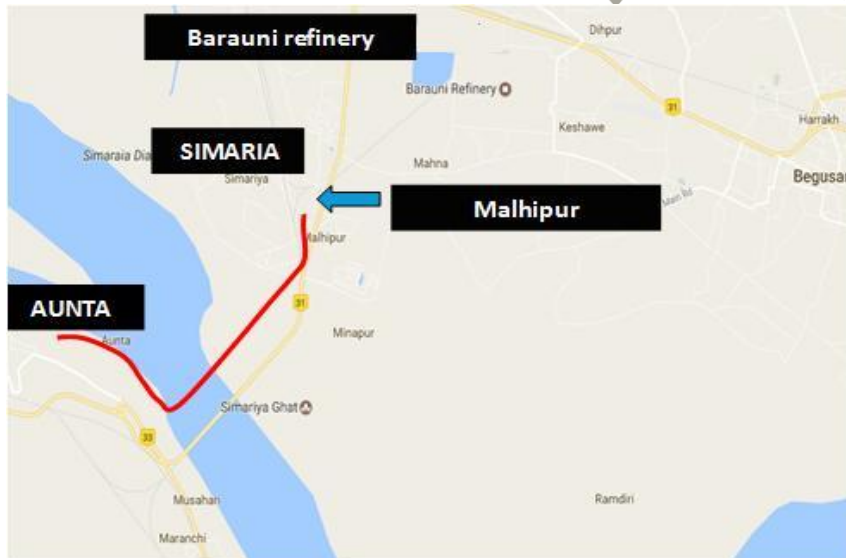
<b>Bid Project Cost</b>	<b>9,420</b>
<b><i>Means of Finance</i></b>	
- NHAI	3,768
- Debt	4,522
- Sponsor's Commitment	1,130
<b>O&amp;M Cost (First Year)</b>	<b>100</b>

**4**

## HAM: AUNTA-SIMARIA (Ganga Bridge with Approach Roads)

**Scope:** 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**

**Status:** NHAI declared the Appointed Date as 30th August 2018; site mobilised and execution started



### PROJECT DETAILS

Project Length (Kms)	8.15 Km
Award Date	Aug 2017
Financial Closure	Achieved
Appointed Date	30 <sup>th</sup> Aug 2018
Scheduled Construction Period	42 months
Concession Period after COD	15 Years

### PROJECT COST & FINANCING

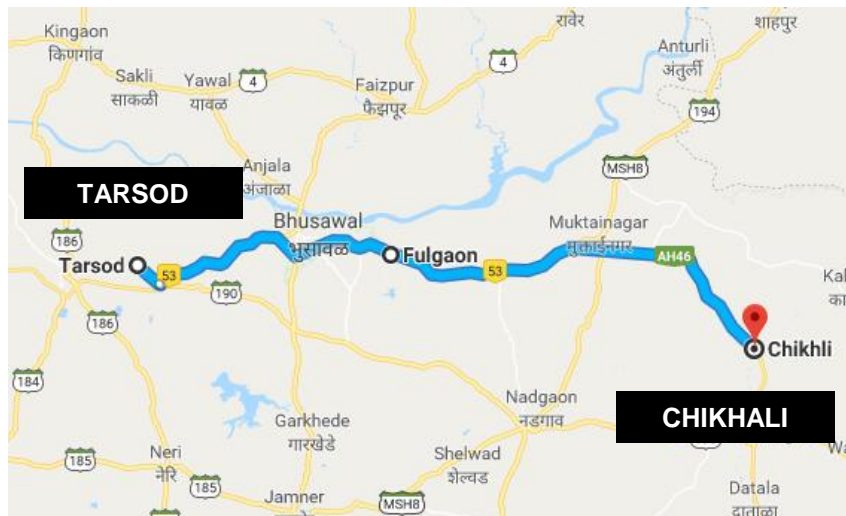
(Rs. Mn)

<b>Bid Project Cost</b>	<b>11,610</b>
<i>Means of Finance</i>	
- NHAI	4,644
- Debt	5,573
- Equity	1,393
<b>O&amp;M Cost (First Year)</b>	<b>99</b>

## 5 HAM: CHIKHALI-TARSOD

**Scope:** 4-laning of Chikhali – Tarsod (Package-IIA) section of NH-6 from km. 360.0 to km.422.7 in Maharashtra

**Status:** Financial closure achieved; appointed date is expected in Q2FY19; site mobilised and developmental work started



### PROJECT DETAILS

Project Length (Kms)	62.7 Km
Acquisition Date	Jan 2018
Financial Closure	Achieved
Appointed Date	Expected in Q2FY19
Scheduled Construction Period	30 months
Concession Period after COD	15 Years

### PROJECT COST & FINANCING (Rs. Mn)

<b>Bid Project Cost</b>	<b>10,480</b>
<b>Means of Finance</b>	
- NHAI	4,192
- Debt	5,030
- Sponsor's Commitment	1,258
<b>O&amp;M Cost (First Year)</b>	<b>40.1</b>

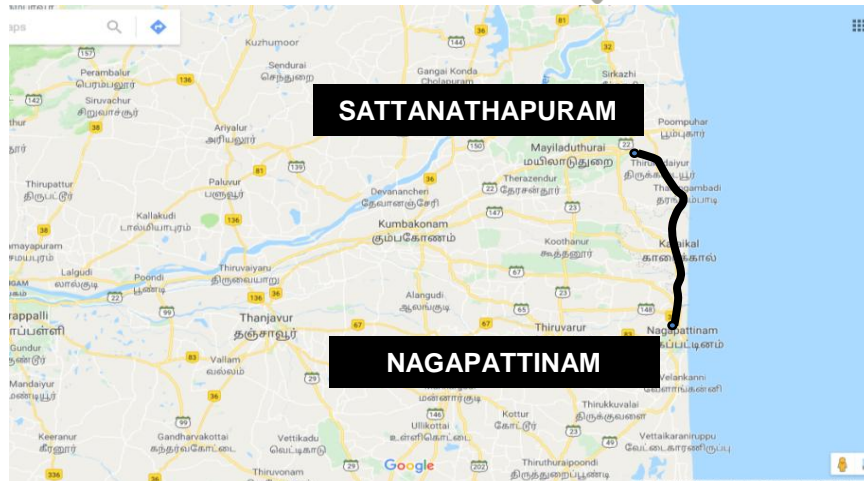


6

## HAM: SATTANATHAPURAM - NAGAPATTINAM

**Scope:** 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

**Status:** Received Letter of Award (LoA); awaiting signing of concession agreement (CA)



### PROJECT DETAILS

Project Length (Kms)	55.755 Km
Award Date	July 2018
Financial Closure	Post CA signing
Appointed Date	Post Financial Closure
Scheduled Construction Period	24 months
Concession Period after COD	15 Years

### PROJECT COST & FINANCING

(Rs. Mn)

Bid Project Cost	20,045
<i>Means of Finance</i>	
- NHAI	8,018
- Debt	9,622
- Equity	2,405
O&M Cost (First Year)	50

# EXISTING BOT PROJECTS SUMMARY

Experience & expertise of successfully operating more than 500+ kms of roads

WEL has 3 operational infrastructure projects on BOT basis

(Rs. Mn)

Sector	Project Name	Location	Value on books (March-18)	Debt on books (March-18)	COD	Concession End
Highways	Himmatnagar Bypass	Gujarat	13	-	Apr-06	Jun-20
	Raisen - Rahatgarh	MP	33	-	Mar-06	Oct-18
Water Supply	Dewas Water*	MP	696	518**	Sep-08	Jun-37
<b>Total</b>			<b>742</b>	<b>518</b>		

\* Modified project under construction

\*\* To be subsumed under the modified project which is under construction

Note: Kim Mandvi project has been handed back to the authority on 7<sup>th</sup> April 2018

# UPDATE ON OTHER BOT PROJECTS – OUTSTANDING MATTERS

---

## Dewas Water – Modified Project

- Project modified under the Madhya Pradesh Swiss Challenge Guidelines
  - Modified project involves the supply of treated water of up to 23 MLD to industrial customers in Dewas
  - Source of water ~ 7 km from Dewas as against 122 km for the existing project
  - Concession agreement signed on 9<sup>th</sup> January 2018; Appointed date declared as 7<sup>th</sup> May 2018
  - Project construction schedule is 12 months & Concession Period is upto June 15, 2037; execution started
  - Estimated cost of the modified project is Rs. 1,463 mn including subsumed debt of the existing project
- 

## Dewas-Bhopal Road Project

- Residual stake of 13% can be sold to same buyer at Rs. 295 mn (plus interest at 11% p.a from Dec 2015)

# INVESTMENT IN OIL & GAS BLOCKS: POTENTIAL VALUE ACCRETION

**Adani Welspun Exploration Ltd (AWEL), a 65:35 JV between Adani Group & WEL, is the key investment vehicle**

Block Name	Location	AWEL Stake	WEL Effective Stake	Status
MB-OSN-2005/2	Mumbai High	100%	35%	AWEL has decided to execute Phase – II of the exploration
GK-OSN-2009/2	Kutch	30%	10.5%	Declared potential commercial discovery by operator; appraisal studies underway
GK-OSN-2009/1	Kutch	25%	8.75%	Declared potential commercial discovery by operator; appraisal studies underway
CB-ONN-2005/4	Palej	- *	35%	Consortium had stuck oil in the block. Termination notice served by MoPNG due to default of Naftogaz India holding 10% stake; non-defaulting partners AEL and WEL have requested for transfer of this 10% stake to AEL/AWEL. Request pending for approval by DGH/MoPNG.
B9 Cluster (DSF)	Mumbai High	100%	35%	Awarded in March 17; development plan being drawn; Anticipated capital cost: USD 110 mn (at AWEL level)

**Value accretion expected on the invested amount of Rs. 5 Bn**

**Revenue from first block expected in FY20-21**

\* 55% stake directly held by Adani Enterprises Ltd and 35% by WEL