



WCL – Corporate Presentation

World's 2nd Largest Pipe Manufacturer

Sept 2013

On The Path of Global Leadership...

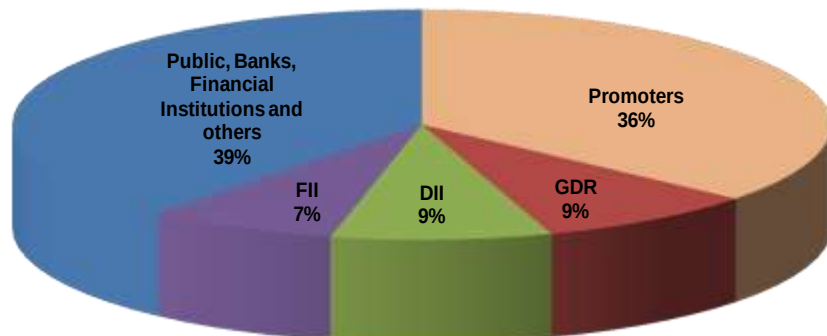


WELSPUN CITY, ANJAR

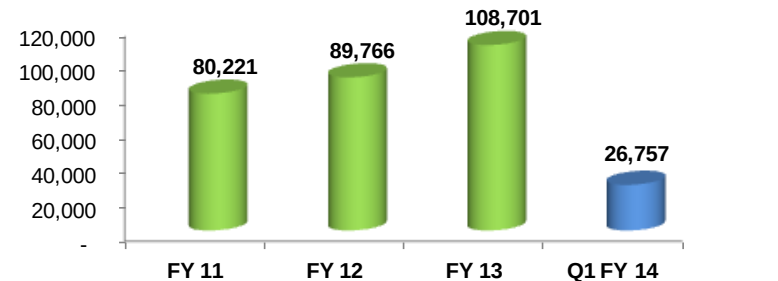
WCL – An Introduction

- ❖ Flagship company of Welspun Group - one of the largest pipe manufacturing companies in the world; declared 2nd biggest large diameter pipe company by FT in 2007
- ❖ International footprint with manufacturing and marketing facilities worldwide offering a One-Stop-Solution for all line pipe requirements
- ❖ Partner of Choice for more than 50 Oil & Gas Giants across the globe; geographically diverse client base including Chevron, Exxon Mobil, Saudi Aramco, British Gas, Kinder Morgan etc
- ❖ Accredited with ISO 9001, ISO 14001 and OHSAS 18001 certifications
- ❖ Strong order book of 691K MT at Rs. 47,170 Million

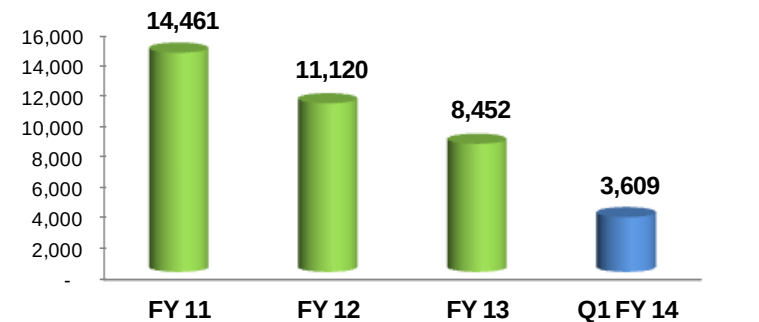
Shareholding Pattern as on June 30, 2013



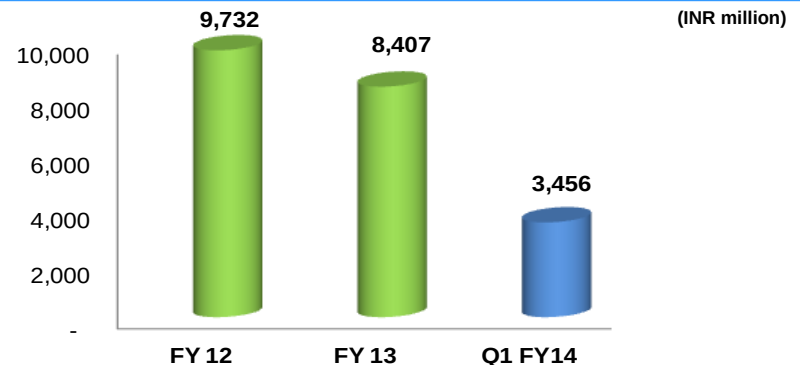
Consolidated Total Revenues



Consolidated Operational EBITDA

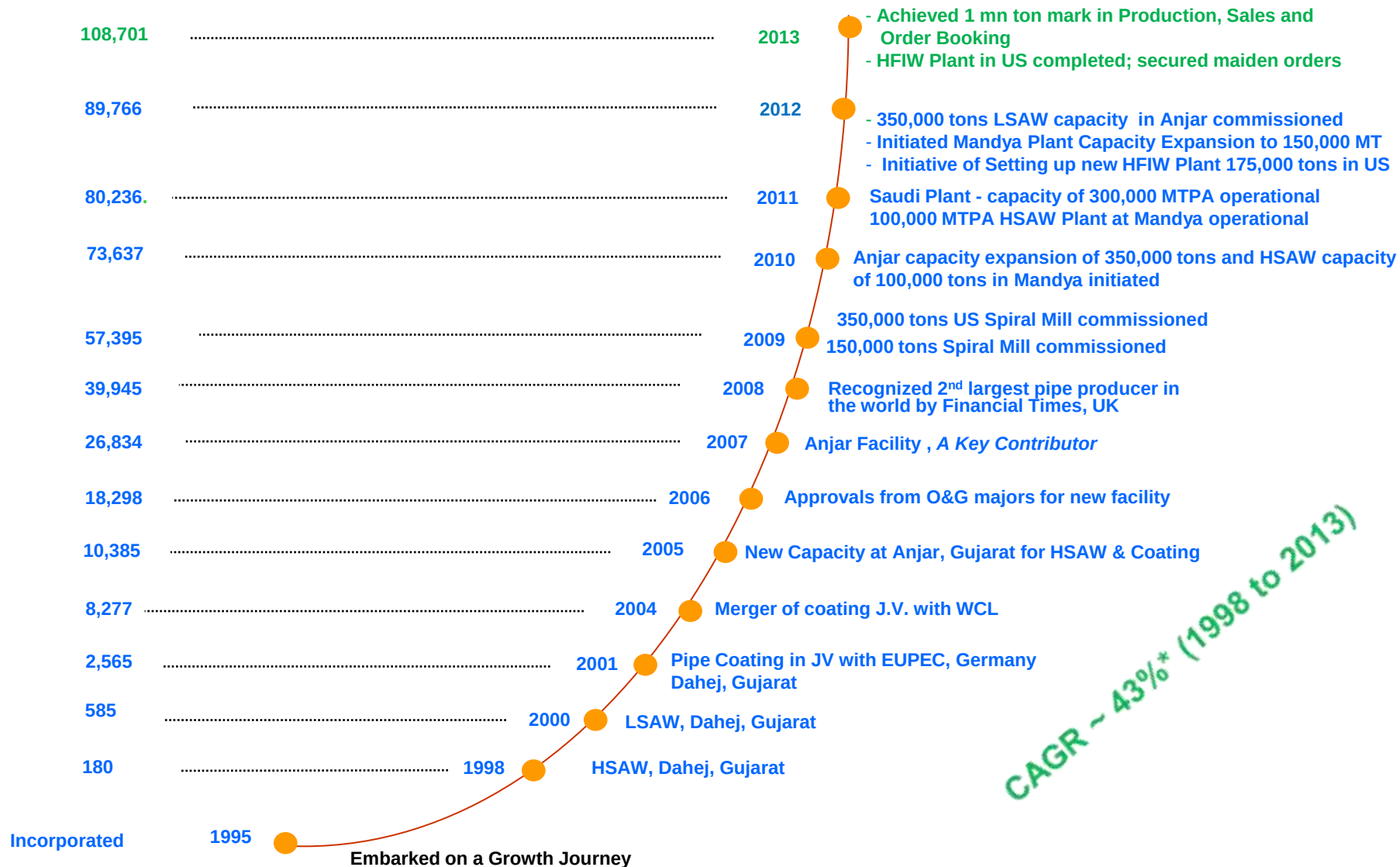


Operational EBITDA – Pipes and Plates



The Growth Story

Revenue in INR Million

Growth ∞ 

WCL – An Introduction; Pipes & Plates

PIPES

LSAW

- Anjar (India)
- Dahej (India)

HSAW

- Anjar (India)
- Dahej (India)
- Mandya (India)
- Dammam (Saudi Arabia)
- Little Rock, Arkansas (US)

ERW

- Anjar (India)
- Little Rock, Arkansas (US)

Coating

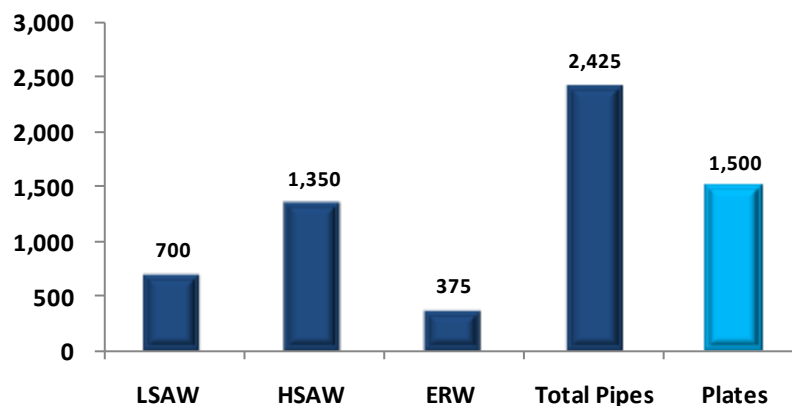
- Anjar (India)
- Little Rock, AK (US)
- Dammam (Saudi Arabia)

PLATES

- Anjar (India)



Manufacturing Capacities in K MT



Global Manufacturing Capacities & Products



LSAW Pipes – Dahej & Anjar



ERW Pipes - Anjar



HSAW Pipes – Anjar, Dahej & Mandya



Pipe Coating – Anjar, US and Dammam

Global Manufacturing Capacities



Plates - Anjar



HSAW pipes – Little Rock US



HSAW pipes – Dammam, Saudi



Skilled Workforce across all locations

Robust Business Fundamentals

Strongly Positioned

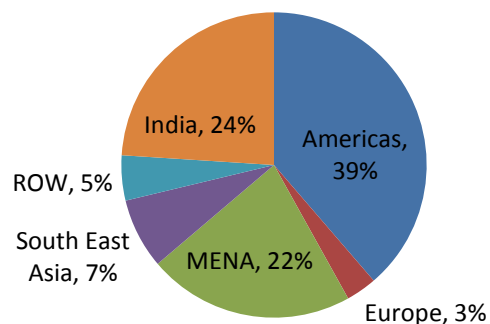
- ❖ Strong presence in 2 of the bigger Oil & Gas markets – North America and Middle East
- ❖ WCL marquee clients - Exxon Mobil, Kinder Morgan, TCPL and GAIL
- ❖ Long term contract - TransCanada & Statoil, Framework Agreement – Chevron, Statoil

Order booking in FY12-13 exceeded 1 mn tons

	Pipe Orders Booked	Pipe Orders Executed	Closing Pipe Orders
Year	MT (in '000 tons)	MT (in '000 tons)	MT (in '000 tons)
FY 2008-09	807	695	781
FY 2009-10	824	816	791
FY 2010-11	844	909	726
FY 2011-12	762	835	653
FY 2012-13	1,022	1,018	657

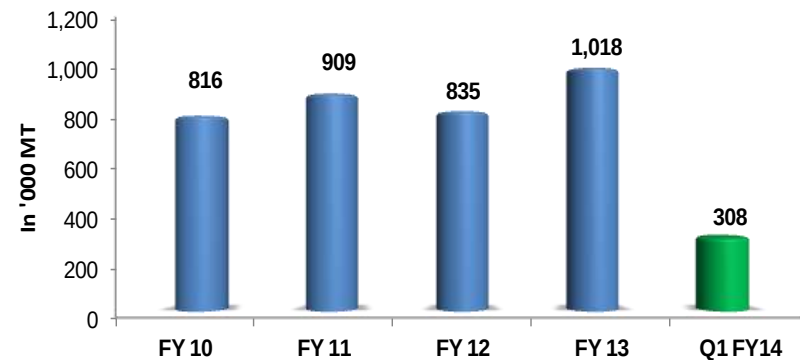
- ❖ Current Order book (6th Aug 2013) at 691 K MT (INR 47 billion)

*Current Pipe Order Book – Geographical Distribution by Volume

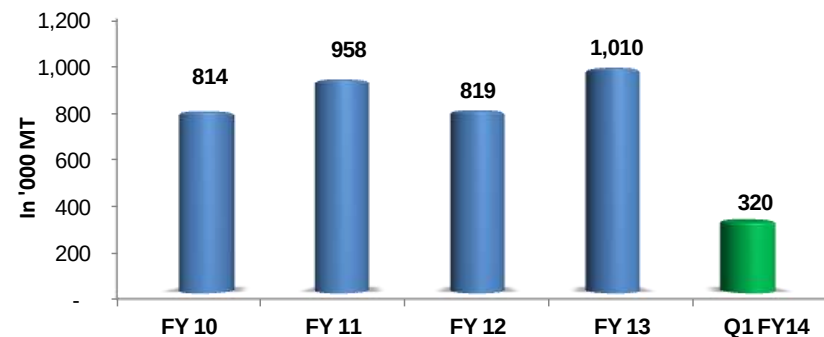


Pipe Volumes – Consistent sales and production

Sales

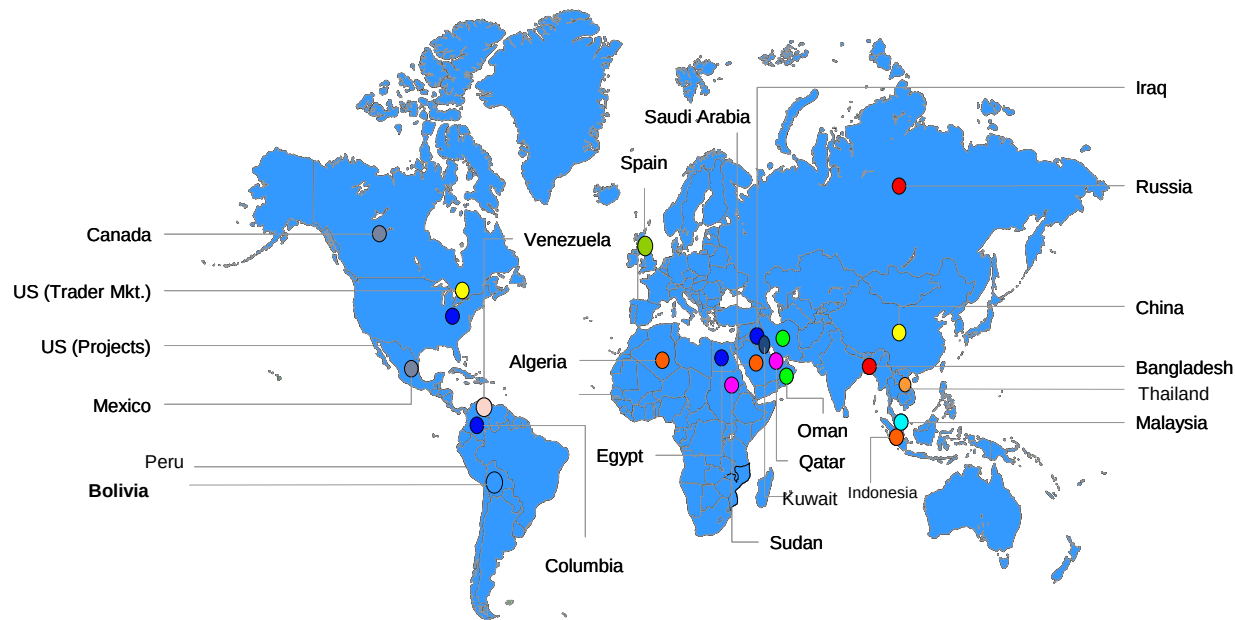


Production



Global Expansion

Global Market Expansion



World's largest diameter steel pipe producers ⁽¹⁾	
2007 output (million tonnes)	
Salzgitter/Europipe* (Germany)	1.3
Welspun (India)	1.0
JFE (Japan)	0.7
Sumitomo (Japan)	0.7
Evraz** (Russia)	0.6
Nippon Steel	0.6
Riva (Italy)	0.6
PSL (India)	0.5
JSW (India)	0.3
Arco/Mittal (Luxembourg)	0.2
Stupp (US)	0.1
Tata/Corus (India/UK/Netherlands)	0.1
Others***	7.3

What Sets WCL Apart From Competition

- ❖ Decade Long Experience
- ❖ One stop solution
- ❖ High Capacity Equipment to Meet Future Demand
- ❖ Proven execution and strong management experience

Framework Agreements

- ❖ Features
 - Select few companies considered for supplies that meet stringent qualification norms
 - Typically customers with large requirement over a period of time
 - Flexibility in pricing terms and continuous business
- ❖ Current Framework Agreements – Chevron, Statoil

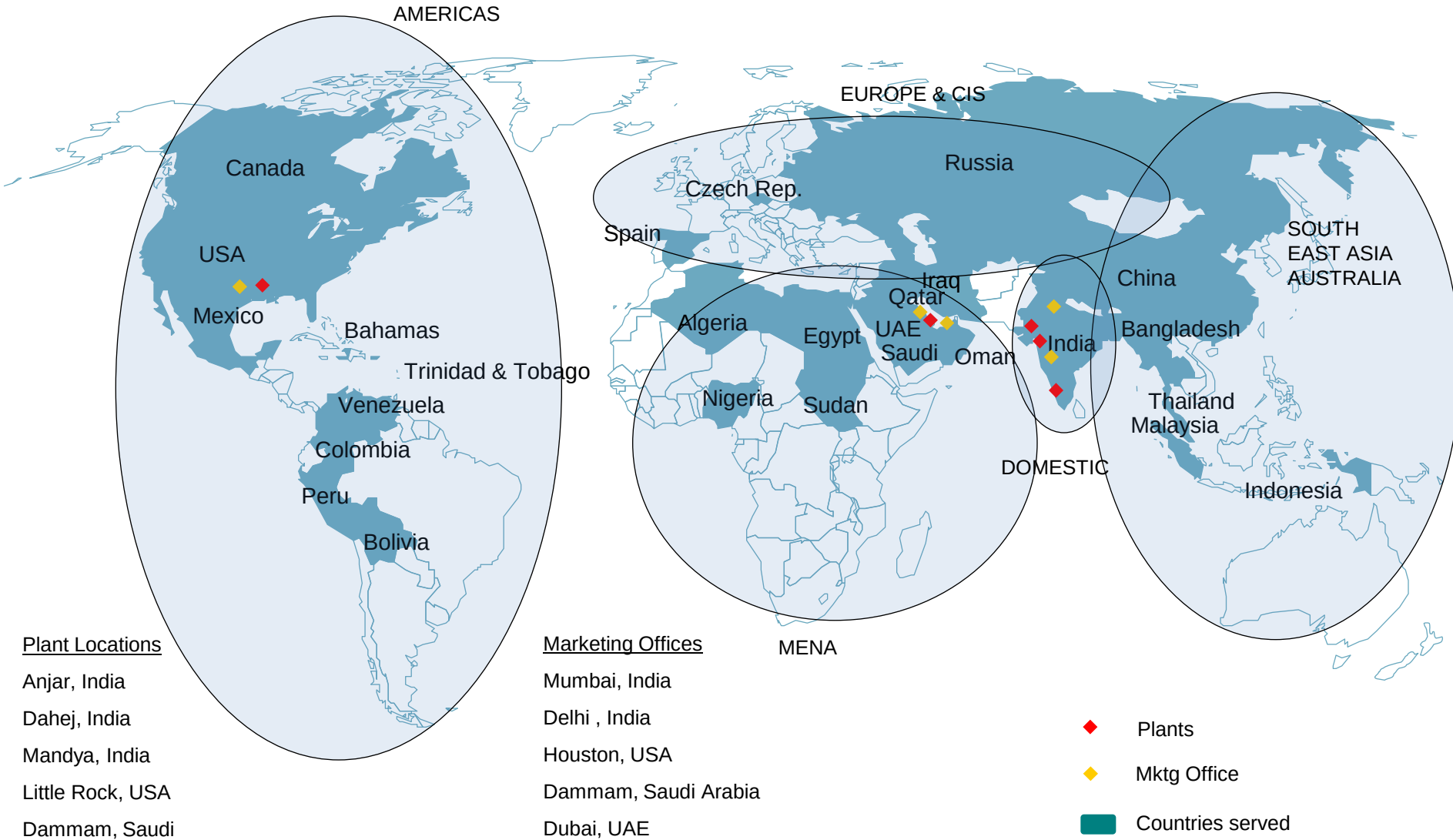
WCL was rated 2nd largest Pipe Company in 2007 and has since reached capacity of 2.425 MTPA

Note

1. As reported by Financial Times on April 13, 2008



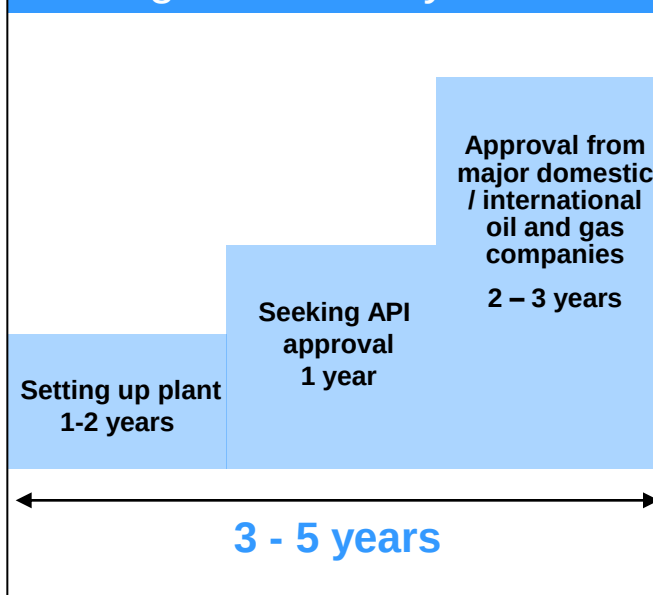
Welspun's Worldwide Reach



Relationship with Oil & Gas Majors

AGIP, Jordan	NTPC, India
AI WASIT, UAE	ONGC, India
BECHTEL, US	PETRO CHINA
BRITISH GAS	PETRONAS, Malaysia
BRITISH PETROLEUM	PDO, Oman
BOARDWALK	PGN, Indonesia
CHINA NATIONAL PETROLEUM CORPORATION	PTTEP, Thailand
CPMEC, China	QATAR PETROLEUM
CHEVRON, US (Framework Agreement)	RELIANCE INDUSTRIES LIMITED, India
DOW, US	SAIPEM, Italy
ELPASO, US	SAUDI ARAMCO
EGYPTIAN GENERAL PETROLEUM CORPORATION	SHELL, US
ENTERPRISE, US	STOLT OFFSHORE – Acergy, UK
EXXON-MOBIL (GOLDEN PASS PIPELINE), US	SONATRACH, Algeria
GROUP FIVE, Saudi Arabia	STATOIL, Europe
GAIL, India	TOTAL, France
GASCO, UAE	TECHNIP, France
GASCO, Egypt	TRANSCANADA (Long Term Contract)
GAZPROM, Russia (STROYTRANSNAZ)	UNOCAL, US
KINDER MORGAN, US	PERU LNG, US (HUNT OIL)
N.A.O.C. - Nigeria	VIETSO PETRO, Russia/Vietnam
NPCC, UAE	SWCC, India

Accreditation Process A significant entry barrier



Investment Rationale - Strong Industry Outlook

Relatively Few Major Players

- ❖ Highly capital intensive industry with high barriers to entry
- ❖ Niche markets effectively captured by Welspun
- ❖ Reliability and reputation for excellence are paramount
- ❖ Brighter Prospects for the industry with oil prices at sustainable levels

Global Demand

- ❖ Business potential till 2018 : US\$ 433 bn (Source: Simdex)
- ❖ Shale Gas production in US: Set to rise to 13.6 trn cu ft by 2035 from 5.0 trn cu ft in 2010
- ❖ Strong potential demand from Canada in the medium term
 - ❖ More than 97% of Canada's crude exports and 63% of natural gas exports currently go to the US , mainly through pipelines
 - ❖ This is expected to reduce over a period of time as US achieves self sufficiency, thanks to the shale boom
 - ❖ Canada will have to build pipelines to take its oil and gas to new markets and de-risk its economy

Iraq Pipelines

- ❖ Undergoing major reconstruction post the war
- ❖ Pipelines need to be replaced for exports to grow

European Pipelines

- ❖ Russian gas needs to be transported to continental Europe

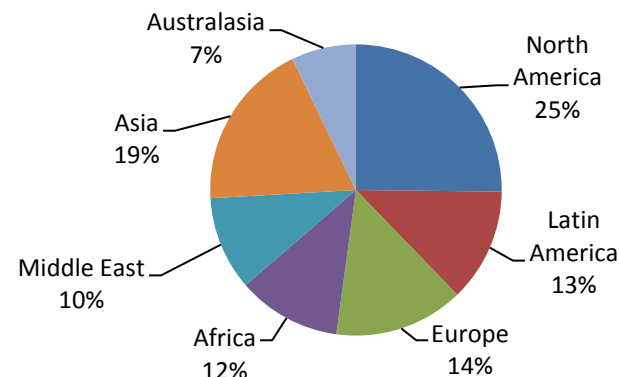
Welspun is well placed, with global clients and state-of-the-art technology, to capitalize on this opportunity

International Demand Outlook 2013 – 2018 (Future Pipeline Projects)

Region	Projects	Total Length (kms)	Quantity (MMT) ⁽¹⁾	Business Potential (US\$ Bn)
North America	257	70,000	14	80
Latin America	57	35,000	7	56
Europe	138	40,000	8	71
Africa	82	32,000	6	41
Middle East	120	29,000	6	46
Asia	91	52,000	10	96
Australasia	51	20,000	4	43
Total	796	278,000	56	433

Source: www.simdex.com August 2013 data 1. Conversion rate of 200 tons/ km

Share of Expected Demand 2013 - 2018



Source: www.simdex.com Aug 2013 data update

Investment Rationale – Robust company fundamentals

❖ Outlook for the pipe business remains stable amidst challenges in the global economy.

- ❖ Continued new pipe orders both locally and internationally during such challenging times on the back of its strong customer reach and proven execution track record.
- ❖ Key demand markets continue to be North America, Middle East and India; potential for other markets in Latin America, Africa and Asia driven by strong growth in energy and oil demand.
- ❖ With tremendous development activities in US leading to it becoming self reliant on energy in the next few years, countries like Canada which have been dominant supplier of Oil and Gas to US are exploring export of their products to the Asian countries. This would lead to higher pipe demand

❖ Key differentiating factor going forward - Ability to offer a portfolio of high quality products to customers.

❖ Confident of positive growth through higher utilization levels across manufacturing capacities.

- ❖ Saudi Plant booked till November of this year and US plants booked till January of next year based on current orders
- ❖ Strong customer relationship enables repeat orders from key customers.

❖ Offering complete solution for any Line Pipe requirement making WCL the One-Stop-Solution

Proven and Experienced Management Team



Mr. B.K. Goenka is the **Chairman**, and the chief architect of the Welspun Group. Today, with his entrepreneurial ability and professionalism, he has built up one of the most admired business conglomerates



Mr. R.R. Mandawewala is the **Group Managing Director**, a key contributor in Welspun's journey. A Chartered Accountant by profession and with over 25 years of experience, he has expertise varying from Textiles to SAW pipes.



Mr. Braja K Mishra is the **Managing Director** of Welspun Corp and is a prominent figure in the industry with long and varied experience. Has over 25 years of experience and possesses immense critical know-how about the pipe and plate industry



Mr. Mintoo Bhandari, serves as **Director on Board (Nominee of a shareholder)** in WCL. Mr. Bhandari also serves on the board of directors of SOURCECORP, Dish TV India Limited and Wire & Wireless (India) Ltd. Mr. Bhandari graduated with an BS in Mechanical Engineering from MIT and with an MBA from the Harvard Business School.



Mr. David J. Delie serves as **President Welspun Tubular LLC**. A graduate in Science (Electrical Engineering) and a Masters Degree in Engineering Management from the University of Pittsburgh, he has an extensive 33-year background in the steel and pipe industry. Mr Delie has served on the Board of Directors of Berg Steel Pipe Corp., EB Pipe Coating, Inc., the American Iron & Steel Institute (AISI).



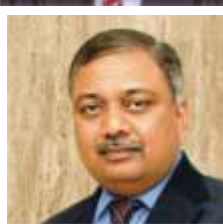
Mr. Akhil Jindal serves as **Director, Group Strategy & Finance**. An Engineering graduate with an MBA from Indian Institute of Management, Bangalore. Mr. Jindal is responsible for strategic inorganic/organic initiatives within the Group and has spearheaded large fund raisings, cross border acquisitions, private equity raisings and financial closure of projects exceeding over US\$ 1 bn.



Mr. S. Krishnan serves as **Chief Financial Officer**. He is an M.Com, A.C.A., A.C.S., A.I.C.W.A. and LLB (Part-1) with over 30 years of rich experience in the Finance Function. He also has experiencing of leading the IR team in his previous companies.



Mr. Prashant Mukherjee serves as **Director of Welded Pipes**. A Graduate in Science (Engineering, Mech) with over 24 years experience mostly in the Oil & Gas Pipe Industry, Mr. Mukherjee has been instrumental in implementing expansion projects in the Company



Mr. Vipul Mathur is the **Director Sales & Marketing (Pipes)**. A Science Graduate and Masters in Business Administration (MBA) in Marketing, he has a rich experience of over 16 years in the Oil & Gas Pipe Industry



Mr. Akbar Umatiya is **Vice President & Unit Head of Welspun Middle East LLC (Saudi Plant)** A technocrat Professional having more than 26 years of versatile experience in various fields like Operations, Project Executions and Marketing in India and Overseas. He has proven capability to perform in International environment studded with a mix of diverse cultures and to develop Technical and professional abilities for team building to enhance superior quality work.

Global Pipes and Plates - Financial Snapshot

P&L Extract

(In INR Mn)

Particulars	FY12	FY13
Net sales	71,961	90,832
Operational EBITDA	9,732	8,407
Reported EBITDA	10,178	9,947
EBITDA Adjusted*	11,044	11,046
PBT before exceptional	4,386	2,832
PAT Adjusted*	3,218	2,745
Cash PAT*	7,008	7,294

* Notes: a) Adjusted for forex losses of RS.1,104 mn in FY13 and Rs. 1,134 mn in FY12

b) Exceptional item of Rs. 538 mn in FY13

c) Cash PAT Adj = PBT before exceptionals + Depreciation – Current taxes (incl MAT credit, if any) + Post-tax Forex loss /(gain)

Global Pipes and Plates - Financial Snapshot

Balance sheet Extract

(INR mn)

Key Balance Sheet Nos	FY12	FY13
Networth	26,112	27,546
Gross Debt	35,737	38,891
Cash & Cash Equivalent	19,507	15,999
Net Debt	16,230	22,892
Fixed Assets	47,607	51,020

Key Ratios

Net Debt / Equity	0.62 x	0.83 x
Fixed Asset Coverage Ratio	2.15 x	1.72 x
Current Ratio	1.27 x	1.45 x

Consolidated Financial Snapshot

P&L Extract

Particulars (In Rs. Mn)	FY12	FY13
Net sales	89,766	1,08,701
Operational EBITDA	10,901	8,452
Reported EBITDA	11,246	10,289
EBITDA Adjusted*	12,488	11,562
PBT before exceptional	3,732	597
PAT Adjusted*	3,407	1,252
Cash PAT*	7,089	6,352

* Notes: a) Adjusted for forex losses of RS.1,278 mn in FY13 and Rs. 1,510 mn in FY12

b) Exceptional item of Rs. 1,091 mn in FY13

b) Cash PAT Adj = PBT before exceptionals + Depreciation – Current taxes (incl MAT credit, if any) + Post-tax Forex loss /(gain)

Balance sheet Extract

Particulars – Rs. Mn	FY12	FY13
Net worth	48,816	56,578
Gross debt	53,407	55,772
Cash and current inv	29,686	24,537
Net debt	23,721	31,235

Q1 FY14 Highlights

Key Snapshot

- ❖ Global Pipes and Plates Operational EBITDA up 36% QoQ
- ❖ Saudi plant reaches optimal utilisation
- ❖ New HFIW mill in US commissioned ; received API certification
- ❖ Consolidated net debt at Rs. 36,610 million, with gross debt at Rs. 57,833 million and cash at Rs. 21,223 million
- ❖ Net worth at Rs. 54,313 million resulting in comfortable net debt: equity of 67%.

Production and Sales Volume

Volume (in K MT)	Q1 FY 14	Q4 FY13	Q1 FY13
Pipes - Production	320	355	217
Pipes - Sales	308	363	178

Highlights – Pipes and Plates Business

(In INR Mn)

Particulars	Q1 FY 14	Q4 FY13	Q1 FY13
Sales	22,491	28,269	20,014
Reported EBITDA	2,291	3,552	2,220
Operational EBITDA	3,456	2,533	2,971
Finance Cost	770	813	929
Depreciation/ Amortization	1,007	900	875
PAT (Adjusted)*	1,205	1,341	1,329
Cash PAT	2,242	2,939	2,180

* Adjusted for unrealized foreign exchange provision of Rs.1,447 million booked in Q1FY14; corresponding figure was gain of Rs. 51 million in Q4FY13 provision of Rs.1,328 million in Q1FY13. Total forex loss (realised + unrealised) for the quarter was Rs.1,812 million in Q1FY14.

Consolidated Highlights

(In INR Mn)

Particulars	Q1 FY14	Q4 FY13	Q1 FY13
Sales	26,757	33,164	25,497
Reported EBITDA	2,245	3,910	2,368
Operational EBITDA	3,609	2,593	3,310
Finance Cost	1,264	1,156	1,258
Depreciation/ Amortization	1,252	1,527	1,068
PAT (Adjusted)*	515	1,006	1,137
Cash PAT	1,815	2,905	2,140

*Adjusted for unrealized foreign exchange provision of Rs .1,639 million booked in Q1 FY14; corresponding figure was gain of Rs. 103 million in Q4 FY13 and provision of Rs.1,571 million in Q1 FY13. Total forex loss (realised + unrealised) for the quarter was Rs.2,045 million in Q1FY14.

Way forward -WCL Business Reorganisation



- ❖ WCL Board has approved business re-organisation of the company into two separate companies
 - ❖ Existing Company (Welspun Corp Ltd) to focus solely on the Pipes and Plates business in India and globally; and
 - ❖ Demerged or new Company (Welspun Enterprises Ltd focused on Steel, Infrastructure, Oil & Gas exploration and Energy businesses

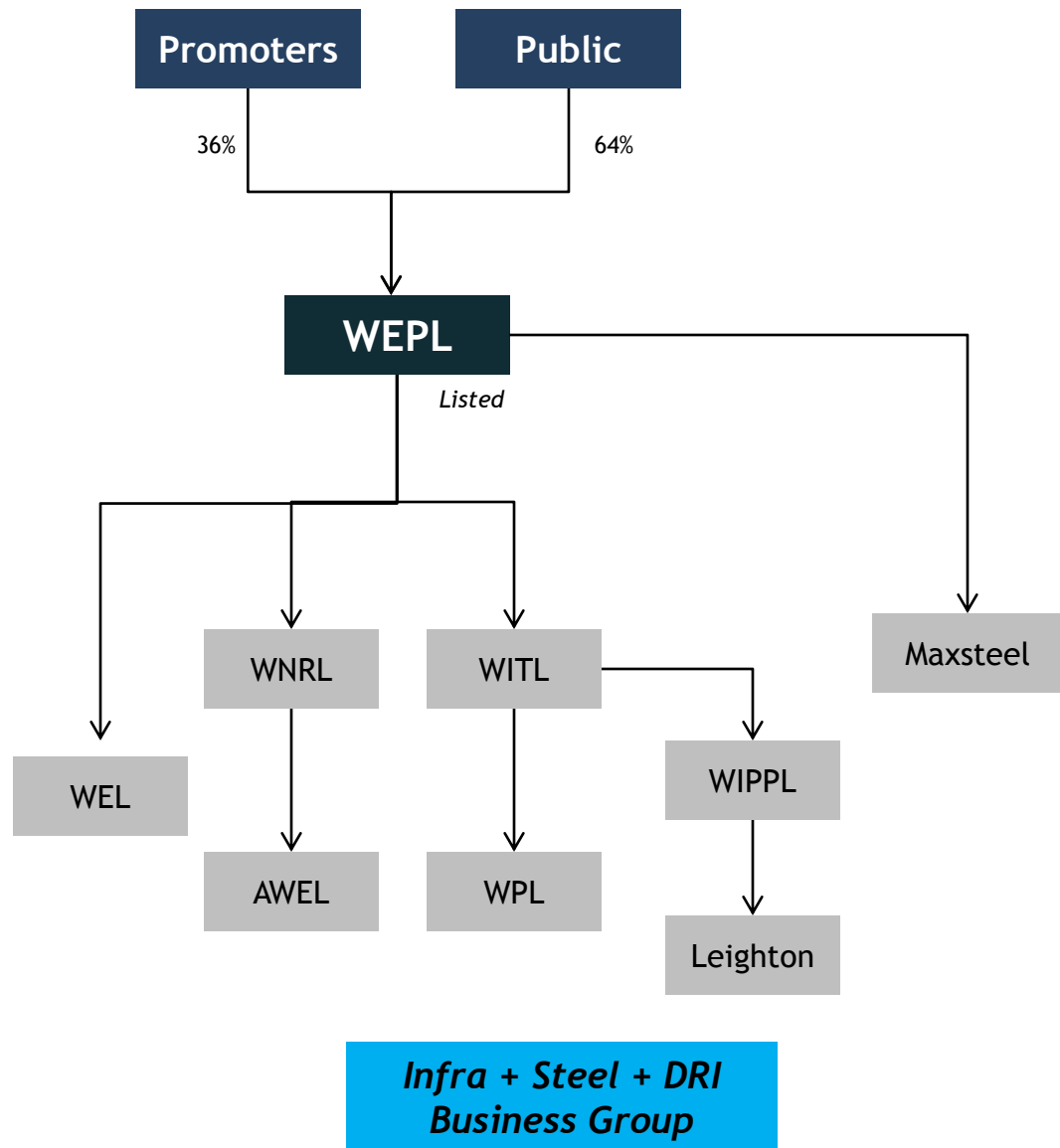
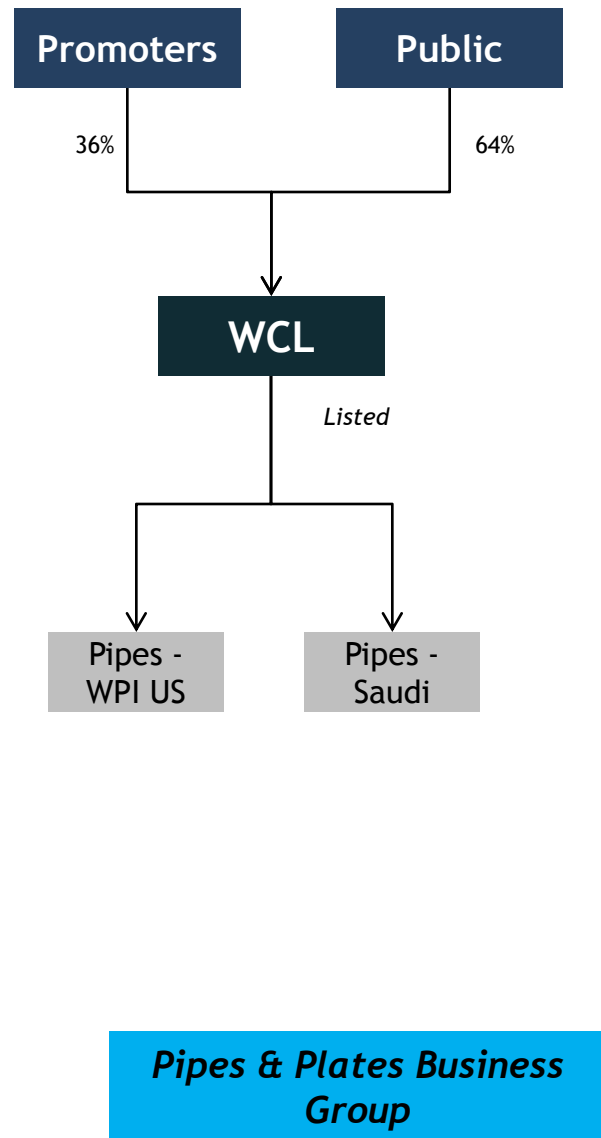
Key Considerations

- ❖ WCL is a Business conglomerate with interest in – Pipes (Pipes & Plates), Steel (DRI) and Infra (Infra, O&G and Energy)
- ❖ Each business segment has its own plans and business dynamics
- ❖ Presently Welspun Corp business model is considered complex as multitude of business being run under the Parent company Welspun Corp.

Objective

- ❖ Simplify the business models
- ❖ Provide flexibility to grow the different businesses with sharper focus on each of the businesses
- ❖ Business segments with different risk-return profiles need to be aligned separately

Proposed Resultant Structure



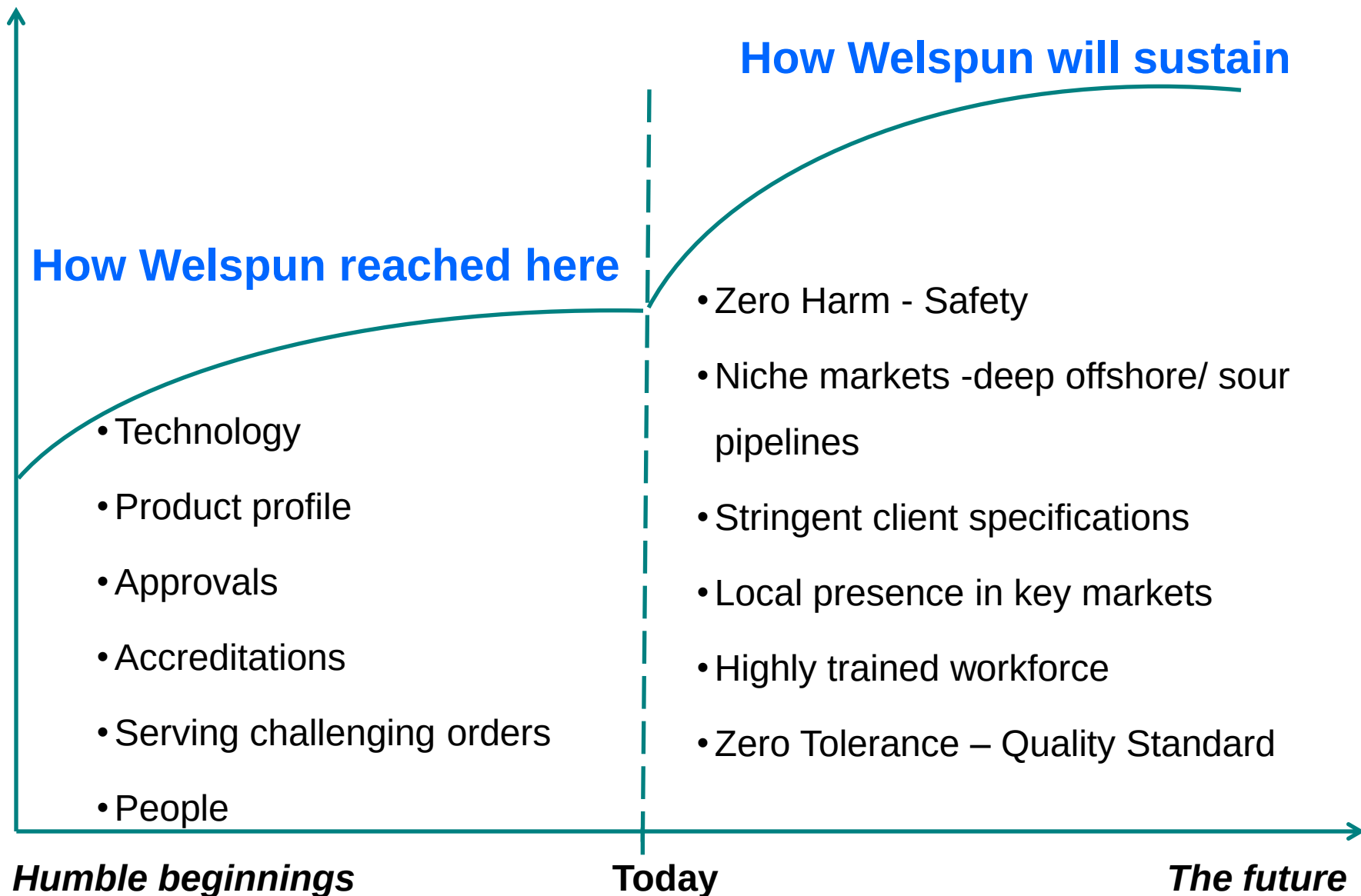
Highlights of Demerger

Key Parameters	Resolution
Appointed Date	1 st April 2012
Demerged Company	Welspun Corp Limited (WCL) • Pipes & Plates undertaking • All other assets & liabilities including secured and unsecured loans (including outstanding ECBs and FCCBs) held at WCL level and subsidiaries related to Pipe Business
Resulting Company	Welspun Infra Enterprises Limited to be renamed as Welspun Enterprises Ltd (WEPL) • Steel undertaking (Welspun Maxsteel Limited) • Infra undertaking (Infra, O&G exploration and Energy)
Court Scheme	• Scheme of Arrangement under section 391-394 of the Companies Act • To be compliant with the “demerger” definition under Section 2 (19AA) of Income Tax Act
Jurisdiction	Gujarat High court
Expected Completion	31 st January 2014
Approvals Required	• NOC from Stock Exchanges & SEBI • Shareholders Approval • Secured & Unsecured Creditors Approval

Indicative Timeline

Sr.	Event	Days
1	Approval of the Scheme by the Board of Directors	X + 0
2	Application to BSE and NSE for its NOC and SEBI Observation	X + 5
3	Application to FIPB, RBI, etc	X + 5
4	Receipt of BSE/ NSE approval, SEBI Observation - (Upload the SEBI Observation and other Documents on the Company website with 24 hrs of receipt)	X + 90
5	Filing of an application with the High Court of Judicature at Gujarat directions to convene meetings under Section 391 of the Companies act, 1956	X + 96
6	Receipt of High Court Directions	X + 105
7	Dispatch of Notices to shareholders, secured creditors and unsecured creditors, along with Scheme and SEBI Observation Letter	X + 113
8	Publishing notice in newspapers informing about the meetings	X + 116
9	Holding of Court convened meetings	X + 145
10	Filing of Chairman's report with the High Court	X + 148
11	Companies to file Petition in the High Court	X + 152
12	Receipt of approvals from FIPB, RBI and others, if any (to confirm with the lawyers)	X + 168
13	High Court to admit Petition	X + 175
14	Petitions to be filed with Regional Director	X + 182
15	Receiving clearance from Regional Director	X + 189
16	High Court order approving scheme	X + 210
17	Receipt of High Court Order	X + 228
18	Filing of Order with ROC (Scheme Effective)	X + 231
19	Application for Listing	X + 238
20	Application for Adjudication of Court Order for stamp duty	X + 265

Journey to become the most respected Pipe Company in the World

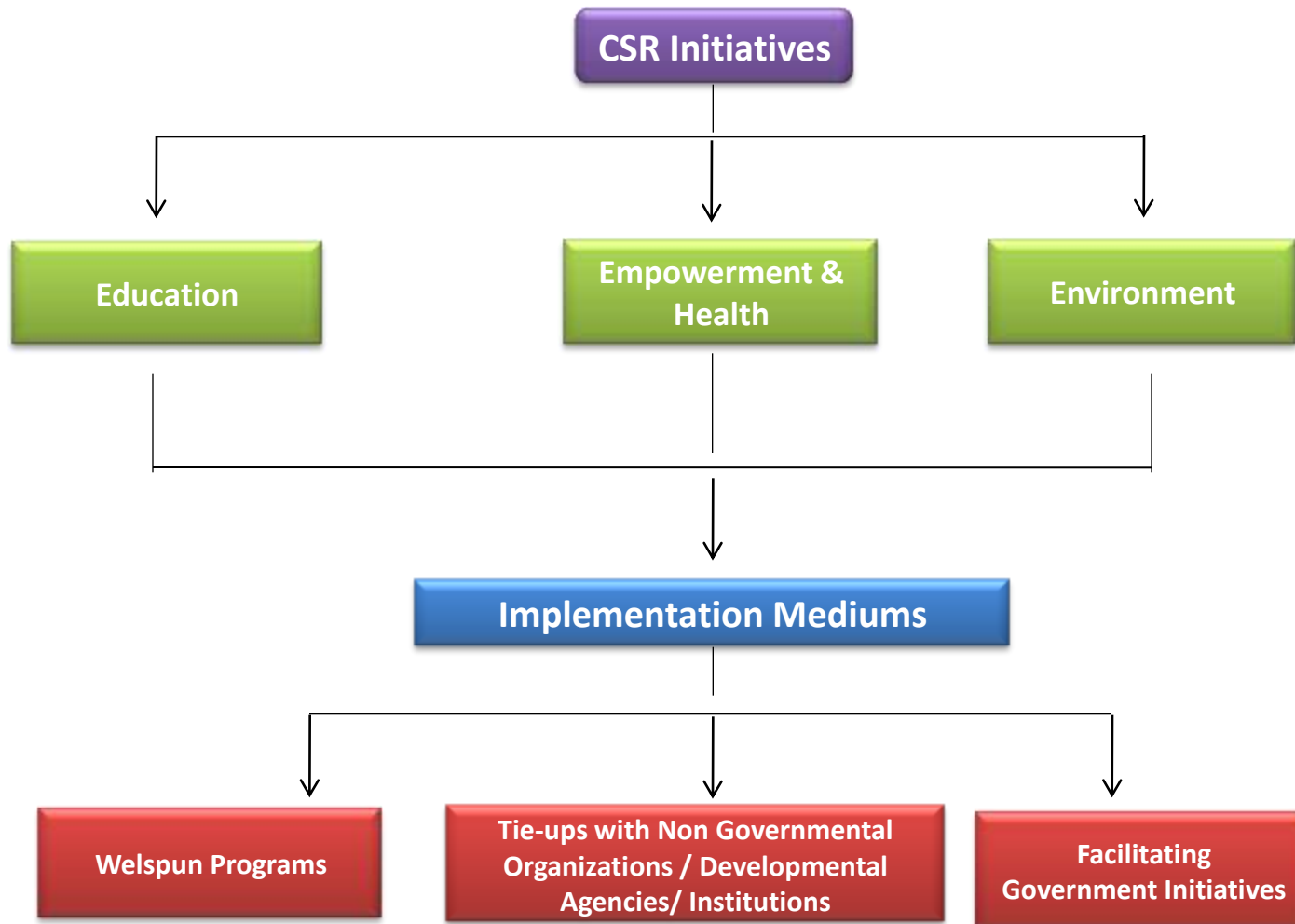


CSR and Environmental Leadership

When Industry Cares.... The Community Smiles

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