

Consistent Performance with Improved Profitability

Foray into Plastic Pipes on track

August 07, 2024, Mumbai: Welspun Corp Ltd. (WCL), a flagship Company of the Welspun Group, announced its consolidated financial results for the quarter and financial year ended June 30, 2024.

FINANCIAL PERFORMANCE

Particulars (INR Crore)	Q1FY25	Q1FY24	Growth
Total Income	3,180	4,119	-23%
EBITDA	416	418	0%
EBITDA margin	13%	10%	300 bps
PAT	248	165	50%
ROCE (Annualised)	20%	16%	400 bps

Margins improved on the back of better mix of export orders and contribution from new businesses. Annualised ROCE run rate maintained at 20%. Leverage ratios at comfortable levels

OPERATIONAL PERFORMANCE

Sales Volume	Q1FY25	Q1FY24	Growth
Steel Pipes (KMT)	229	212	8%
SS Bars (MT)	4738	3022	57%
SS Pipes (MT)	1139	1275	-11%
Sintex (MT)	5534	4962	12%
TMT (KMT)	57	21	175%

Most of the new businesses witnessed sharp improvement in operational performance

ORDER BOOK: PIPE SOLUTIONS

Particulars	Volume (KMT)	Value (INR Crore)
Line Pipes (INDAS)	497	5,710
DI Pipes	300	2,495
SS Bars & Pipes (MT)	6,791	303

Order book across the businesses remains strong, reflecting robust business outlook

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* Steel Pipe Sales volumes include India & US Line pipes and India DI Pipes

Sintex BAPL Acquires Weetek Plastics Pvt Ltd- accelerating its foray into Plastic Pipes Business

On the back of exponential growth opportunity in Plastic Pipes market in India and with an objective of fast track entry, Sintex BAPL, the wholly owned subsidiary of Welspun Corp has decided to acquire 100% of the equity shares and non-cumulative redeemable preference shares of Weetek Plastics Private Limited (WPPL) and subscribe to a certain number of Optionally Convertible Debentures (“OCDS”) to be issued by WPPL, in each case subject to completion of certain conditions precedent and closing conditions as per the Securities Purchase and Subscription Agreement dated 07.08.2024 (“SPSA”). The purchase price for the securities and the subscription price for the OCDS will be determined at closing based on the Enterprise Value of WPPL at Rs. 85 Crores and thereafter subject to certain debt adjustments. WPPL is into manufacturing of plastic pipes (CPVC, UPVC, SWR), fittings and water storage tanks with a combined capacity of 19 KMTPA in Raipur, Chhattisgarh. Last year it has set up a new plant and is ready to scale up production.

Rational:

- **Accelerating Market Entry and Presence**
 - Unique opportunity to fast-track entry into the market
 - Establishing foothold and test market conditions ahead of large-scale production

- **Strategic Alignment with Growth Objectives**
 - Aligns with strategic vision of building a robust building materials portfolio including greenfield project announced
 - Positions us to better meet market demands and customer expectations

- **State-of-the-Art Facility and Strategic Location**
 - State-of-the-art operational manufacturing facility with high-quality products
 - Offers an opportunity to test market for CPVC, UPVC and PVC ranges of products

OUTLOOK: PIPE SOLUTIONS

India- Oil & Gas (Domestic and Exports): Strong potential

- WCL has become the first Indian pipe mill to produce API X65 grade ERW pipes for transportation of gaseous hydrogen. This is an important achievement for future business growth opportunity and sustainability
- We see a demand potential of around 2.7 million tonnes of Line Pipe Projects in next 2 years with major demand coming in from large PSU's like GAIL, IOCL, ONGC, HPCL and BPCL
- We see strong potential in exports markets and continue to focus on Middle East, South East Asia, Australia, Latin America etc
- The India Oil&Gas Market size is estimated at 38.12 Billion cubic meter in 2024, and is expected to reach 49.12 Billion cubic meter by 2029, growing at a CAGR of 5.20% during 2024 to 2029. Indian energy demand is anticipated to grow by 50% in the next two decades

India- Water: Demand remains strong

- Huge opportunity in interlinking of rivers- will kick start pipe demand from next year
- Irrigation pipelines demand - growing steadily and expected to continue in the coming years as well
- The "Jal Jeevan Mission" continues to support strong demand. States like Gujarat, MP, Rajasthan, Tamil Nadu and Karnataka are exponentially increasing the water pipeline network for irrigation, industrialization and urbanization purposes.

USA: Outlook remains positive

- We already have a firm order book till Q3FY25 and are quite favorably placed to book new orders to ensure business continuity in CY2024 and beyond
- US will continue to be the major driver for global oil production outside OPEC. US Crude Oil Production is likely to go up to 14.5 mbpd in CY30 with Permian production expected to increase from current 5.2 mbpd to 7.5 mbpd
- Natural Gas production from the current level of 104 bcf/day is expected to increase by 18 bcf/ day by 2030 with Permian contributing to major portion of the incremental supply
- USA continues to remain as Largest LNG exporter at 13 bcf/day with additional 10 bcf/ day of capacity under construction. We also see future opportunities in Hydrogen and carbon capture pipelines
- Out of at least 2-3 new pipelines in the Permian region we see at least one of them to get concluded in CY2024

KSA: Visibility continues to be strong

- Clear visibility with EPIC having confirmed order book for more than 2.5 years - both water and Oil&Gas segments
- In Q1FY25, EPIC received award of multiple contracts from Aramco for a total value exceeding SAR 1.65 billion, which are expected to contribute to the financial performance starting in Q4FY25
- On the water segment as well, the demand remains robust backed by the massive investment outlay on the water infrastructure
- We see strong demand for pipelines for next 5- 7 years backed by both Oil&Gas and water under Vision 2030

DI Pipes: Demand continues to remain robust

- As per the latest data under the "Jal Jeevan Mission – Har Ghar Jal" scheme, 78% of the rural households has got a tap water connection so far. Total 100 million Indian Households yet to be connected in Urban and Rural Areas
- The "Swachh Bharat Mission (Gramin)" that aims to provide solid and waste management across all the villages is getting implemented through funding by Jal Shakti Department
- Amrut 2.0- out of total outlay of INR 299,000 Crores awarded projects worth INR 77,317 Crore so far
- An amount of INR 69,927 Crores has been allocated to the Jal Jeevan Mission in the budget & further augmentation schemes are expected
- Healthy order book of 300 KMT resulting in our production capacity booked for next 3 quarters

SS Bars & Pipes: Good potential

- Geography, territory and customer base expansion continues. New grades development & introduction continues thereby enhancing the product range, capability & offerings
- Bagged NTPC Talcher project BHEL tender of Pipes 1,400 MT for ~INR 117 Crore (inclusive of taxes)
- Alloy K500 – New high value Nickel-Copper grade order booked from a German customer – under execution; Welsonic 50 / XM 19 – New high value grade order produced and delivered successfully. Grade commercialized
- Unstinted focus on penetrating into newer markets and customer acquisition, developing and delivering new value-added and critical products, strategic cooperation and securing approvals and accreditations, nurturing innovation and digitization of processes

OUTLOOK: BUILDING MATERIALS**Sintex: Unlocking exponential growth opportunity**

- Strengthening the channel: Work underway for capability building of existing distributors and appointing new ones in areas of whitespaces. Also deepening the engagement with influencers.
- Company focus will remain on profitable growth along with continued investment in business development and brand building. Expecting faster than market growth.
- The market size of Plastic Pipes used for buildings and infrastructure in India is likely to reach to ~Rs 65,000 crore in 2030 providing 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

TMT Rebars: Steady growth

- The Indian Government has been heavily investing (INR 11 lakh Crore - 2.4% of GDP) in infrastructure projects, including roads, bridges, metro systems, and smart cities. With rapid urbanization, there is a significant increase in residential and commercial construction activities
- Schemes like the Pradhan Mantri Awas Yojana (3 Cr additional house planned under PMAY), aimed at providing affordable housing, and various infrastructure development programs are driving the demand for construction materials, including TMT Rebars
- Quality Standards: The growing awareness and enforcement of quality standards in construction materials are pushing the demand for high-quality TMT Rebars, which offer better performance and safety which is USP of "Welspun Shield" TMT Rebars

Consolidated WCL - Getting ready for next Growth Orbit

- ✓ Demonstrated capabilities in last two years with revenue and bottom-line growth of 2.5x

Parameters	FY22	FY24	Growth
Revenue	7056	17582	2.5x
EBITDA	1023	1804	1.8x
PAT	439	1100	2.5x
ROCE	13%	20%	700bps

(INR Crore)

MANAGEMENT COMMENTS



“I am happy to share that our Q1FY25 performance has been stable and satisfactory and in line with the guidance for FY25. This also reflects our de-risking strategy which aims towards more stability in our performance. This has been possible due to consistent ramp up in our new businesses driven by DI Pipes divisions. Sintex business has been growing at a faster rate than the market growth rate as our focus remains on strengthening our distribution channel and new product launch. With the strategic investment, both organic and inorganic, I am confident about our next growth phase that will ensure our stronger positioning in each of our businesses. This will certainly help in value creation for all our stakeholders.” said Mr. B. K. Goenka, Chairman, Welspun Group. *“Sustainability journey has been progressing well as we have been taking necessary steps towards it and recognition by DJSI and CRISIL is a testimony for the same.”* he added.

CONSOLIDATED PERFORMANCE SNAPSHOT:

Sales Volumes	Q1FY25	Q4FY24	Q1FY24	FY24	FY23
Steel Pipes (KMT)	229	368	212	1,180	696
SS Bars (MT)	4,738	3,610	3,022	15,904	6,869
SS Pipes (MT)	1,139	1,118	1,275	4,785	4,059
SINTEX (MT)	5,534	6,204	4,962	21,461	18,475
TMT Bars (KMT)	57	42	21	121	18

Steel Pipe Sales volumes include India & US Line pipes and India DI Pipes

Figures in INR crore

Consolidated Profit & Loss Account	Q1FY25	Q4FY24	Q1FY24	FY24	FY23
Total Income	3,180	4,544	4,119	17,582	10,078
Reported EBITDA	416	413	418	1,804	805
Depreciation and Amortisation	85	87	86	348	303
Finance Cost	66	75	92	304	243
Profit before tax and share of JVs	265	251	240	1,152	258
Share of profit/(loss) from Associates and JVs	40	96	(12)	157	75
PAT after Minorities, Associates & JVs	248	268	165	1,110	207
EPS (Rs)	9.5	10.2	6.3	42.3	7.9

Prior period figures have been restated, wherever necessary

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

Particulars in SAR MN	Q1FY25	Q4FY24	Q1FY24	FY24	FY23
Saudi Arabia Ops:					
Sales / Revenue	364	722	39	1,544	1,439
Gross Profit	86	213	(6)	351	156
Operating Profit	87	203	(12)	324	133
Net Profit after Zakat and Tax	71	180	(19)	268	100

WCL holds 31.5% stake in EPIC

Q1FY25 Investor & Analyst conference call: Thursday, August 08, 2024 at 10.00 AM (IST)

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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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