

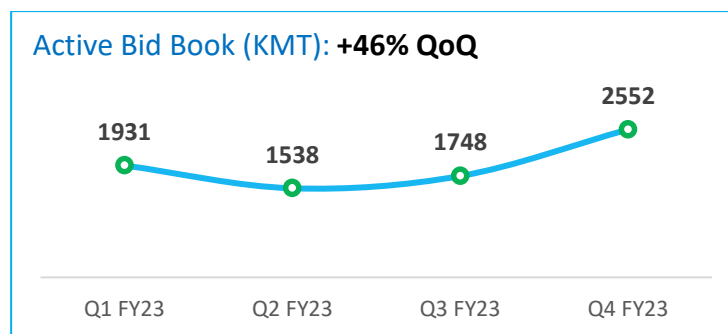
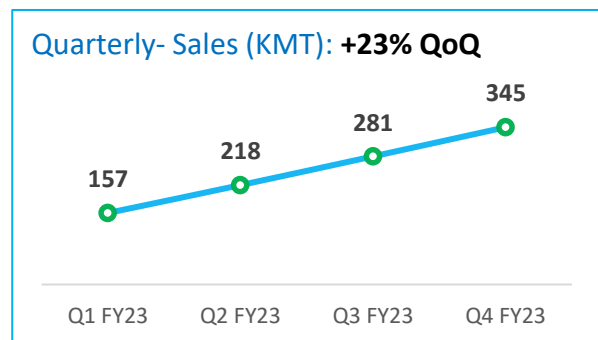
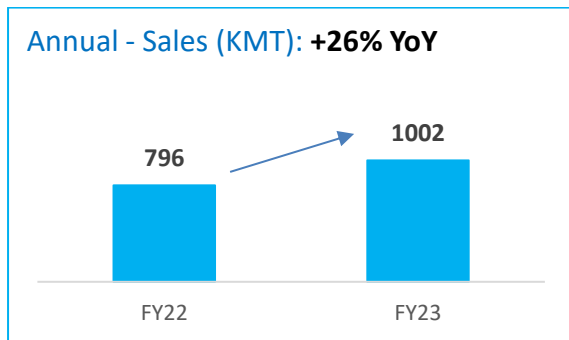
## Robust Operating Performance

**May 30, 2023, Mumbai:** Welspun Corp Ltd. (WCL), a flagship Company of the Welspun Group, announced its consolidated financial results for the quarter and year ended March 31, 2023.

- **Achieved > 1 Million MT of Global Line Pipe Sales in FY23, 8<sup>th</sup> time in last 10 years. Stable and consistent business**
- **Revenue from Operations at Rs. 9,758 crores for FY23, growth of 50% yoy**
- **EBITDA for the quarter at Rs. 483 crores and for FY23 at Rs. 805 crores**
- **Completed acquisition of the Plastic Products business of Sintex BAPL & Specified Assets of ABG Shipyard**
- **Ranked in the Top 7% in the Steel Industry on DJSI’s Corporate Sustainability Assessment**
- **Strong pending Order Book for Line Pipes of 1.1 Million MT valued at Rs. 14,600 crores**

*Note: Sales Volume & Order Book includes our Saudi operations*

### (A) Line Pipes



- The overall environment for Oil & Gas capex is favourable across the world
- Saudi Arabia and other OPEC+ oil producers announced production cuts
- World oil demand is set to grow by 2 million bpd to a record 101.9 million bpd in 2023
- Oil prices are range bound (\$70 - \$90 per barrel). Gas prices have softened but demand stays strong

**A.1) Key Drivers - India**

- Target to increase natural gas consumption from 6% to 15% in our energy mix by 2030
- Gas pipeline network expected to reach 35,000 kms from 22,000 kms in the next 4-5 years
- Oil demand expected to rise from 4.7 million barrels per day (bpd) in 2021 to 7.4 million bpd by 2040
- Refining capacity of around 250 MTPA to increase to around 450 MTPA over the next few years
- Energy scenario across the globe changing due to geopolitics resulting in strong export demand

**Outlook**

In the export market, we are in active discussions for several orders across the world. We recently announced the award of an order for export of LSAW Pipes and Bends to the Middle East for approximately 83,000 MT. Pipes supplied will be used for offshore production and transport of gas, which will accelerate and enhance LNG export infrastructure in one of the largest LNG producing and exporting country in the World.

There has been a revival in the Water sector driven by strong pent-up demand, after subdued growth over the past three years. Our wide geographical presence with plants in West, Central and Southern India along with a strong supply chain is optimally enabling us to cater to this demand.

**A.2) Key Drivers - USA**

- Record liquefied natural gas (LNG) exports from the United States
- Rising global demand for natural gas is a growth opportunity for US
- Higher oil production in the Permian Basin, spurring increases in associated gas production.

**Outlook**

Our HSAW plant in the US is fully booked till December 2023. The current business environment is favourable for us and we are in active discussions to book new orders beyond 2023.

**A.3) Key Drivers - Saudi Arabia**

- Highest annual growth rate among the world's 20 biggest economies in 2022
- Expanding its "maximum sustainable" oil production capacity to 13 million bpd by 2027
- Saudi Aramco's capital expenditure will continue to increase through the decade

- Aims to achieve a 50% growth in its gas production by 2030
- Desalinated Water Transportation capacity being significantly increased

**Outlook**

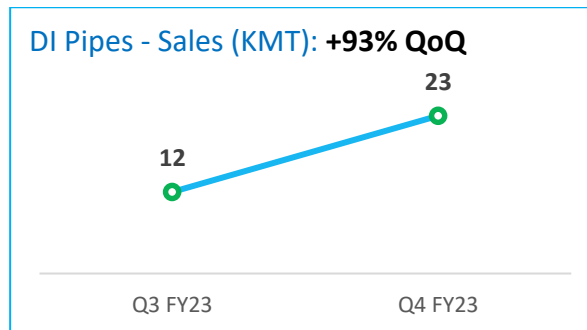
We are seeing a resurgence in the Oil and Gas sector and continued robust demand in the Water sector.

Recently, our associate company, EPIC has signed a contract with Saudi Aramco for the supply of large diameter Steel Pipes at a total value of SAR 1.8 Billion (approx. INR 4,000 crores).

This is one of the single largest order for EPIC from Saudi Aramco and represents the major share of the first package of the Master Gas - Phase 3 project. With this order our plant is fully booked for next 1 year.

We are also seeing a robust demand in the Water sector with multiple lines to carry desalinated water to be awarded shortly out of which we are poised to win some more orders in due course of time.

**(B) DI Pipes**



- Steady ramp-up in Hot Metal production. Almost achieving our targeted production levels.
- All ancillary facilities viz. Sinter, Coke Oven, PCI and Oxygen plant have also reached targeted production levels and aptly supporting the Hot Metal production.
- Steady ramp up in volumes across full production range on expected lines in DI Pipes
- Quality and timely deliveries well accepted and appreciated by customers

**Key Drivers**

- Strong traction in Jal Jeevan Mission
- The objective being to bring tap water to every household, both rural and urban.
- Significant allocation of Rs. 69,684 crore in the Union Budget 2023

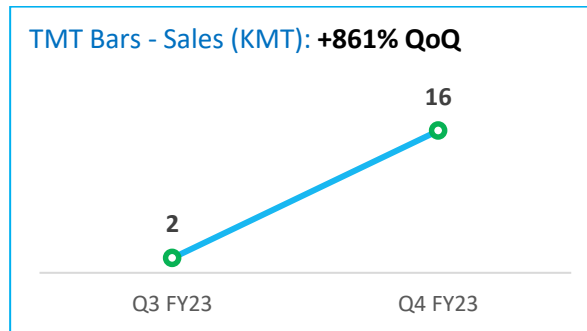
**Outlook**

We have already received all necessary approvals and accreditations in the states of Gujarat, Rajasthan, Maharashtra, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Punjab, which being our top priority areas.

We are seeing a consistent demand from all the above states and have already supplied pipes in most of these states.

We have a strong order backlog of ~ 138 KMT valued at ~ Rs. 1091 crore and are targeting sales of 175 – 200 KMT for FY24.

**(C) TMT Bars**



- Dispatches of TMT bars ramping up
- Key target market - Gujarat with estimated annual demand of 3 million MT per annum
- Healthy demand in Kutch which will be a priority market for us due to our strong presence

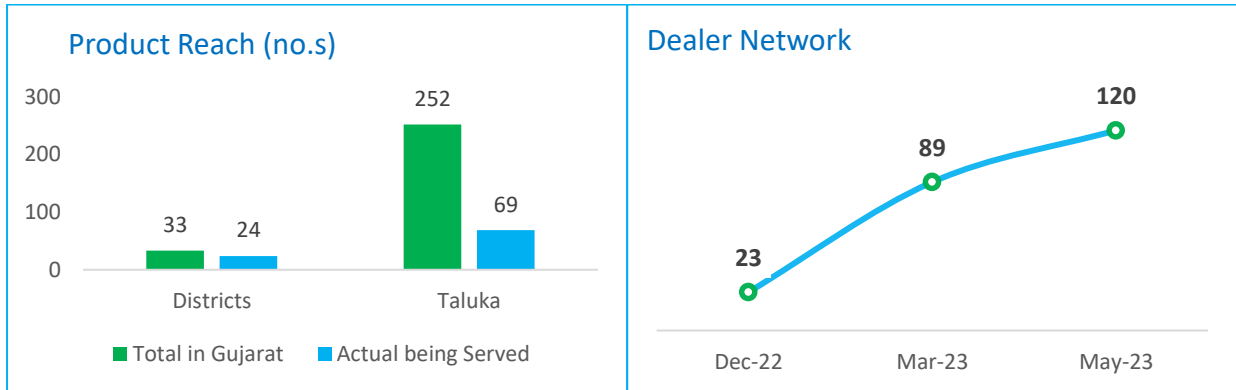
**Outlook**

We intend to be a strong player in the B2C segment and our brand “Welspun Shield” has been extremely well accepted in the Gujarat market.

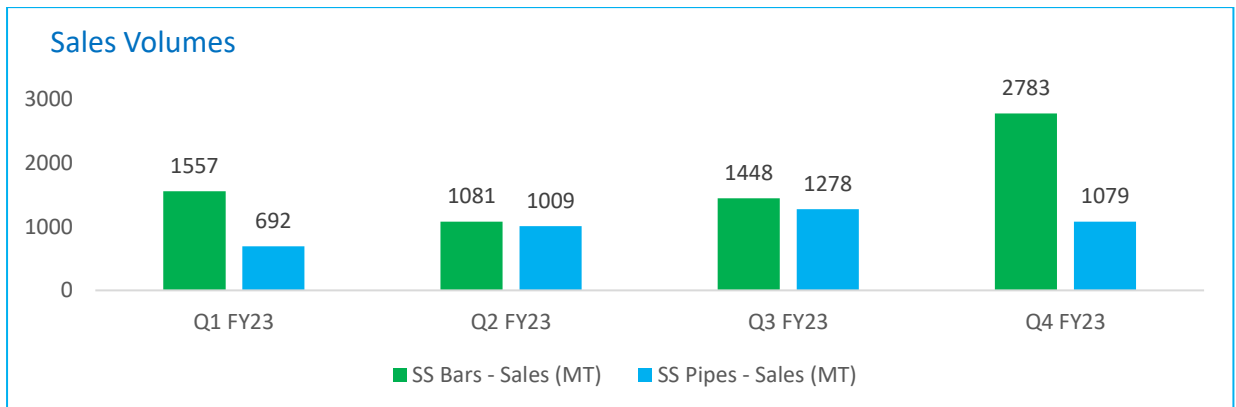
We are now considered as a tier 1 supplier, within the producers in Gujarat, on the basis of quality and service.

We have created a unique and industry first digital platform for distributors, dealers, retailers and influencers. This is not only creating a positive socioeconomic effect, but also helping us with a deeper penetration in the market to achieve our B2C goals.

**Success Metrics**



**(D) Stainless Steel - WSSL**



**Key Drivers**

- Surge in Demand in sectors like Defence, Petrochemicals, Nuclear Reactors and Process Industries
- Strong Export potential in Europe and North America
- Anti-Dumping Duty on Stainless Steel Seamless Pipes & Tubes on cheap imports from China
- Our expanded product size range from 50 – 200 mm to 25 – 350 mm diameter in SS Bars
- Make-in-India initiative by Government

**Outlook**

We have seen a strong turnaround in performance, both operational and financial.

WSSL turned EBITDA positive.

The current Order Book stands at ~ 3,500 MT valued at ~ Rs. 155 crores

The company received BIS IS 6529 (Blooms / Ingots), BIS IS 6603 (Bars) and BIS 17875 certification for its seamless pipe & tubes. These certifications will cover the entire spectrum of steel as cast / rolled bars & seamless pipes. This is favourable for an integrated players like WSSL.

During the year, the company booked its first order of very high value Ni-Alloy Grade 6625 Pipes. The company also booked and supplied pipe / tube orders in other high value Grades - Alloy 800H, 8825, Monel 400 etc.

The company expects its improved performance to sustain, on the back of several new customer approvals, accreditations, development of new products and penetrating new markets.

**(E) Sintex BAPL Ltd.**

We have taken full control of the assets.

Sintex continues to be a National brand with a premium positioning. It is the best known brand for water storage tanks in India with the brand connect being synonymous with Water tanks.

A widespread distribution network of 900 Distributors and 13,000 Retailers stays intact and will act as a catalyst for growth.

The current market share of Sintex in Water Tanks is estimated to be at about 9%. Every effort is being made to increase the market share in FY24 by reenergizing the distribution network, product & brand positioning and combining this with Supply Chain efficiencies.

**(F) Nauyaan Shipyard (erstwhile ABG Shipyard)**

We are moving steadily to monetize the scrap, which should be mostly completed by the end of the financial year. This would result in a steady cash flow. During this period, we would be incurring a minimal fixed cost.

We are not exploring any capital intensive options like ship building. Instead, we are exploring options viz. Ship Recycling and Repair. In this regard, we are in discussions with various global companies and would complete our assessment in the next 2 quarters.

The endeavor being to come up with low capex, non-cyclical, high return and value accretive proposition, basis which the business plan for the next financial year would be drawn.

**(G) ESG Initiatives**

The company lays a strong emphasis on Sustainability and Governance and has been ranked in the top 7% in the Steel Industry. The DJSI score significantly improved from 41 to 57 for FY 2022.

<b>Corporate Sustainability Assessment Results</b>	<b>Score 2021</b>	<b>Score 2022</b>	<b>Percentile 2021</b>	<b>Percentile 2022</b>
<b>S&amp;P Global ESG Score</b>	<b>41</b>	<b>57</b>	<b>68</b>	<b>93</b>
Governance & Economic Dimension	52	69	78	98
Environmental Dimension	26	54	59	91
Social Dimension	43	50	77	92

Note: Selected industry / peer group: STL Steel

**Company Outlook**

**Guidance for FY24**

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

**Management Comments**



*“I am pleased by our robust operating performance to end the financial year. We have seen flawless execution and delivery for our customers resulting in strong cash flows and a substantial reduction in net debt. The acquisition of the plastic products business of Sintex has given us a head start in our foray into the B2C segment. This will result in significant value creation for all our stakeholders in addition to providing growth to the existing business portfolio. We have also made significant operational progress in our new businesses of manufacturing DI Pipes and TMT Rebars. The stainless steel business has completed its turnaround with the positive momentum likely to continue,”* said Mr. B. K. Goenka, Chairman, Welspun Group. *“With sustainability at our core, I am confident that WCL will achieve even greater heights in Financial Year 2024,”* he added.



## Consolidated Performance Snapshot

- Prior period figures are restated after the acquisition of the Steel business of Welspun Steel Limited
- Sales Volume & Order Book includes our Saudi operations

Sales Volumes	Q4FY23	Q3FY23	Q4FY22	FY23	FY22
Line Pipes (KMT)	345	281	269	1,002	796
Pig Iron (KMT)	107	40	-	158	-
DI Pipes (KMT)	23	12	-	37	-
Billets (KMT)	49	34	18	136	112
TMT Bars (KMT)	16	2	-	18	-
SS Bars (MT)	2,783	1,448	1,248	6,869	1,531
SS Pipes (MT)	1,079	1,278	1,160	4,059	2,915

Figures in Rs. Cr

Consolidated Profit & Loss Account	Q4FY23	Q3FY23	Q4FY22	FY23	FY22
<b>Continuing Operations</b>					
<b>Total Revenue from Operations</b>	<b>4,070</b>	<b>2,402</b>	<b>2,011</b>	<b>9,758</b>	<b>6,505</b>
<b>Other Income</b>	<b>62</b>	<b>8</b>	<b>402</b>	<b>320</b>	<b>551</b>
Reported EBITDA	483	174	474	805	1,023
Depreciation and Amortisation	91	80	63	303	255
Finance Cost	95	70	30	243	102
<b>Profit before tax and share of JVs</b>	<b>297</b>	<b>24</b>	<b>380</b>	<b>258</b>	<b>666</b>
Share of profit/(loss) from Associates and JVs	29	29	13	75	(6)
Tax expense	85	30	130	134	216
Non-controlling interest	4	(0)	27	(8)	5
<b>PAT after Minorities, Associates &amp; JVs</b>	<b>236</b>	<b>23</b>	<b>236</b>	<b>207</b>	<b>439</b>
<b>Basic EPS from Continuing Operations</b>	<b>9.0</b>	<b>0.9</b>	<b>9.0</b>	<b>7.9</b>	<b>16.8</b>

Prior period figures have been restated, wherever necessary

## Net Debt / (Cash) position

Figures in Rs. Cr

Consolidated debt	Mar-23	Dec-22	Mar-22
Gross Debt	3,316	3,178	2,021
Cash & Cash Equivalents	2,178	1,341	2,195
<b>Net Debt / (Cash)</b>	<b>1,138</b>	<b>1,837</b>	<b>(173)</b>

**Saudi Financials**

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

*Figures in SAR Mn*

<b>Particulars in SAR MN</b>	<b>Q4FY23</b>	<b>Q3FY23</b>	<b>Q4FY22</b>	<b>FY23</b>	<b>FY22</b>
<b>Saudi Arabia Ops:</b>					
Sales / Revenue	442	487	194	1,439	597
Gross Profit	52	70	15	156	28
Operating Profit	47	61	15	133	15
Net Profit after Zakat and Tax	37	48	14	100	(3)
Total Comprehensive Income	37	48	15	100	(3)

*Prior period figures have been restated, wherever necessary*

**Q4 FY23 Investor & Analyst conference call: Wednesday, 31<sup>st</sup> May 2023 | Time: 10:00 AM IST**

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**About Welspun Corp Ltd. (WCL)**

Welspun Corp Ltd (WCL) is the flagship company of Welspun Group, one of India's fastest-growing multinationals with a leadership position in line pipes and home textiles, along with other lines of businesses in infrastructure, 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 50 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 recently acquired Sintex-BAPL, a market leader in water tanks and other plastic products, to expand its building materials portfolio. It has also acquired specified assets of ABG Shipyard with a potential to enter Defence and commercial shipbuilding, green steel, ship breaking, and ship repair.

The company's business growth and diversification strategy is aligned with the Welspun Group's vision of 'Har Ghar Se Har Dil Tak Welspun.'

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**For further information please visit [www.welspuncorp.com](http://www.welspuncorp.com)**

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