

WCL/SEC/2016

May 23, 2016

To,

Bombay Stock Exchange Ltd. (Scrip Code-532144) Department of Listing, P. J. Towers, Dalal Street, Mumbai - 400 001.	National Stock Exchange of India Ltd. (Symbol: WELCORP, Series EQ) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
Singapore Exchange Securities Trading Ltd. 2 Shenton Way#19-00 SGX Centre I Singapore 068804	

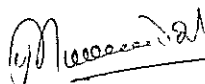
Dear Sirs/ Madam,

Sub.: Investor Presentation

Please find attached herewith the presentation being made to Investors.

Kindly take note of the above.

For Welspun Corp Limited



Pradeep Joshi
Company Secretary
FCS - 4959

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Corporate Identity Number: L27100GJ1995PLC025609

Welspun Corp Ltd (WCL)

World's Leading Line Pipe Manufacturer

Investor Presentation

23 May 2016



SAFE HARBOUR

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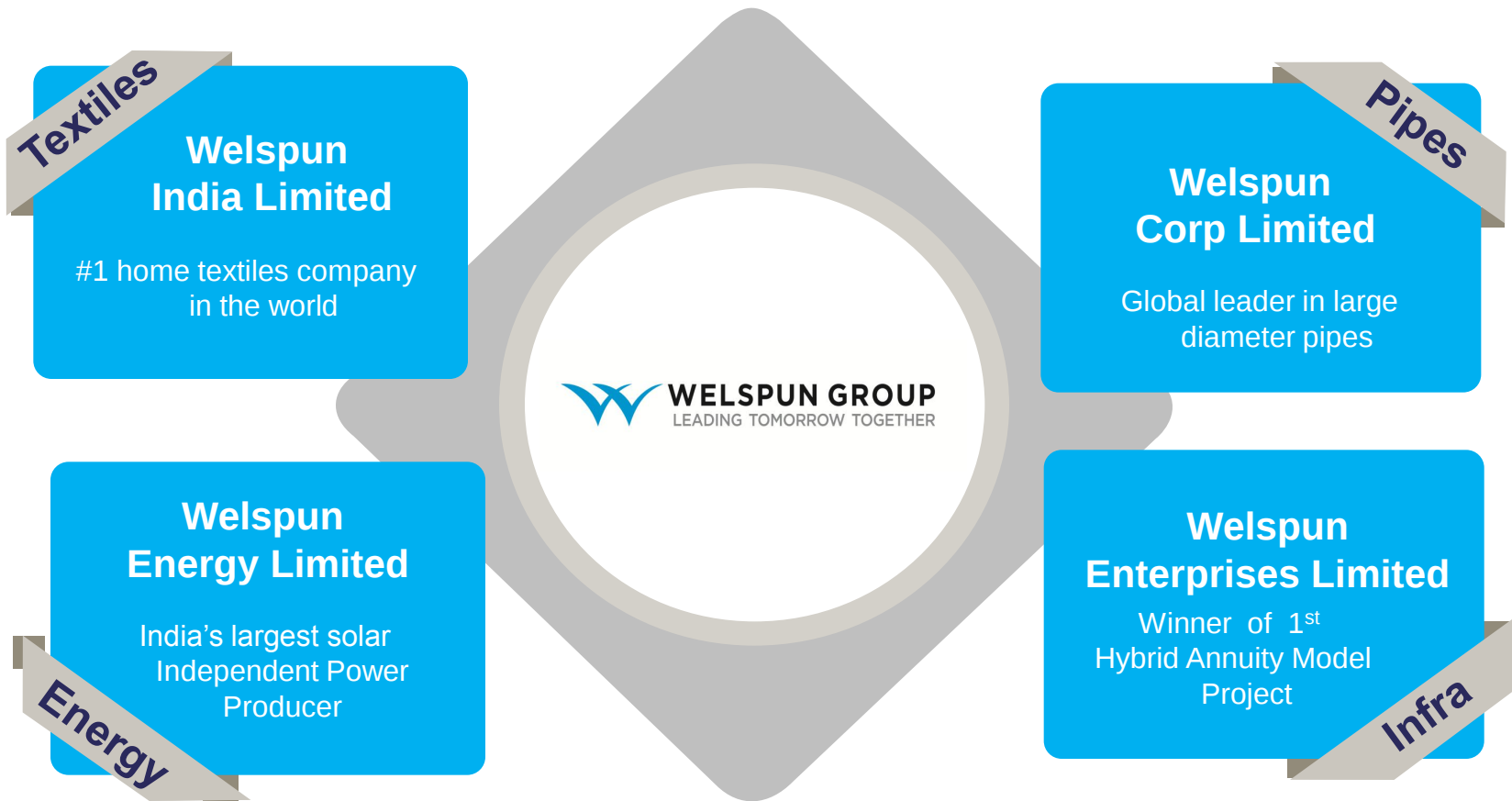
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AGENDA

- 1. Chairman's address**
- 2. MD's address**
 - FY16 – Delivering amidst challenges
 - Update on capex
 - Delivering on commitment
 - Summing up
- 3. FY16 Performance**
- 4. Outlook**
- 5. Q&A**

CHAIRMAN'S ADDRESS



Revenue : US\$ 3 Billion; Asset Base : US\$ 3.2 Billion

WELSPUN GROUP – JOURNEY FROM FY14...

DELEVERAGING

**EXIT FROM
NON-CORE
BUSINESSES**



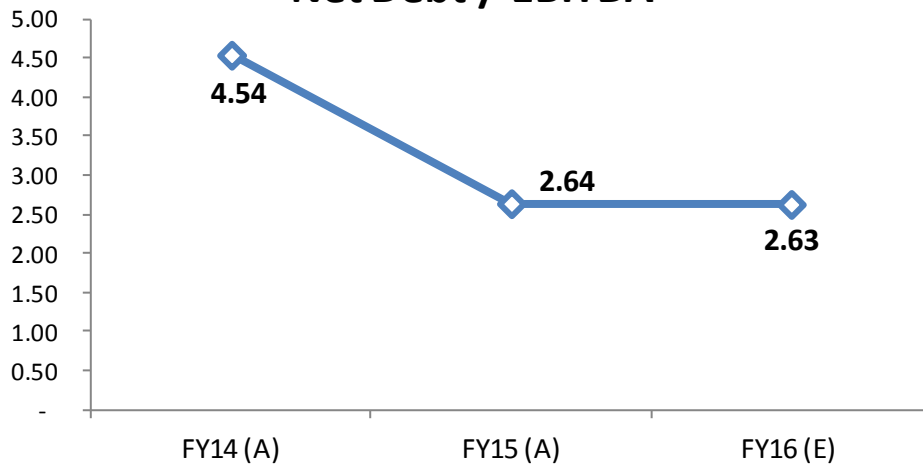
WELSPUN GROUP
LEADING TOMORROW TOGETHER

**IMPROVING
PROFITABILITY IN
CORE BUSINESSES**

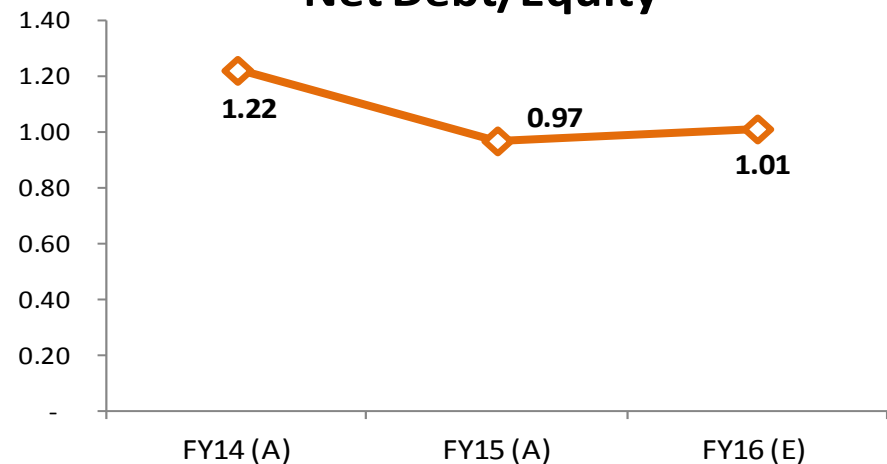
**SIMPLIFICATION
OF
CORPORATE
STRUCTURE**

WELSPUN GROUP – STRENGTHENING FINANCIAL PROFILE

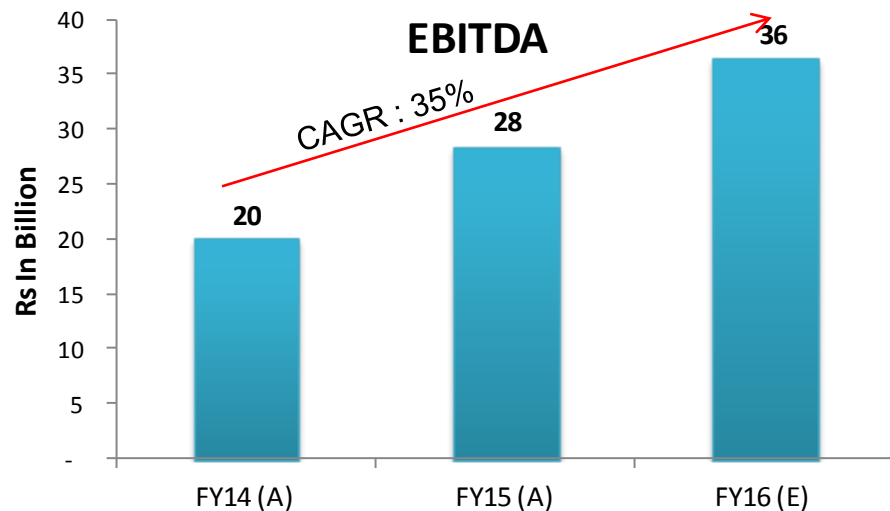
Net Debt / EBITDA



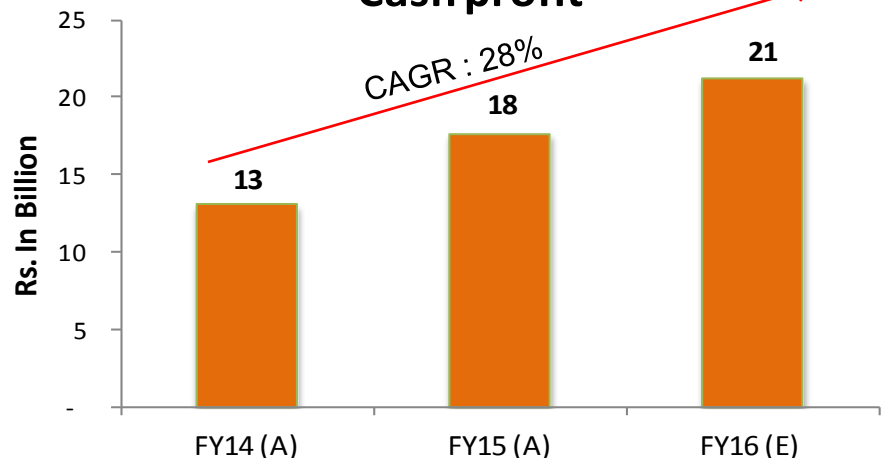
Net Debt/Equity



EBITDA



Cash profit



WELSPUN GROUP COMPANIES - CREDIT RATING

	Long Term	Short Term
Welspun India	AA-	A1+
Welspun Global Brands	AA-	A1+
Welspun Corp	AA-	A1+
Welspun Energy	A+	A1+
Welspun Enterprises	A	A1

As per CARE/FITCH

WELSPUN GROUP– BUILT TO LAST.....

LEADING TOMORROW TOGETHER



DIFFERENTIATION

- Innovation
- Technology
- Partnerships



INSTITUTIONALISATION

- Management Empowerment
- Risk Management
- Financial Sustainability
 - Prudent Capital Allocation
 - Dividend policy



BEING RESPONSIBLE

- Environment Friendly Practices
- Caring for the Community
- Diverse Workforce
- Trustee to shareholders

A JOURNEY.....

WCL: OVERVIEW OF BUSINESS SCENARIO

Global business environment

- Slowdown in developing economies
 - Russia, Brazil, China
 - India an exception
- Tightening monetary policy in U.S. offset by loose monetary policy globally

- Volatility in energy prices
- Limited access to capital markets, especially for oil & gas players
- Consolidation/ Shakeout in Oil & Gas players

Volatile energy market

Linepipe Market

Headwinds

- Increasing entry barriers
- Delay in Final Investment Decision (FID)
- Volatility in steel market inline with commodity market

- Opening up of new markets
- Domestic market showing potential, both in water and oil & gas

Tailwinds

WCL pillars of strength

Global: reach, clientele, brand, supply chain

Technical capabilities & track record

Product portfolio

Balance Sheet

Investment in human resource

VISION 2020

Global leader &
preferred choice of
customers

**Innovation
Technology**

Revenue

\$ 2 BN

WELSPUN2.0

Global company

**JVs/
Alliances**

Net Debt

NIL

MD's ADDRESS

FY16 – DELIVERING AMIDST CHALLENGES

1+ million MT production/ sales for fourth year in a row

- Order book stands at 913K MT
- Reported EBITDA up 9% YoY to Rs 10,349 million
- PAT up 229% YoY to Rs 2,275 million

Awards during the year

- “International Safety Award with Merit” from British Safety Council, United Kingdom for 2015
- Dahej facility awarded “Prashansa Patra” for implementing Occupational Safety and Health (OSH) management systems and procedures
- Anjar Pipe facility received “Certificate of Appreciation for Good Practice in Quality System for 2015” by FICCI

US facility

- Spiral mill was running at full throttle after it underwent a major revamp in H1 FY15 to improve productivity, enhance efficiency, reduce costs and reset the mill capabilities

Saudi Arabia facility

- Executed first export order in FY15-16, thereby increasing the geographical reach
- First ever 12/18/24 MTR Manufactured & FBE Coated Pipe exported out of Dammam Port

India facilities

- Pre-qualified for a complex project 22”OD & 39 mm WT X65 (D/T ratio of 14.3) – more stringent than Independence Trail Pipeline Project (world’s deepest)
- Spiral mills were largely engaged in domestic water projects
- Plate mill accessed the wind turbine and structural plates market

RESILIENT TO CHALLENGES, READY FOR OPPORTUNITIES

Technology

- Automatic pipe dimension measurement system at LSAW, Anjar
- Automatic tack repair
- Multiple pipe handling with “Cluster vacuum lifting system” to prevent handling damages for small diameter Pipes at Little Rock facility
- OD welding station up-gradation for 1& ½ pitch welding (between ID & OD) at Damman facility

Quality

- Total Productive Maintenance
- 7 S' Implementation
- Quality Circle & KAIZEN
- Integration of Inspection and testing Automation/ NDE systems with SAP

Enhancing Capabilities

- Concrete Weight Coating
- 12/18/24 mtr Manufactured & FBE Coated Pipe exported out of Damman
- ERW – 18 mtr

Client Engagement

- New client addition
- CRM program under development and implementation
- Engaging with customers for product development

UPDATE ON CAPEX

CONCRETE WEIGHT COATING PLANT

Salient features

- Pipe diameter/ length : 8"-56" / 9 – 18 mtr
- Wall thickness: upto 38 mm
- Concrete application method: Impingement
- Maximum bare/ coated pipe weight: 15/ 40 MT
- Concrete thickness: 30mm – 150 mm in single pass
- PLC Controlled Batching Plant to ensure perfect mixing ratios
- Automated Impingement coating plant with anode installation station.
- Batching plant of capacity ± 250 Ton/hr (with density 3200 Kg/m³)



DELIVERING ON COMMITMENTS

WALKING THE TALK

What we said Last Year

- Increasing market share in niche products
- Minimum capital expenditure
- Strong Order Book despite the market conditions



What we delivered

- Many large projects booked during the year were technically challenging - sour service, thickness, diameter
- Invested in CWC plant in JV with Wasco, Malaysia
- Capex restricted to Maintenance capex except investment in CWC
- Orderbook at 913K MT

SUMMING UP

BUSINESS SCENARIO – A MIXED BAG

Challenges

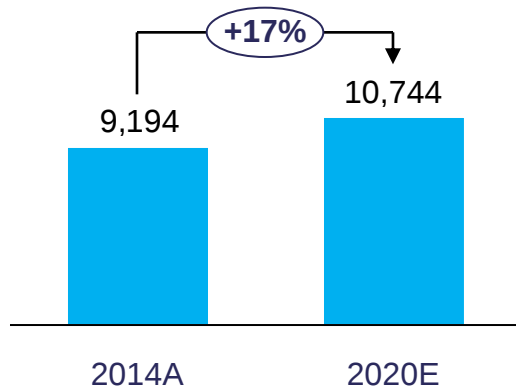
- Tariff and non-tariff barriers favoring local players
- Extended project implementation schedules by oil & gas players
- Delay in Final Investment Decision closures
- Short-term spike in steel prices
- Higher competitive intensity

Opportunities

- New markets
- Domestic markets
 - Water
 - Oil & gas
- Higher capacity utilization at Plate & Coil Mill with better margins

LINEPIPE DEMAND ACROSS GEOGRAPHIES

Global Line Pipe demand (KMT excl. China & CIS)



**Addressable market
for WCL**

North America

- LNG export terminals in USA – first operational; more to come
- Focus on LNG export projects – Prince Rupert, Coastal Gas Link
- Transnational gas pipeline projects from USA to Mexico

MENA

- Heavy oil development
- Enhancement of refining capacities in the region
- Iraq-Jordan Crude export pipeline (Total over 1,100 KM)
- Pipeline development in Kuwait
- Saudi – substituting oil with gas for domestic consumption; emphasis on oil exports; increased demand for water pipelines
- Opening up of Iran

India & Asia-Pac

- Doubling of gas pipelines infrastructure; activity has just begun
- ~2.5 million MT water pipeline projects expected in near future
- Transnational projects – TAPI, Middle East to India
- City gas distribution pipeline projects in multiple cities
- Offshore development in Thailand-Myanmar region

WALKING THE TALK

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- Invested in CWC plant in JV with Wasco, Malaysia
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Way ahead

- Maintain focus on financial discipline; only Maintenance Capex
- Improve capacity utilization of plate & coil mill
- Focus on large complex projects across geographies
- Enhance organizational preparedness for upsides

FY16 PERFORMANCE

PERFORMANCE HIGHLIGHTS FY16

Rs. 83,204 mn

2% YoY



Income from Operations

1,100 KMT

5% YoY



Pipe sales volume

Rs. 10,349 mn

9% YoY



Reported EBIDTA

Rs. 9,113 mn

18% YoY



Operating EBITDA*

Rs. 2,275 mn

229 % YoY



Profit After Tax

Rs. 6,541 mn

1% YoY



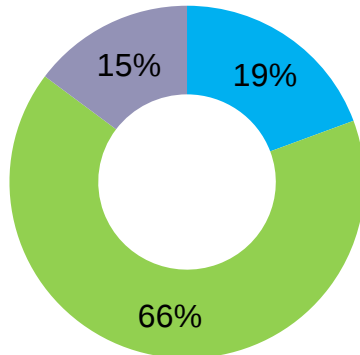
Cash PAT

*Note: *Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains*

DIVERSIFIED BUSINESS ACROSS REGIONS & PRODUCTS

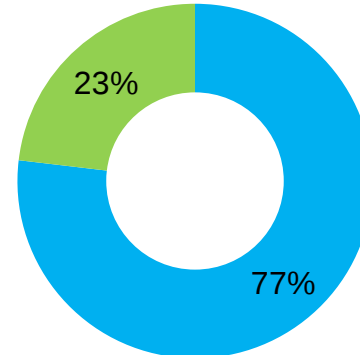
FY16 Pipe Sales Volume: 1,100 KMT

LSAW
HSAW
ERW



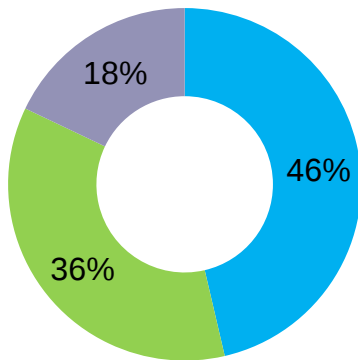
Sales by Type

Oil & Gas
Water

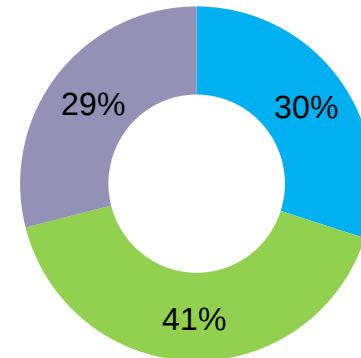


Sales by Industry Segment

India
US
Saudi



Sales by Plant



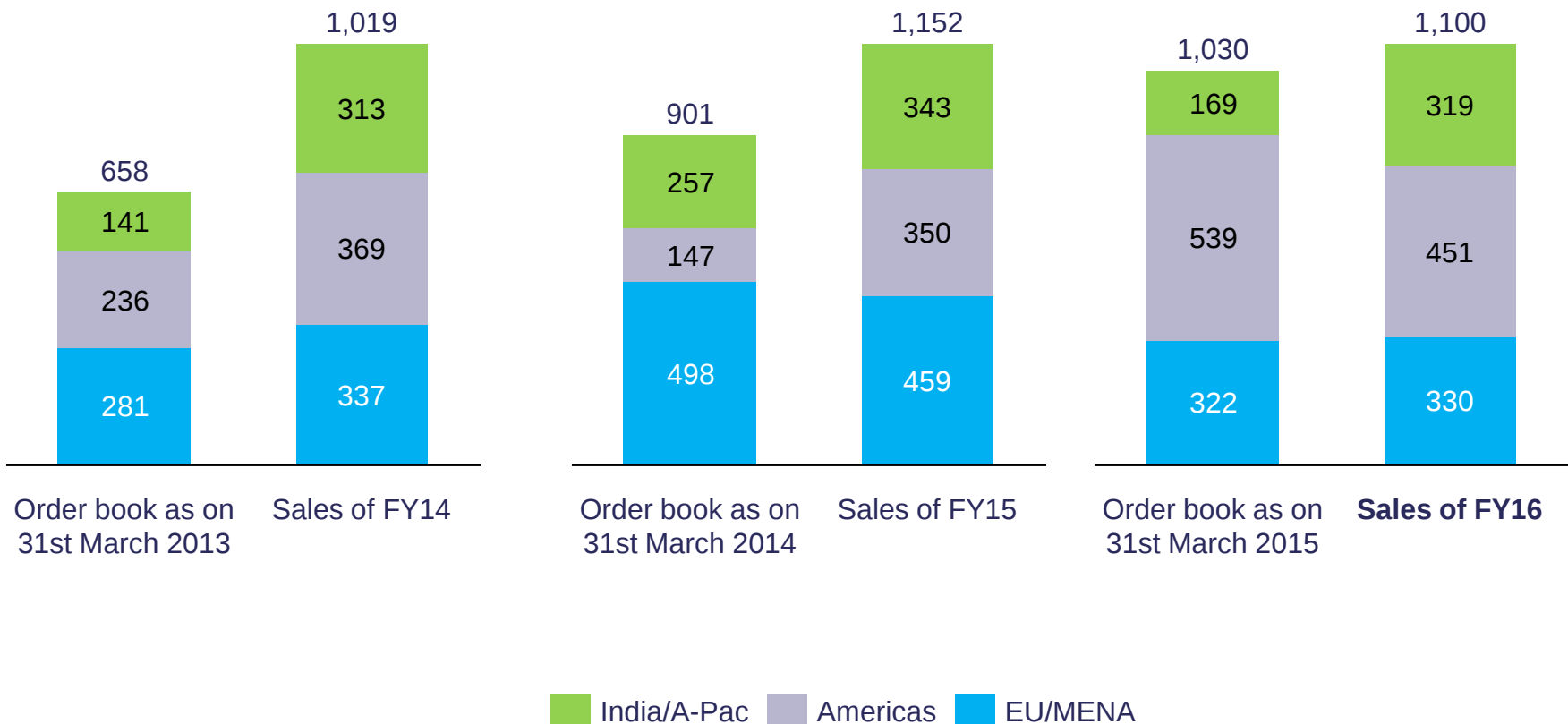
Sales by Region

EU & MENA
Americas
India & A-Pac

ORDERBOOK POSITION & EXECUTION

Pipe sales tends to be higher than opening order book

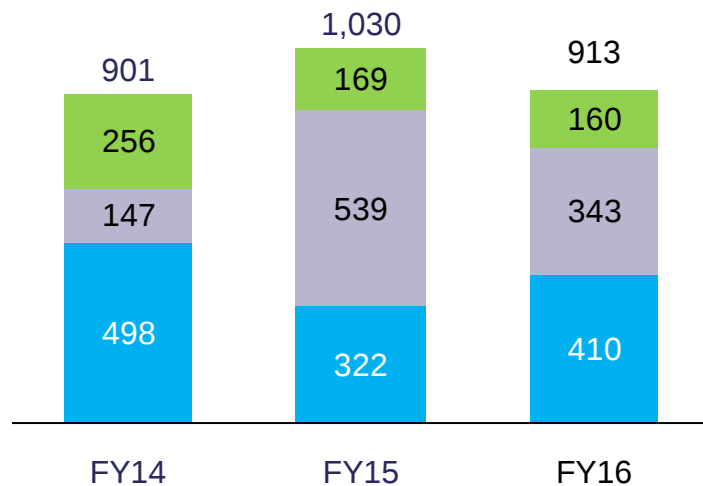
(KMT)



ORDERBOOK ANALYSIS

Order book by Region

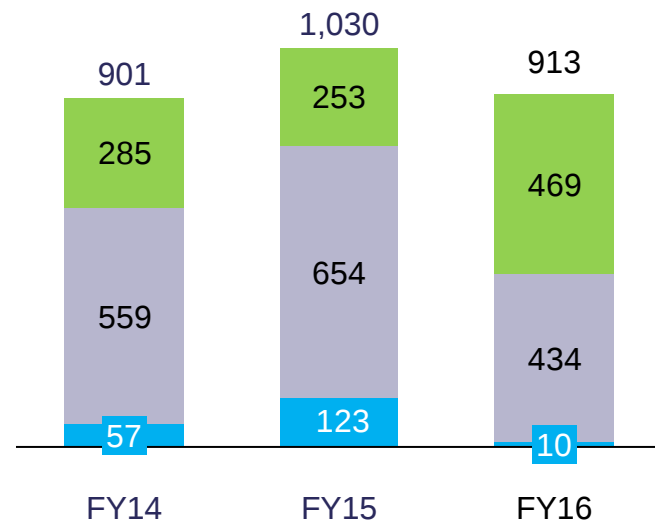
(KMT)



India & A-Pac Americas EU & MENA

Order book by Type

(KMT)

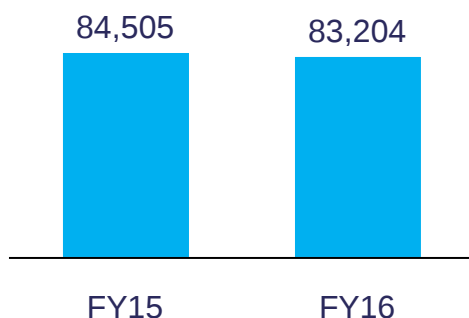


LSAW HSAW ERW

FY16 FINANCIAL PERFORMANCE

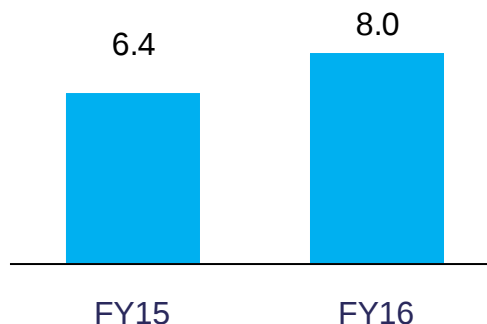
Income from Operations

(Rs. Mn)



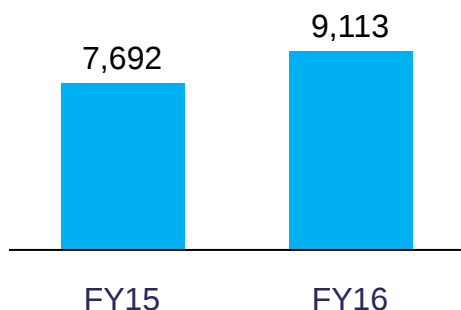
EBITDA/Ton for Pipes

(Rs. '000)



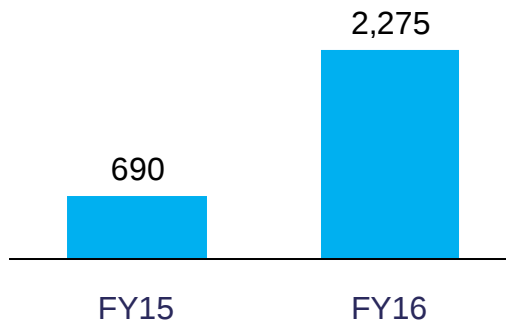
Operating EBITDA

(Rs. Mn)



Consolidated PAT

(Rs. Mn)

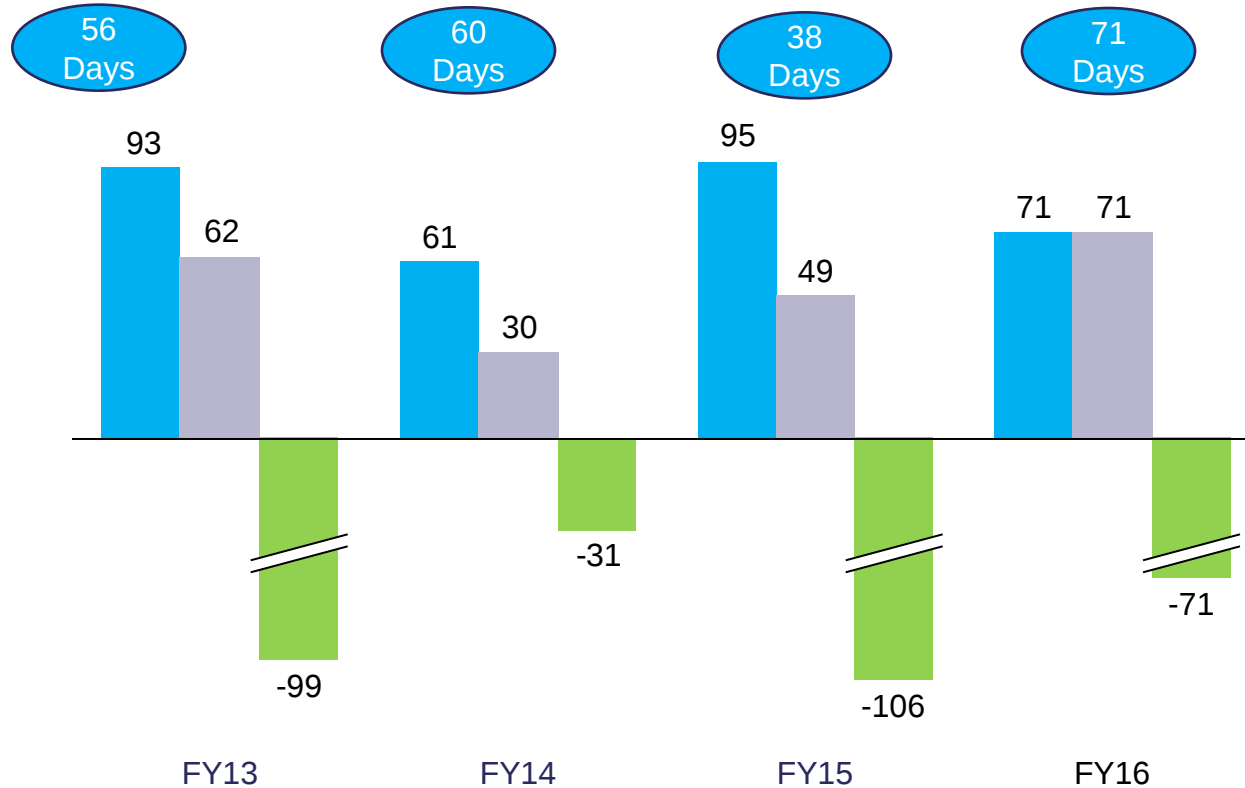


- Reported production and sales of pipes for FY16 at 1,119 KMT and 1,100 KMT respectively
- Net Working Capital has increased to 71 days (49 days in Q3FY16)
- Net debt as on 31 March 2016 was at Rs. 20,243 mn, up Rs. 1,149 mn Y-o-Y largely due to expanded working capital

Note: * Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains

EFFICIENT WORKING CAPITAL MANAGEMENT

Cash conversion cycle*



Net working capital went up in FY16

- Increased plate mill operations
- Lower Acceptances
- Some collections pushed to FY17

■ Inventory
■ Debtors
■ Creditors

Cash conversion cycle is expected in the region of 55 days

*FY14 statistics not comparable as the plate mill was not operational for most part of the year

BALANCE SHEET: KEY NUMBERS

Rs mn	FY14	FY15	FY16
Networth	28,492	27,988	30,645
Gross Debt	38,235	30,205	34,943
Cash & Equivalent	12,590	11,111	14,700
Net Debt	25,645	19,095	20,243
Net Fixed Assets (incl CWIP)	50,372	47,415	45,537
Net Current Assets*	12,679	8,749	16,183
Current Ratio	1.61x	1.46x	1.57x
Tangible FA / Secured LT Debt	1.99x	1.86x	2.05x
Net Debt/ Operating EBITDA	3.31x	2.48x	2.22x
Net Debt/ Equity	0.90x	0.68x	0.66x
Capital Expenditure	1,666	906	1,468
Free Cash Flow	110	7,530	43

*Includes Debtors + Inventory - Creditors

IND AS IMPACT ON WCL

IND AS – Change in financial reporting FY17 onwards

- **Key provision impacting WCL reporting – Joint Ventures Vs. Subsidiary**
 - Saudi business & CWC

- **What changes?**
 - **IGAAP – Consolidated on line by line basis.** Investment considered as Investment in Subsidiaries as the Company holds more than 50% shareholding
 - **IND AS – Consolidated using Equity Method.** Investment considered as Investment in Joint Venture as Welspun Corp Group has Joint Control and not control over both these entities
 - **No impact on standalone financials**

- **What will change?**
 - **Income statement:** Revenue/ EBITDA – lower; PAT – no change
 - **Balance Sheet:** Lighter

OUTLOOK

OUTLOOK

- Maintain focus on financial discipline; only Maintenance Capex
- Improved capacity utilization of plate & coil mill
- Focus on large complex projects across geographies
- Enhance organizational preparedness for upsides

THANK YOU

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ANNEXURE

PERFORMANCE HIGHLIGHTS Q4FY16

Rs. 18,409 mn

21% YoY



Income from Operations

270 KMT

7% YoY



Pipe sales volume

Rs. 1,816 mn

56% YoY



Reported EBIDTA

Rs. 1,208 mn

57% YoY



Operating EBITDA*

Rs. 231 mn

84 % YoY



Profit After Tax

Rs. 712 mn

80% YoY



Cash PAT

*Note: *Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains*

REPORTED & OPERATING EBITDA RECONCILIATION

Details (Rs. mn)	FY14	FY15	FY16
Reported EBITDA	8,439	9,508	10,349
Less : Other Income	1,744	1,867	1,376
Add : Unrealized FX (Loss)/Profit	(1,046)	52	139
Operating EBITDA	7,742	7,692	9,113

PROFIT & LOSS – QUARTERLY

Rs mn	Q4FY16	Q4FY15	Q3FY16
Income from operations	18,409	23,314	20,322
Reported EBIDTA	1,816	4,137	2,957
Operational EBITDA*	1,208	2,838	2,358
Depreciation/Amortization	1,145	1,188	1,120
Finance Cost	663	699	622
Profit Before Tax	7	2,250	1,216
Tax	(12)	779	3,01
Profit after Tax before minority interest	19	1,471	915
Minority Interest	(212)	33	46
Profit after minority interest & associates	231	1,438	869

Note: *Operational EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/(loss)

Prior period figures are reinstated wherever necessary

PROFIT & LOSS – ANNUAL

Rs mn	FY14	FY15	FY16
Income from operations	77,047	84,505	83,204
Reported EBIDTA	8,439	9,508	10,349
Operational EBITDA*	7,742	7,692	9,113
Depreciation/Amortization	4,063	4,365	4,542
Finance Cost	2,964	2,830	2,637
Profit Before Tax	1,412	2,313	3,171
Tax	432	177	809
Profit after Tax before minority interest	980	2,135	2,361
Minority Interest	247	1,445	87
Profit after minority interest & associates	734	690	2,275

Note: *Operational EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/(loss)

Prior period figures are reinstated wherever necessary

BALANCE SHEET

Rs. mn	Mar-16	Mar-15
Shareholder's Fund	30,645	27,988
Share Capital	1,326	1,316
Reserves & Surplus	29,319	26,672
Minority Interest	3,629	3,563
Non-Current Liabilities	31,448	32,922
Long Term Borrowings	23,991	26,160
Other Non Current Liabilities	7,457	6,762
Current Liabilities	32,587	33,702
Short Term Borrowings	8,395	1,884
Trade Payables	16,210	24,634
Other Current Liabilities	7,981	7,184
Total Liabilities	98,309	98,175

Rs. mn	Mar-16	Mar-15
Non-Current Assets	47,073	49,081
Fixed Assets	45,542	47,419
Non-Current Investments	329	265
Other Non-Current Assets	1,202	1,396
Current Assets	51,236	49,094
Inventories	16,176	22,082
Trade Receivables	16,218	11,301
Cash and Bank Balances	7,337	3,327
Other Current Assets	11,506	12,384
Total Assets	98,309	98,175