

**Strong Q3 & 9M FY24 performance
New Businesses continue to ramp up**

Feb 6, 2024, Mumbai: Welspun Corp Ltd. (WCL), a flagship Company of the Welspun Group, announced its consolidated financial results for the quarter ended December 31, 2023.

Consolidated Financials:

- REVENUE from operations for Q3FY24 and 9MFY24 stood at INR 4,750 crore (+98% YoY) and INR 12,878 crore (+126% YoY) respectively
- EBITDA for Q3FY24 and 9MFY24 recorded at INR 471 crore (+170%) and INR 1,391 crore (+332%) respectively
- PAT for Q3FY24 jumped by more than 10x to INR 292 crore, while for 9MFY24 it stood at INR 842 crore against a loss of INR 29 crore during the corresponding period previous year
- NET DEBT reduced to INR 503 crore at the end of 9MFY24 compared to INR 1,837 crore at the end of 9MFY23 driven by strong free cash-flows from the businesses
- ROCE for 9MFY24 stood at 15.7% (not annualized) compared to FY23 ROCE of 7.9%

Complete Pipe Solutions (India & US Line Pipes, DI Pipes, SS Pipes & Tubes):

- Sales volume of line pipe businesses in India and the USA for 9MFY24 rose 65% YoY
 - Order Book for Line Pipes in India and US stands at 575 KMT valued at ~INR 7,200 crore
 - Our associate Company, EPIC in Saudi Arabia has a confirmed order book exceeding 2 years. Execution of recent Aramco order of SAR 1.8 billion started
- Steady improvement in DI Pipes sales - 9MFY24 sales volume rose almost 10x YoY to 135 KMT
- Stainless Steel Bars sales volume grew by 201% YoY to 12,294 MT while, Pipes & Tubes sales volume rose by 23% YoY to about 3,667 MT during 9MFY24

Building Materials (Sintex and TMT):

- WST sales volume in Sintex grew 11% YoY to 10,514 MT in 9MFY24, while TMT Rebars sales volume for 9MFY24 stood at 79 KMT as against 2 KMT during same period last year
- Sintex finalized its foray in Plastic Pipes segments- portfolio to include different types of PVC Pipes including CPVC, HDPE, UPVC and OPVC

ESG:

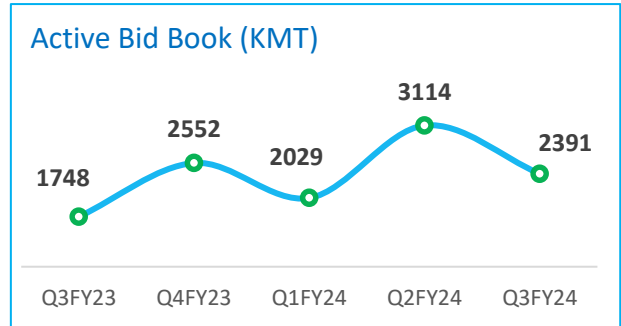
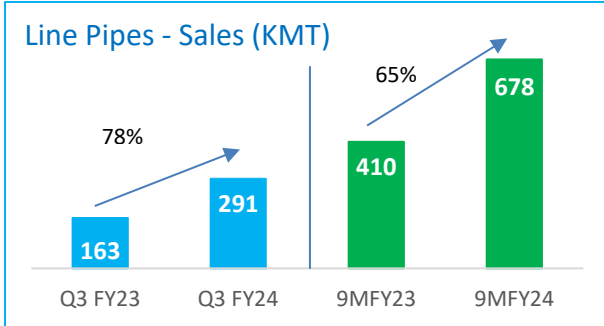
- Achieved highest rating (59) in ESG Performance by CRISIL ESG Ratings among peers
- Moving towards sustainability goal by focusing on improving energy intensity, water intensity and waste intensity. Got “ZERO waste to Landfill” certification by TUV NORD INDIA achieved for Anjar facility
- Tax transparency report published

Note: For Line Pipes, Sales Volume & Order Book excludes our Saudi operations

BUSINESS UPDATE

(A) Complete Pipe Solutions:

(A.1) Line Pipes



Sales volume for India & USA

(A.1.1) India- Key Drivers

- Introduction of unified tariff policy aims at creating more stable, competitive and transparent pricing regime, which should be beneficial for both demand and supply of gas
- Policy focus on potential development of gas storage facility (3- 4 billion cubic meter) by the Central Government likely to boost demand

Outlook:

The Petroleum and Natural Gas Regulatory Board (PNGRB), in collaboration with City Gas Distribution entities, has launched a campaign (26th January to 31st March, 2024) to encourage the widespread adoption of PNG in households and expand the consumer base across various segments of the population.

Water transportation for irrigation projects through line pipes is likely to grow steadily with continuous focus by the central and state governments.

Export market remains a focus area as outlook remains strong in Middle East, Australia, South East Asia etc. WCL have been booking orders in these geographies. India order book remains strong at 369 KMT.

(A.1.2) USA- Key Drivers

- In 2023 the United States moved to take first place for the very first time, exporting 116 billion cubic meter of LNG, surpassing both Australia and Qatar.
- US LNG accounted for more than 15% of Europe’s natural gas demand in 2023

Outlook:

LNG exports from US is expected to rise by 50% from the current level by 2026 as per the IEA.

As per industry reports, the large diameter steel pipes market in North America likely to grow at 2.8% CAGR between 2023 and 2033 to reach US\$752.9 billion.

We see strong demand for our HSAW pipes to continue in the US market. Total order book remains stands at 206 KMT. We are also confident of booking new orders to ensure continuity of the business.

BUSINESS UPDATE

(A.1.3) Key Drivers - Saudi Arabia

- Focus on Vision 2030 of KSA continues to be the key driver
- Effective execution of projects with highest levels of quality and efficiency supported by substantial production capacity and strong partnership with the key players are key drivers for EPIC's performance

Outlook:

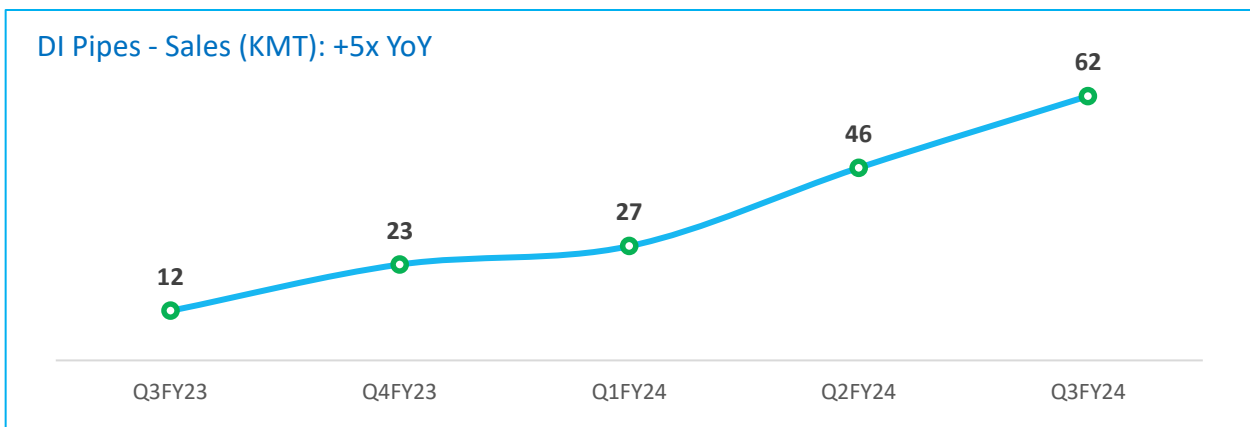
EPIC is strongly placed to capitalize on a multitude of opportunities that are continuing to emerge. The company is committed to supporting the fundamental objectives Vision 2030 agenda of the KSA, with a continued dedication to the best standards of operational excellence, innovation, and sustainability.

As a leading company within a pivotal and expanding sector, EPIC is targeting to reinforce its position further and leverage the manufacturing capabilities, which will enable EPIC to evolve the portfolio to cater to the changing needs of the customers.

EPIC is focused on strengthening its financial positioning, whilst boosting the resilience of the business, to ultimately deliver tangible long-term value to the shareholders and various stakeholder groups.

EPIC's well-established track record in the market, strong brand name and solid competitive advantages have resulted in the signing of a number of new contracts including a significant SAR 1 billion (~Rs 2,200 crore) contract awarded recently by SWCC. With this, in November and December, major cumulative orders received by EPIC stood at more than ~4.000 crore.

(A.2) DI Pipes



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Key Highlights:

- DI Pipes segment ramp up has been in expected lines with Q3 sales volume growing by more than 5 fold YoY and 36% on QoQ basis. 9MFY24 sales volume recorded at 135 KMT
- We have a strong order backlog of ~ 264 KMT valued at ~ INR 2,185 crore
- Consistent focus of the government on water infrastructure remains a key driver

Outlook:

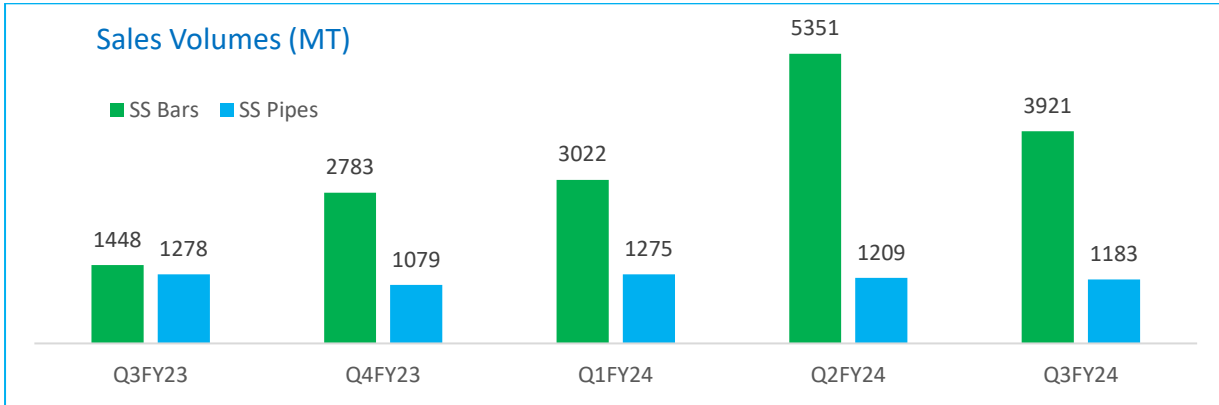
In the interim budget, Jal Jeevan Mission got the highest share (INR 69,926 crore within the total budgetary allocation (INR 77,390 crore) to the Department of Drinking Water and Sanitation.

DI Pipes segment will remain as one of the key focus areas for Welspun Corp. Our brownfield expansion (100 KMTPA) at Anjar has been progressing well. With strong growth potential in the MENA region, WCL has announced setting up of 150 KMTPA DI Pipe facility in the Middle East with an investment of approx. INR 500 crore and expected to be operational by H1CY2025.

Our strong order book position within a short period of starting commercial production is a testimony of our capability and credibility

We continue to explore export markets e.g. Middle East and Africa, as we see good opportunities there.

(A.3) Stainless Steel Pipes and Bars- WSSL



Key Highlights:

- Geography and territory expansion continues. New grades development & introduction continues
- SS Bars sales volume during 9MFY24 rose by 201% YoY to about 12,294 MT. Similarly, Pipes & Tubes sales volume rose by 23% YoY to about 2,980 MT
- Encouraging product acceptance/ feedback from recently added USA market
- WSSL have successfully developed, produced and delivered Ultra Low Cobalt Stainless Steel for application into Nuclear Power station components
- The company has exported for first time Alloy 6625- High Nickel & Moly Alloy Seamless Tubing, tested at 12,000 PSI hydro-pressure for a critical application

BUSINESS UPDATE

- Product level GHG footprint available for all products of WSSL, approved internally as well as by third party vendor. This is to help to continue to be a lead supplier to EU markets.

Outlook:

The current Order Book stands at ~ 4,204 MT valued at ~ INR 166 crore.

After subdued Q2 and Q3, EU is showing signs of recovery in the coming quarters.

WSSL continues its transformational journey under a well-defined growth strategy, FY24 will become first significant milestone after witnessing the first year with profitable bottom-line.

(B) Building Materials:

(B.1) Sintex: Moving towards right direction with finalisation of foray into Plastic Pipes

- Existing business has been ramping up steadily with Q3FY24 Water Storage Tanks (WST) sales volume rising by 10% YoY to 3,411 MT. For 9MFY24, WST sales volume grew by 11% YoY to 10,514 MT
- During the quarter, as per the planned strategy, Sintex finalized its plan to foray into Plastic Pipes segment through its step down subsidiary Sintex Advance Plastics Limited (SAPL)
- The pipes and fittings would include CPVC, UPVC, HDPE, and OPVC pipes and shall cater to the exponentially growing water distribution segment
- Sintex has a pan India presence through its widespread distribution network of 900+ distributors and 13,000+ retailers
- With strong business potential, we are exploring various growth options at current and new locations
- SAPL signed the Framework Agreement with Rollepaal Pipe

Extrusion Technology B.V for supply of its high quality PVC pipes manufacturing lines exclusively to Sintex in India. With the signing of this agreement, Sintex is set to write a new chapter in the PVC pipes manufacturing in India with the already well established cutting-edge technology for PVC products

Outlook:

Our growth has been faster than the market growth with our focused strategy to improve our eco system to ensure stronger growth going forward.

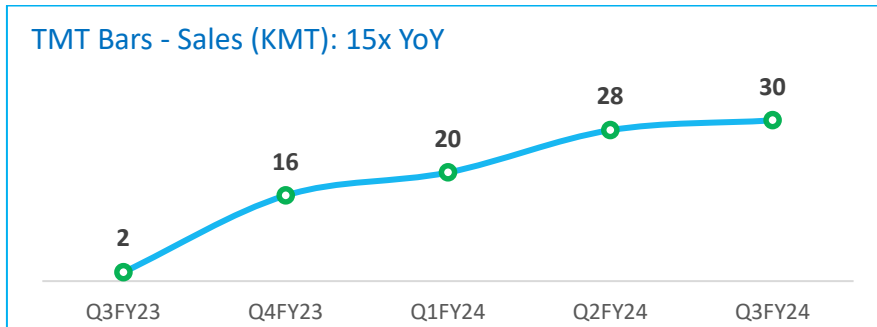
Our entire focus in WST is on re energising retailers, distributors, plumbers and customers. Acceptance of new products has been encouraging us to review our product portfolio consistently.

Our growth journey is continuing as planned and should continue to garner greater market share in WST.

Foray into plastic pipes segment provides a huge opportunity to Sintex to leverage its brand value, optimise its distribution channel and rationalise its logistics cost, thereby charting out a strong growth outlook and further strengthening our position into the B2C segment.

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(B.2) TMT Bars



Key Highlights:

- Production and sales of “Welspun Shield” TMT Bars continues to ramp up. Q3FY24 sales volume rose by 7% sequentially to 30 KMT
- Market penetration has been progressing well with 91% districts are now covered in Gujarat and 248 dealers are connected.

Outlook:

Government’s focus on affordable housing, infrastructural development and huge scope for urbanisation to continue help TMT rebars demand in India.

We see strong a traction for our brand “Welspun Shield” to improve further in the B2C segment.

Our primary focus remains on the Western states of India.

(D) ESG Initiatives

ESG Ratings:

- **CRISIL ESG Ratings:** Achieved highest score (59) in ESG performance across “Basic Industry : Iron & Steel products” category. Scores in Environment, Social and Governances stood at 52, 48 and 73 respectively

Long term sustainability goals:

- To achieve carbon neutrality from 10% (2024) to 100% (2040)
- To achieve water neutrality by 2040
- Zero Waste to Landfill: Waste minimization, reuse and recycling through authorized vendors are practiced for the same

Progress

- WCL on its path to achieve RE targets through combined solar installation of ~4MW (in progress) across 3 WCL facilities and 42 MW RE at Anjar contributing upto 55% renewable electricity by 2026. This is in line with our 2040 target to become carbon neutral
- WCL has got “ZERO waste to Landfill” certification by TUV NORD INDIA for the Anjar facility

Welspun Corp is evaluating various organic/ inorganic growth options in DI Pipes and Steel capacities along with downstream products, in Spiral/ Coating at new location and in Sintex at various new locations.

Guidance for FY24

- Top line of INR 15,000 crore (growth of ~ 50%)
- EBIDTA of INR 1,500 crore (growth of ~ 90%)
- ROCE of 16% + (from 7% in FY23)
- Strong focus on growth of Sintex, DI Pipes and WSSL
- Increase in DJSI ESG rating to 60+

We are confident of exceeding our guidance for FY24

Management Comments



I am glad to see that our strategic focus on key business segments has been helping us sailing through turbulent global geopolitical tensions and macro-economic challenges. Operational and financial performances continued to remain strong for Q3 and 9MFY24. As per our planned strategy we have finalised our foray into plastic pipes segment, which provides us huge opportunity to leverage Sintex brand value. Looking at the strong growth opportunity we have finalized our investment in DI Pipes in the Middle East region. Along with the steady and improving performances in existing and new business, investment in future growth areas will help in significant value creation for our stakeholders.” said Mr. B. K. Goenka, Chairman, Welspun Group. “Highest ESG performance score by CRISIL among peer companies is a testimony to our commitment on sustainability” he added.

BUSINESS UPDATE

Consolidated Performance Snapshot:

- Prior period figures are restated after the acquisition of the Steel business of Welspun Steel Limited and merger of Welspun Metallics Limited
- Sales Volume & Order Book for line pipe business excludes our Saudi operations

Sales Volumes	Q3FY24	Q2FY24	Q3FY23	9MFY24	9MFY23
Line Pipes (KMT)	291	202	163	678	410
DI Pipes (KMT)	62	46	12	135	14
SS Bars (MT)	3,921	5,351	1,448	12,294	4,086
SS Pipes (MT)	1,183	1,209	1,278	3,667	2,980
WST (MT)	3,411	3,565	3,104	10,514	9434
TMT Bars (KMT)	30	28	2	79	2

Line Pipes- India & USA

Figures in INR crore

Consolidated Profit & Loss Account	Q3FY24	Q2FY24	Q3FY23	9MFY24	9MFY23
Continuing Operations					
Total Revenue from Operations	4,750	4,059	2,402	12,878	5,688
Other Income	8	102	8	160	258
Reported EBITDA	471	501	174	1,391	322
Depreciation and Amortisation	90	86	80	261	212
Finance Cost	63	75	70	230	148
Profit before tax and share of JVs	319	341	24	900	(38)
Share of profit/(loss) from Associates and JVs	53	125	29	166	47
Tax expense	79	79	30	218	49
Non-controlling interest	1.8	1.9	(0.0)	6.8	(11.7)
PAT after Minorities, Associates & JVs	292	385	23	842	(29)
Basic EPS from Continuing Operations	11.2	14.7	0.9	32.2	(1.1)

Prior period figures have been restated, wherever necessary

Net Debt / (Cash) position

Figures in INR crore

Consolidated debt	Dec-23	Sep-23	Mar-23
Gross Debt	1,858	1,940	3,316
Cash & Cash Equivalents	1,355	1,625	2,178
Net Debt / (Cash)	503	315	1,138

Saudi Financials: Key figures of East Pipes Integrated Company for Industry (EPIC)

Figures in SAR Mn

Particulars in SAR MN	Q3FY24	Q2FY24	Q3FY23	9MFY24	9MFY23
Saudi Arabia Ops:					
Sales / Revenue	552	230	487	821	996
Gross Profit	111	(6)	68	138	101
Operating Profit	105	28	61	121	86
Net Profit after Zakat and Tax	86	21	48	88	63
Total Comprehensive Income	86	21	48	89	64

Prior period figures have been restated, wherever necessary

BUSINESS UPDATE

Q3FY24 Investor & Analyst conference call: On Wednesday, February 7, 2023 at 10.00 AM (IST)

- Primary Access: +91 22 6280 1222 / +91 22 7115 8123
- International Toll-Free numbers
 - Hong Kong: 800 964 448
 - Singapore: 800 1012 045
 - UK: 0808 101 1573
 - USA: 1866 746 2133

About Welspun Corp Ltd. (WCL)

Welspun Corp Ltd (WCL) is the flagship company of Welspun World, one of India's fastest-growing multinationals with a leadership position in line pipes and home solutions, along with other lines of businesses in infrastructure, pipe solutions, building materials, warehousing, retail, advanced textiles, and flooring solutions.

WCL is one of the largest manufacturers of large diameter pipes globally and has established a global footprint across six continents and fifty countries by delivering key customized solutions for both onshore and offshore applications. The company also manufactures BIS-certified Steel Billets, TMT (Thermo-Mechanically Treated) Rebars, Ductile Iron (DI) Pipes, Stainless Steel Pipes, and Tubes & Bars. The company has state-of-the-art manufacturing facilities in Anjar (Gujarat), Bhopal (Madhya Pradesh), Mandya (Karnataka) and Jhagadia (Gujarat) in India. Overseas, WCL has a manufacturing presence in Little Rock, Arkansas, USA.

WCL's expansion entails creating a diversified product portfolio and repurposing its business to add new target segments, organically and inorganically. The company acquired Sintex-BAPL, a market leader in water tanks and other plastic products, to expand its building materials portfolio. It has also made strategic acquisition of specified assets of ABG Shipyard.

Website: www.welspuncorp.com

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