

## *Corporate Presentation*

*October 2018*

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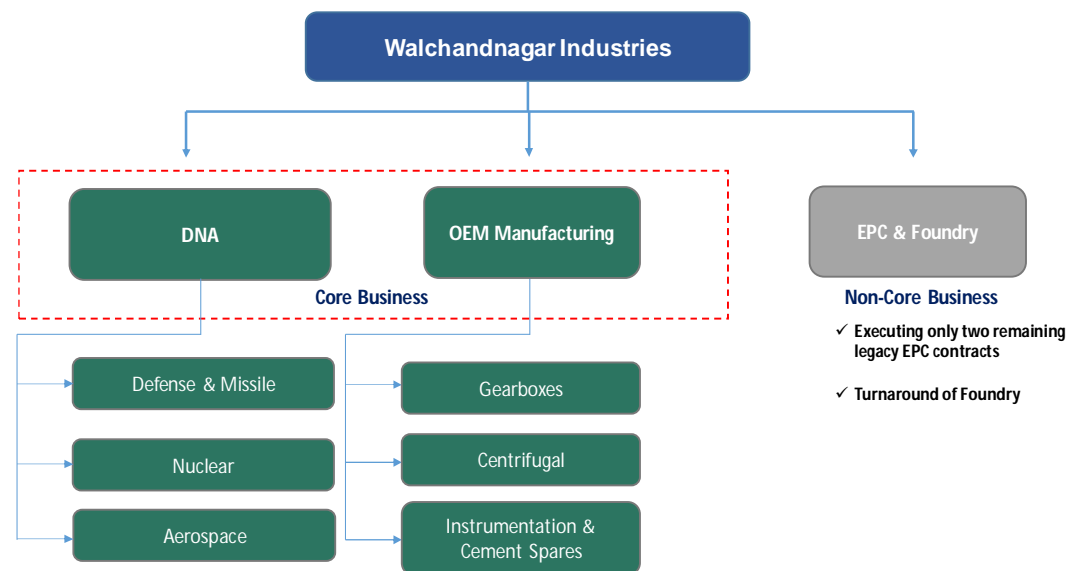
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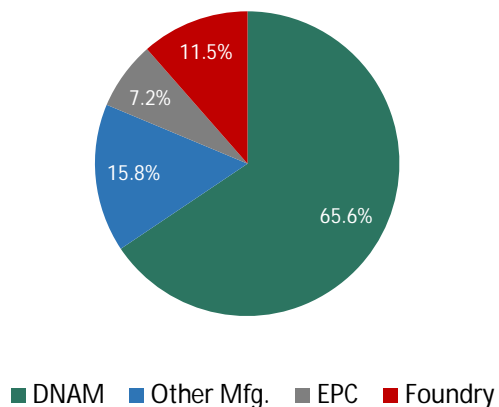
# Company Overview

- ❖ **Pedigree:** Renowned engineering company known for its design, engineering & high complex precision manufacturing capabilities with operational legacy of more than 100 years.
- ❖ **Strong Execution Capabilities:** Manufacturer and supplier of critical components to Defence & Missiles, Nuclear, Aerospace ("DNAM") & Industrial end-markets.
- ❖ **Strategic Business Transformation:** Over time, successfully realigned focus away from EPC and towards high-end manufacturing in strategic sectors such as DNAM and heavy engineering products.
- ❖ **Marquee Clientele:** Long standing relationships with marquee client base.



## Revenue Mix Towards High-End Manufacturing

FY 2018 Operating Revenue: INR 398\* Cr

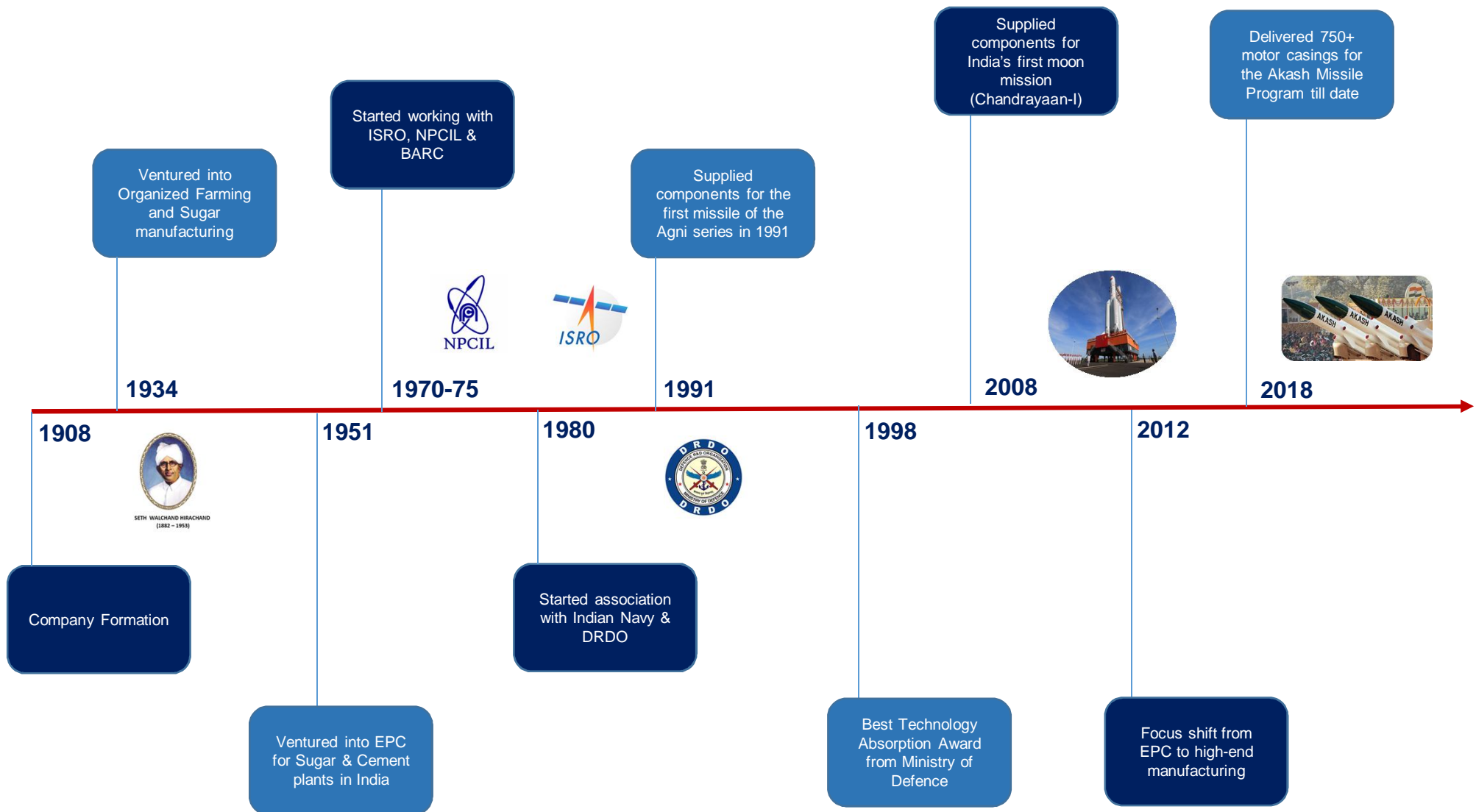


\*excludes Other Income

## Strong & Reputed Clientele

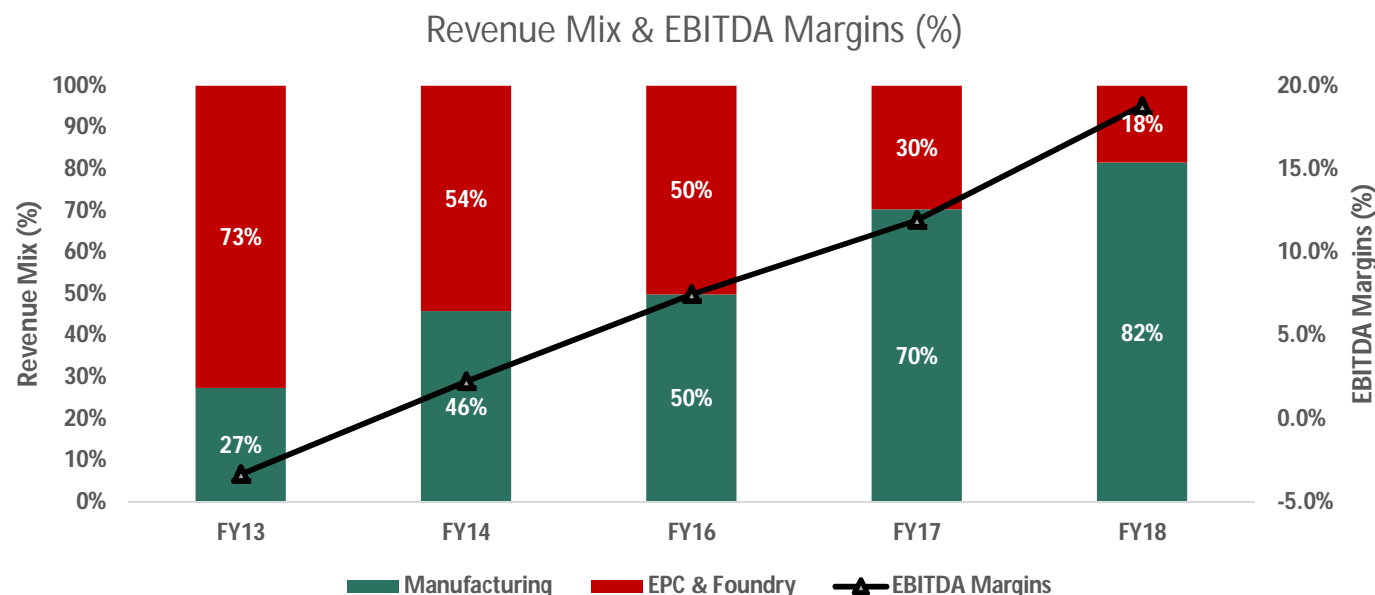


# Company History



# Transformation from EPC to High-End Manufacturing

Successful business transformation over last 5 years has led to a significant uplift in Company's margin profile



INR Cr	FY 2013	FY 2014	FY 2016	FY 2017	FY 2018
Op. Revenues <sup>(1)(2)</sup>	727	638	535	398	398
EBITDA Margins	-3.3%	2.2%	7.5%	11.9%	18.8%

- × *EPC focused business profile*
- × *Commodity type low-margin business*
- × *Topline focused*

**Strategic Transition**



- ✓ *Customized high-end manufacturing*
- ✓ *Niche high-margin business*
- ✓ *Revenue and profitability focused*

**Going forward, Company expects high revenue growth in Manufacturing driven by strong end-market demand**

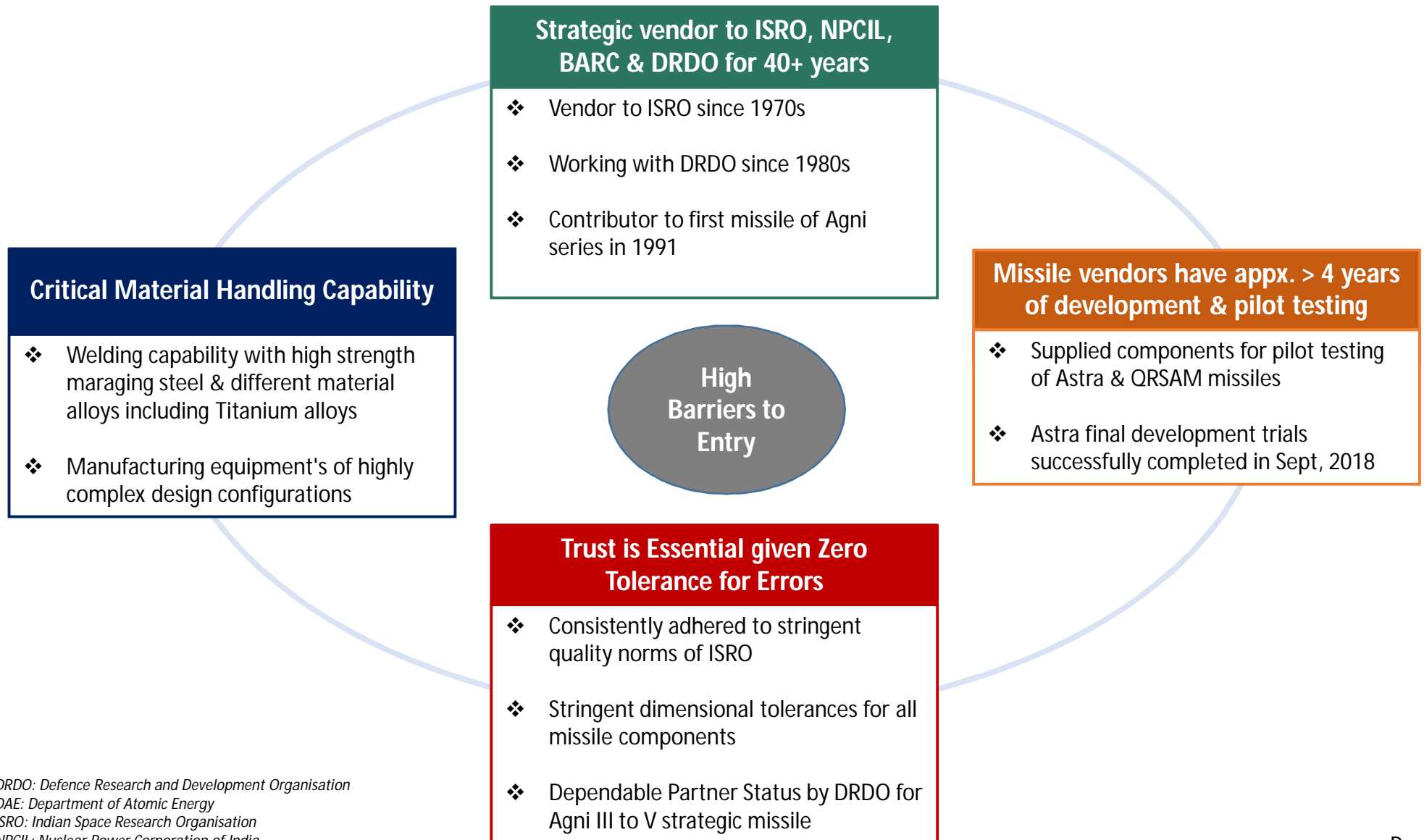
Notes:

(1) WIL changed reporting fiscal year from September end to March end after FY14, therefore there are no independent financials for FY15; Revenues & EBITDA exclude Other Income

(2) FY16 was a 18 months period from Oct, 2014 to March, 2016. FY16 financials above are annualized numbers

# High Barriers to Entry : WIL's Key Competitive Strengths

High barriers to entry in the Core business segments lead to limited competition



# Strong Manufacturing Capabilities



**Heavy Engineering at  
Walchandnagar  
(Pune, Maharashtra)**



**Precision Instruments at  
Dharwad  
(Karnataka)**



**Foundry at Satara  
(Maharashtra)**



- ❖ ~200 acres of land (incl. ~4 acres under the crane space) available for expansion at Walchandnagar
- ❖ Additionally ~56 acres land available at Dahej, Gujarat with 170 m and 400 m long waterfronts for heavy engineering manufacturing capacity expansion
- ❖ ~36 acres land available near Bhigwan, Maharashtra adjacent to Railway siding

- ❖ Area under crane: 56,000 sq. mtr.
- ❖ Single piece lifting capacity of 200T
- ❖ Plate bending capability up to 200 mm
- ❖ Sophisticated Welding Systems for exotic material

# Business Division Overview



Defence & Missile

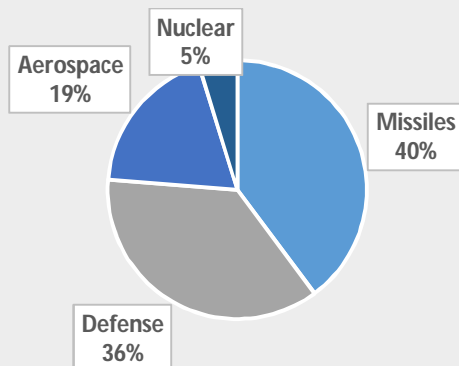


Aerospace



Nuclear

FY 2018 : INR 261 cr



Industrial Gearboxes



Centrifugal

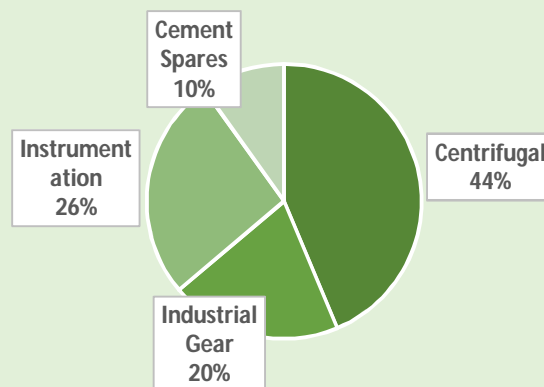


Cement Spares



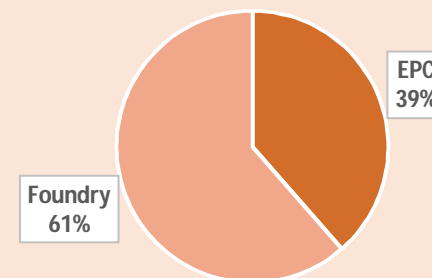
Instrumentation

FY 2018 : INR 63 cr



EPC & Foundry

FY 2018 : INR 74 cr



Note: Operating Revenue break-up for FY18 (excludes Other Income)



# Defence

## Existing Products:



**Mobile Launcher Systems**

- ❖ Supplier to DRDO
- ❖ Executing surface launcher projects for the Agni Missile Program



**Missiles Containers & Launchers for Nuclear Submarines**

- ❖ Supplier to DRDO (Advanced Technology Vessel Program)
- ❖ Engineering, manufacturing, supply & onboard installation of weapon systems



**Marine Gearboxes**

- ❖ Supplier to Indian Navy & Coast Guard
- ❖ Supplied gearboxes to the following projects: Leander & Godavari class frigates, corvettes, LST (L), fleet tanker, survey vessel, submarines, etc

## New Growth Areas:



**Protective Gear**

- ❖ Products: Bullet proof vests, helmets, Vehicle protection armor, patka, groin protection



**Bomb Bodies**

- ❖ Product: Casings for bombs used by fighter planes



**Mobile Bridges**

- ❖ Product: Used by the Indian Army to quickly make bridges over water bodies



# Missile

## Existing Products: Motor Casings for →



**Akash Missile (Surface To Air Tactical Missile)**

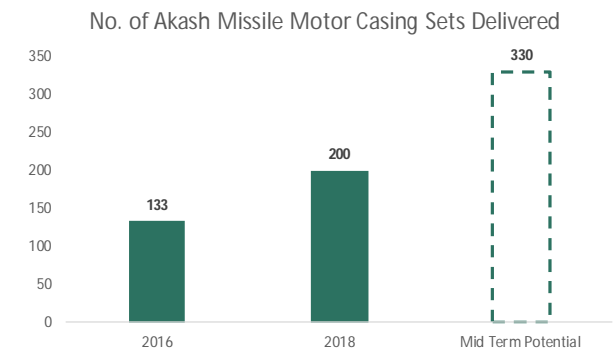
❖ *Primary Supplier to Bharat Dynamics (BDL) & Bharat Electronics*



**AGNI V (Intercontinental Ballistic Strategic Missile)**

❖ *Primary Supplier to DRDO*

## Successful track-record of delivering 750+ motor casing sets



*Note: WIL supplies two motor casings (sections IV & V - one set) per Akash Missile*

## New Growth Areas: Missiles in Pilot Testing / Development Phase →



**Astra Missile (Air to Air BVRAAM Missile)**

❖ *Final development stage*



**QRSAM (Quick Reaction Surface to Air Missile)**

❖ *Developed by the DRDO in association with Bharat Electronics Limited and Bharat Dynamics Limited for the Indian Army*



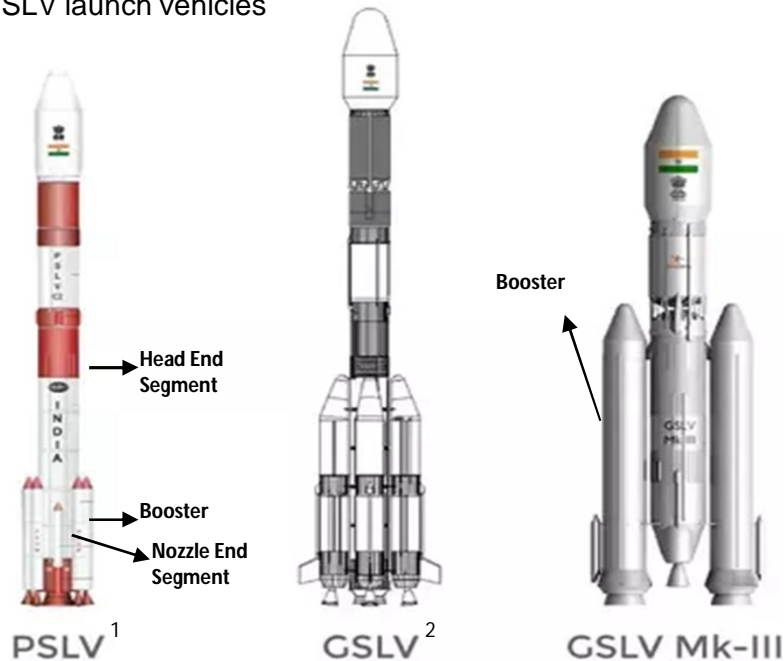
**RUDRA 2 (Air to Surface Anti-Radiation Missile)**

❖ *Being developed by DRDO laboratories*  
❖ *Development Stage*



# Aerospace

**Existing Products:** Booster & Core End Segment motor casings for PSLV & GSLV launch vehicles



(1) PSLV: Polar Satellite Launch Vehicle  
(2) GSLV: Geosynchronous Satellite Launch Vehicle



WIL has been **associated with ISRO since their 1<sup>st</sup> launch in 1973** and has supplied critical components in various landmark programs such as Chandrayaan-I, ROHINI and SROSS



**Consistently adhered to stringent quality norms of ISRO**

## ISRO's GSLV Mk III Maiden Launch (2017)



**ISRO aims to launch 22 missions in 2019** (Source: Times of India - 12 August, 2018 )



ISRO : a low-cost launcher of satellites - Launched **237 satellites of 28 other countries** till date



ISRO **indigenously designs & manufacturers** launch vehicles in India



**41 out of 43 launches of PSLV by ISRO has been successful** making it one of the most reliable launch vehicles in the world



GOI has approved Rs 10,900 cr. for the launch of **30 PSLV and 10 GSLV MK III rockets** in the next 4 years



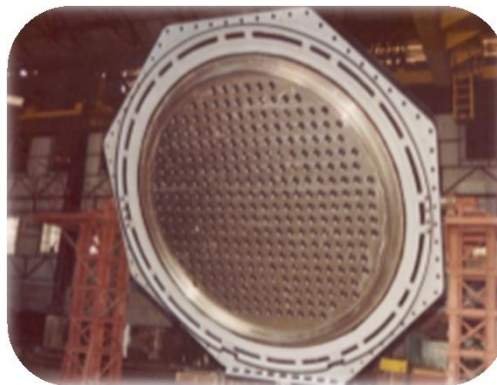
# Nuclear

**Existing Products:** Offerings include core nuclear island components such as End, Shields, Calandria, Heat Exchangers, Scrubber tanks, etc.



**Calandria, 700 MWe Reactor**

❖ *Description: a tank which is reactor core of the CANDU reactor*



**End shield for 220 MWe Reactor**

❖ *Description: Used to prevent direct radiation field that comes from the reactor's core region*



**Moderator Heat Exchanger**

❖ *Description: Used in nuclear island cooling systems*

A typical 700 mw unit has a total mechanical component cost of apprx. Rs. 2,200 Cr (22% of total costs), of which WIL can supply key equipment's used in the Nuclear Island (apprx. INR 180 Cr)

Particulars	Amount (INR Cr)
<b>Equipment in Nuclear Island Area</b>	<b>800</b>
End Shields	180
Calandria	
Heat Exchangers	
Pressurizers	
Steam Generators	400
Pumps	120
Other Tanks, Vessels, Structures	100
<b>Equipment outside Nuclear Island Area (incl. Fuel Handling, Piping, etc)</b>	<b>1400</b>
<b>Grand Total</b>	<b>2200</b>

Source: Internal Company Assessment Estimates

**WIL's Addressable market expected to be ~5,300 Cr just from Nuclear Island components from upcoming 11 Nuclear Plants**

Operator	State	Power Station	Units	Capacity (MW)
NPCIL	Haryana	Gorakhpur – 1 & 2	700 x 2	1400
NPCIL	M.P.	Chutka – 1 & 2	700 x 2	1400
NPCIL	Rajasthan	Mahi Banswara	700 x 2	1400
NPCIL	Karnataka	Kaiga – 5 & 6	700 x 2	1400
NPCIL	M.P.	Bhimpur – 1 & 2	700 x 2	1400
BHAVINI	Tamil Nadu	Kalpakkam	600 x 2	1200
NPCIL	Tamil Nadu	Kudankulam – 3 & 4	1000 x 2	2000
NPCIL	Maharashtra	Jaitapur – 1 & 2	1600 x 2	3200
NPCIL	A.P.	Kovada – 1 & 2	1500 x 2	3000
NPCIL	Gujarat	Mithi Virdi – 1 & 2	1100 x 2	2200
NPCIL	West Bengal	Haripur – 1 & 2	1000 x 2	2000
<b>Grand Total</b>			<b>22</b>	<b>20600</b>

Source: NPCIL



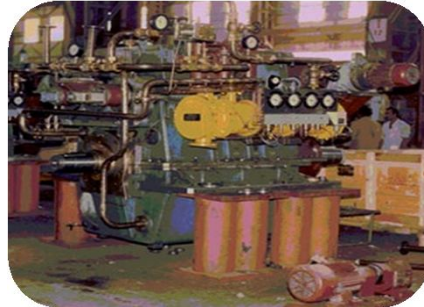
# Industrial Gearbox

## Products Overview

Gearboxes used in Industrial end-markets such as sugar, cement and power plants. Products include Parallel shaft high speed turbo gearboxes, hydel gearbox, and heavy duty planetary gearboxes.



Hydel Gearbox



Gearbox for LST (L)

## Key Highlights

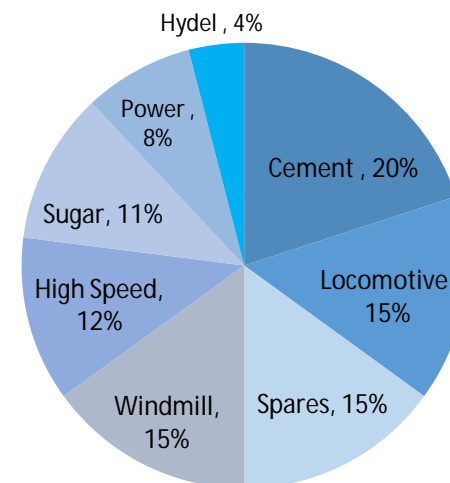
- ❖ Inherited Gear technology from renowned world leader MAAG Gears AG
- ❖ Unique distinction of manufacturing high speed, low speed, as well as planetary gearboxes
- ❖ Specializes in re-engineering of existing gearbox
- ❖ Today, the Gear division has a full fledged in-house design and engineering set up coupled with manufacturing infrastructure

## Large Market Potential: Opportunity to grow at-least 4x

**WIL is currently a sub-scale player in this market, but has significant potential to expand its market presence and revenues by -**

- ✓ Investing capex in this business to expand capacity and upgrade its manufacturing equipment
- ✓ Increasing market share through :
  - Deeper Cross Selling
  - Exploring new application industry segments
- ✓ Improving profitability margins through cost rationalization

## Annual Addressable Market Size of INR ~1500 Cr+



Source : Company Estimates



# Centrifugal Machines

## Products Overview

Centrifugal machines are used in sugar factories, to separate sugar crystals from molasses. This is a critical process in the manufacturing of raw sugar.



Batch Machine



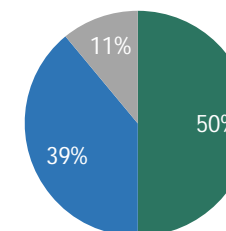
Continuous Machine

## Key Highlights

- ❖ Domestic **Market Leader**
- ❖ Established **Brand**
- ❖ Strong **Technical Support Team**
- ❖ Prompt **After Sale Service**
- ❖ Robust Product **Design**

## Domestic Market Opportunity

### FY18 Domestic Market Share



■ WIL  
■ Competitor 1  
■ Competitor 2

Source: Company Estimates

### Domestic growth drivers

- ✓ Replacement Demand
- ✓ Increase in market share

## Large Export Opportunity

- ✓ **Strategy:** There is huge export potential of centrifugal machinery in markets of South East Asia, SAARC Countries and Africa
- ✓ **Target Countries:** Thailand, Vietnam, Sri Lanka, Philippines, Indonesia, Bangladesh, Kenya & Uganda

## Key Strategy Going Forward

- ✓ Remain Cost Competitive
- ✓ Introduction of new design centrifugal machines
- ✓ Explore the large export market aggressively



# EPC Overview

- ❑ Pioneer in providing turnkey solutions to sugar factories in India and had proven EPC capabilities for power and cement plants
- ❑ Around 2010, received 2 large EPC (the only two pending contracts in the EPC space for the Company today) from –
  1. Tamil Nadu Electricity Board – TNEB project (INR 1,125 Cr)
  2. Ethiopian Sugar Corporation – TENDAHO project (Phase I – \$ 98.42 Mn + ETB 115.57 Mn & Phase II – \$ 51.41 Mn + ETB 62.01 Mn)
- ❑ Contracts had cost over-runs primarily due to extraneous factors leading to losses



**TNEB Project**

## Project Overview

- ❑ Modernize 12 sugar plants and install 12 co-gen power plants
- ❑ Extraneous factors led to cost-overruns resulting in losses for the project

## Current Status & Plan Going Forward

- ❑ Majority of the equipment (e.g. boilers) have already been supplied pending erection. Therefore, ~96% of revenues already recognized in P&L
- ❑ Expected to complete 7 projects (out of 12) by March 2019
- ❑ Phased receipts of the outstanding receivables (including retention) (~INR 99 Cr as of July 31 2018), will be ploughed back to fund the remaining project
- ❑ WIL estimates INR ~90 Cr of costs to complete the project (includes INR ~27 Cr of inventory currently sitting in the balance sheet)



**Tendaho Project**

## Project Overview

- ❑ Tendaho ph 1 – 13,000 TCD Greenfield Sugar Project : Contract Price: \$ 98.42 Mn + ETB 115.57 Mn and Tendaho ph 2 – 13,000 TCD Greenfield Sugar Project: Contract Price: \$ 51.41 Mn + ETB 62.01 Mn

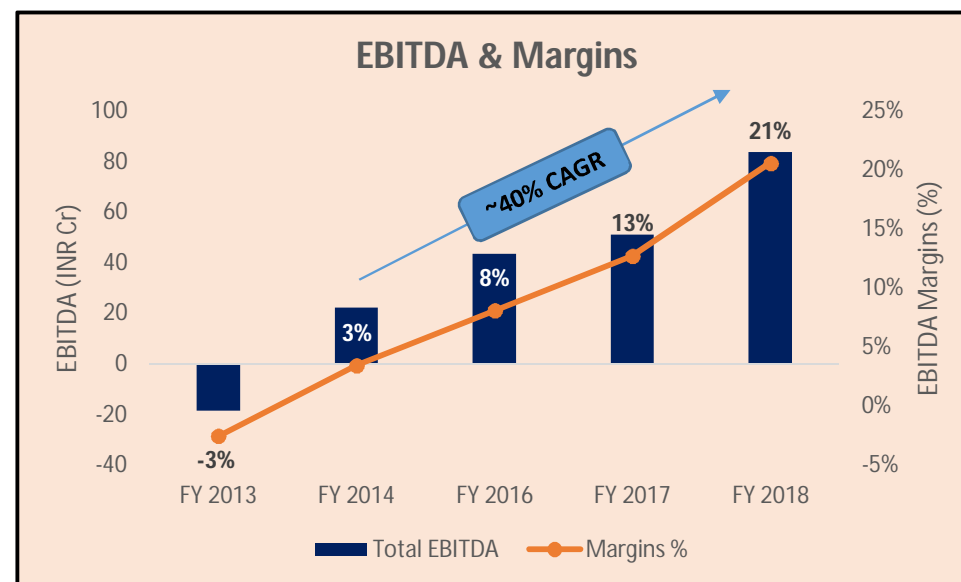
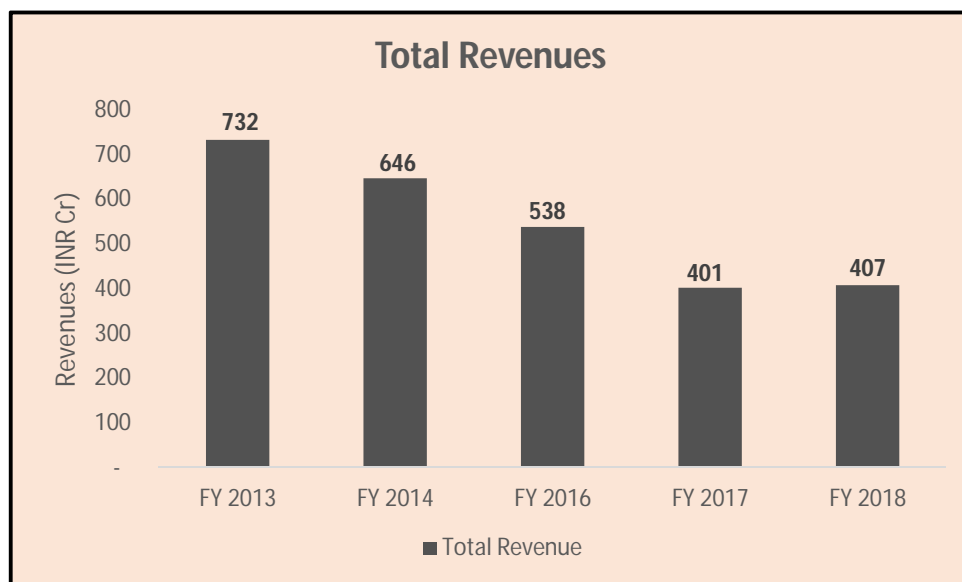
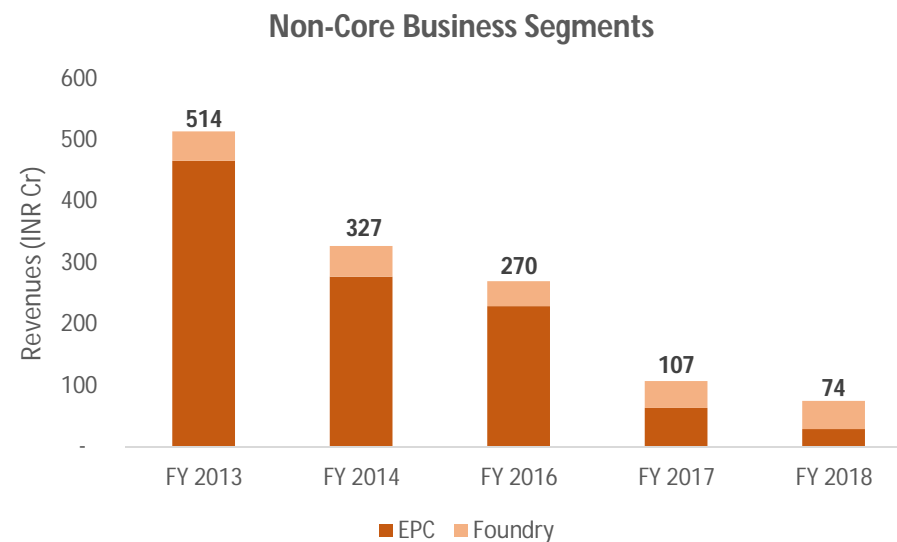
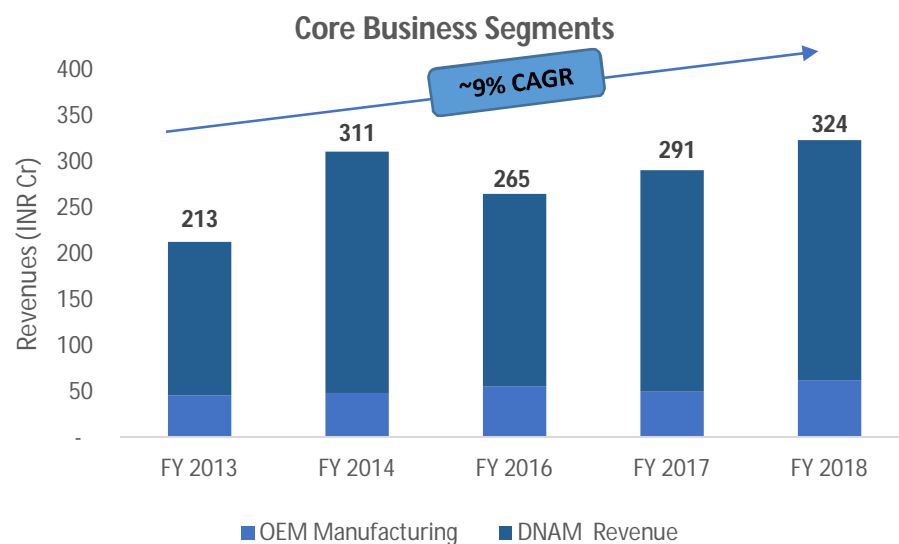
## Current Status

- Phase I : Execution delays due to logistics constraints, adverse site conditions, dependency on other consortium contractors, payment delays and sugarcane unavailability which altogether led to cost over-runs
- Phase I completed in 2017, but retention money ( \$~10 Mn ) not released on account of non-testing due to sugarcane shortage
- Received the work completion and post the final testing in November 2018, expected to receive retention money by Mar, 2019
- Company expects Phase II to be initiated in FY20



## ***Financial Snapshot***

# Historical Segmental Financials



- (1) WIL changed reporting fiscal year from September end to March end after 2014, therefore there are no independent financials for FY15  
 (2) 2016 was a 18 months period from Oct, 2014 to March, 2016. The above mentioned FY 2016 are on a annualized basis

# Strong Visibility From Current Order Book

Sl. No.	Segment	Order-Book (INR Cr) (1st Sept '18)
1	Aerospace	75.6
2	Missile	36.8
3	Defence	214.0
4	Nuclear	65.1
5	Industrial Gearbox	12.1
6	Centrifugal	32.8
7	Cement Spares	11.0
8	Instrumentation*	-
<b>Total Core</b>		<b>447.4</b>
9	Non-Core (EPC)	342.0
10	Non-Core (Foundry)*	-
<b>Total</b>		<b>789.4</b>

Company expects the Order book execution of approx. 50% each over the next 2 fiscal years (incl. FY19)

## Some Key Industry Development News:

- ❑ **26 September, 2018:** Indigenously developed air-to-air missile Astra successfully test fired  
(Source: Hindustan Times)
- ❑ **18 September, 2018:** DAC accords procedural approval for upgraded Akash SAMs for Army  
(Source: Hindu)
- ❑ **28 August, 2018:** India's Defence Ministry Approves Purchase of 150 Indigenously Made Towed Howitzers  
(Source: The Diplomat)
- ❑ **12 August, 2018:** ISRO aims to launch 22 missions in 2019  
(Source: Times of India)
- ❑ **31 July, 2018:** US elevates India's trade status to NATO-level ally, move to boost access to defence tech  
(Source: Hindustan Times)

# Income Statement

Particulars (In INR Cr)	FY13	FY14	FY16 (18 M)	FY17	FY18
Core Revenue	213.1	311.0	397.8	291.3	324.0
Non-Core Revenue	513.5	327.2	404.3	106.9	74.4
<b>Total Operating Revenue</b>	<b>726.5</b>	<b>638.3</b>	<b>802.1</b>	<b>398.2</b>	<b>398.4</b>
Other Income	5.6	7.9	5.2	3.2	8.9
<b>Total Revenue</b>	<b>732.2</b>	<b>646.1</b>	<b>807.3</b>	<b>401.4</b>	<b>407.3</b>
Cost of Materials Consumed	421.9	315.5	371.1	171.9	151.3
Sub-contracting Expenses & Other Costs	147.6	143.7	112.7	24.6	25.7
Changes in inventories of finished goods & WIP	(2.3)	(0.4)	33.6	16.6	27.8
Employee Benefits Expense	96.5	92.4	135.8	82.3	77.7
Finance Costs	40.8	48.0	89.8	69.5	76.1
Depreciation and Amortisation Expenses	18.2	17.3	33.8	35.7	33.5
Other Expenses	74.3	70.4	86.9	55.0	41.0
Exchange Currency Fluctuation (Gain)/ Loss	12.9	2.2	2.1	-	-
<b>Total Expenses</b>	<b>809.6</b>	<b>689.1</b>	<b>865.8</b>	<b>455.6</b>	<b>433.1</b>
<b>PBT Before Exceptional Items</b>	<b>(77.5)</b>	<b>(43.0)</b>	<b>(58.5)</b>	<b>(54.2)</b>	<b>(25.8)</b>
Exeptional Items	41.7	24.5	(10.1)	-	-
<b>PBT After Exceptional Items</b>	<b>(35.7)</b>	<b>(18.5)</b>	<b>(68.6)</b>	<b>(54.2)</b>	<b>(25.8)</b>
Tax Expenses					
Deferred Taxes & Short Tax Provisions	2.5	(6.2)	3.1	25.3	-
<b>Profit After Tax</b>	<b>(38.2)</b>	<b>(12.3)</b>	<b>(71.7)</b>	<b>(79.5)</b>	<b>(25.8)</b>

**Notes:**

(1) WIL changed reporting fiscal year from September end to March end after 2014, therefore there are no independent financials for FY15

(2) 2016 was a 18 months period from Oct, 2014 to March, 2016

(3) Segmental revenue financials between Core & Non-Core Business are unaudited

# Balance Sheet

Particulars (in INR Cr)	FY 16	FY 17	FY 18
<b>Shareholder's Equity:</b>			
Equity	7.6	7.6	7.6
Reserves & Surplus	436.6	356.8	331.4
<b>Net Worth</b>	<b>444.2</b>	<b>364.4</b>	<b>339.0</b>
<b>Non-Current Liabilities:</b>			
KKR Debt (Principal & Accrued Interest)	-	-	248.5
Other Long-Term Debt	121.4	139.3	6.9
<b>Total Non-Current Debt</b>	<b>121.5</b>	<b>139.4</b>	<b>255.4</b>
Provisions & Other Non-Current Liabilities	52.7	59.8	54.3
<b>Total Non-Current Liabilities</b>	<b>52.7</b>	<b>59.8</b>	<b>54.3</b>
<b>Current Liabilities:</b>			
Short-Term Borrowings	296.1	281.1	185.8
Trade Payables	77.5	87.2	95.4
Other Financial Liabilities	78.5	103.6	73.5
Advances Received from Customers	186.2	136.7	131.2
Provisions & Other Current Liabilities	24	36.7	20
<b>Total Current Liabilities</b>	<b>662.2</b>	<b>645.4</b>	<b>505.9</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,280.6</b>	<b>1,209.0</b>	<b>1,154.6</b>
<b>Non-Current Assets:</b>			
Net Block (including CWIP)	421.8	389.5	363.8
Investments & Other Non-Current Assets	22.9	23.3	53.6
Deferred & Non-Current Tax Asset (Net)	40.1	13	9.6
<b>Total Non-Current Assets</b>	<b>484.7</b>	<b>425.9</b>	<b>427.1</b>
<b>Current Assets:</b>			
Inventories	220	192.3	171.1
Trade Receivables	365.6	376.5	389.2
Unbilled Revenue & Other Current Assets	135.2	145.0	104.1
Investments & Asset Held for Sale	48.5	51.7	31.4
Cash & Cash Equivalents	24.2	10.7	8.5
Other Balances with Banks	2.3	6.9	23.4
<b>Total Current Assets</b>	<b>795.9</b>	<b>783.1</b>	<b>727.5</b>
<b>Total Assets</b>	<b>1,280.6</b>	<b>1,209.1</b>	<b>1,154.6</b>

(1) Other Current Liabilities includes Current maturities of Long Term Debt (except in FY18) and accrued salaries & benefits, and expenses.

(2) Other Non-Current Assets include Balance with Government Authorities, Prepaid Expenses, Capital Advances, and Other Loans & Advances.

(3) Other Current Assets include Balance with Government Authorities, Advances to Employees & Suppliers, Prepaid Expenses, and Other Loans & Advances.

# Cash Flow Statement

Particulars (in INR Cr)	2016 (18 M)	FY 17	FY 18
<b>EBITDA</b>	<b>65.2</b>	<b>51.0</b>	<b>83.8</b>
<b>Adjustments for:</b>			
Exceptional Items & Non-Operating Income	(21.7)	(1.7)	(6.9)
Non-Cash Adjustments <sup>1</sup>	20.5	9.5	0.3
Income Tax Refund / (Paid) (net)	(12.4)	1.8	3.4
<b>Operating Profit before Working Capital Changes</b>	<b>51.6</b>	<b>60.6</b>	<b>80.6</b>
<b>Changes in WC :</b>			
Change in trade receivables & other financial assets	NA	(0.8)	0.2
Change in Inventory & other assets	NA	(0.6)	18.9
<b>Total Change in WC Assets</b>	<b>113.1</b>	<b>(1.4)</b>	<b>19.1</b>
Change in trade payable & advances from customers	NA	33.3	(22.3)
Change in provisions & other liabilities	NA	(29.7)	(27.7)
<b>Total Change in WC Liabilities</b>	<b>(164.6)</b>	<b>3.7</b>	<b>(50.0)</b>
<b>Total change in operating assets and liabilities</b>	<b>(51.5)</b>	<b>2.3</b>	<b>(30.9)</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>0.1</b>	<b>62.8</b>	<b>49.6</b>
Capex	(9.9)	(3.4)	(7.5)
Proceeds from Sale of Assets	0.3	-	18.7
Sale/(Purchase) of Investments	23.6	(3.2)	1.9
Fixed Deposits/Margin Money Released	-	(4.6)	(16.4)
Non-Operating Income	0.6	1.6	6.6
<b>Net cash flow from Investing activities</b>	<b>14.6</b>	<b>(9.6)</b>	<b>3.3</b>
Proceeds from Long-Term Borrowings (Net)	29.3	(58.0)	196.0
Repayment of Short-Term Borrowings (Net)	25.0	61.1	(175.3)
Interest paid	(89.8)	(69.5)	(76.1)
Dividend Paid	(1.9)	-	-
<b>Net cash flow from Financing Activities</b>	<b>(37.4)</b>	<b>(66.4)</b>	<b>(55.5)</b>
<b>Net Change in Cash</b>	<b>(22.7)</b>	<b>(13.2)</b>	<b>(2.5)</b>
<b>Beginning Cash Balance</b>	<b>46.9</b>	<b>24.2</b>	<b>11.0</b>
<b>Ending Cash Balance</b>	<b>24.2</b>	<b>11.0</b>	<b>8.5</b>

(1) Non-Cash adjustments include provision for doubtful debt and unrealized exchange rate loss.

***Thank You***

