

WCL/SEC/2019

October 23, 2019

To,

|  |   |
|--|---|
| <b>BSE Ltd.</b><br>(Scrip Code-532144)<br>Department of Listing,<br>P. J. Towers, Dalal Street,<br>Mumbai - 400 001. | <b>National Stock Exchange of India Ltd.</b><br>(Symbol: WELCORP, Series EQ)<br>Exchange Plaza, Bandra-Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051. |
|--|---|


Dear Sirs/ Madam,

**Sub.: Q2 FY20 Investors' Presentation**

In continuation to our letter dated October 22, 2019, submitting Unaudited Financial Results for the quarter and half year ended September 30, 2019, please find enclosed the Q2 FY20 Investors' Presentation which is being released to the media.

Thanking you.

For Welspun Corp Limited

  
**Pradeep Joshi**  
Company Secretary  
FCS-4959**Welspun Corp Limited**

Welspun House, 5th Floor, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India.

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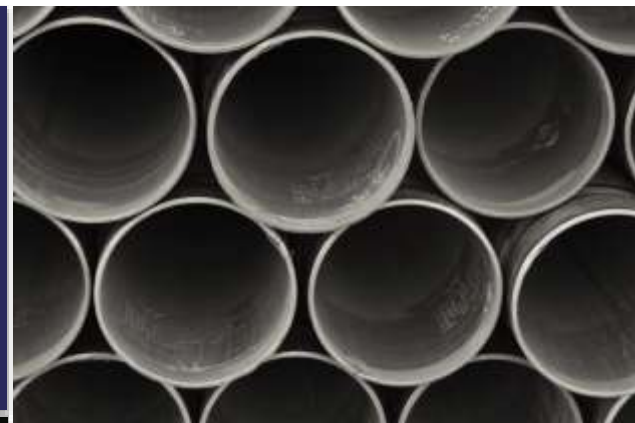
Registered Address: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110, India.

T : +91 2836 662222 F : +91 2836 279060

Corporate Identity Number: L27100GJ1995PLC025609

# Welspun Corp Ltd

Investor Presentation - October 2019



**HSAW**  
**LSAW**  
**ERW/HFW**

# SAFE HARBOUR

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# AGENDA

- 1. COMPANY OVERVIEW**
- 2. FINANCIALS**
- 3. OUTLOOK**

# WELSPUN CORP: AN OVERVIEW

# FLAGSHIP COMPANY OF WELSPUN GROUP



## Global Leader in Home Textiles

Ranked #1 Home Textile Supplier to USA 5 Times in Last 6 Years



## Global Leader in Large Diameter Pipes

Manufacturing facilities in India, Saudi Arabia & USA



## Specialised HAM Infra player

Completed India's 1<sup>st</sup> 14 lane Expressway in record time of 19 months vs scheduled 30 months



**Group Revenue**  
**US\$ 2.7 Billion**

**Fixed Asset Base**  
**US\$ 1 Billion**

**Employees**  
**25,000+**

# WELSPUN CORP LTD (WCL) - AT A GLANCE

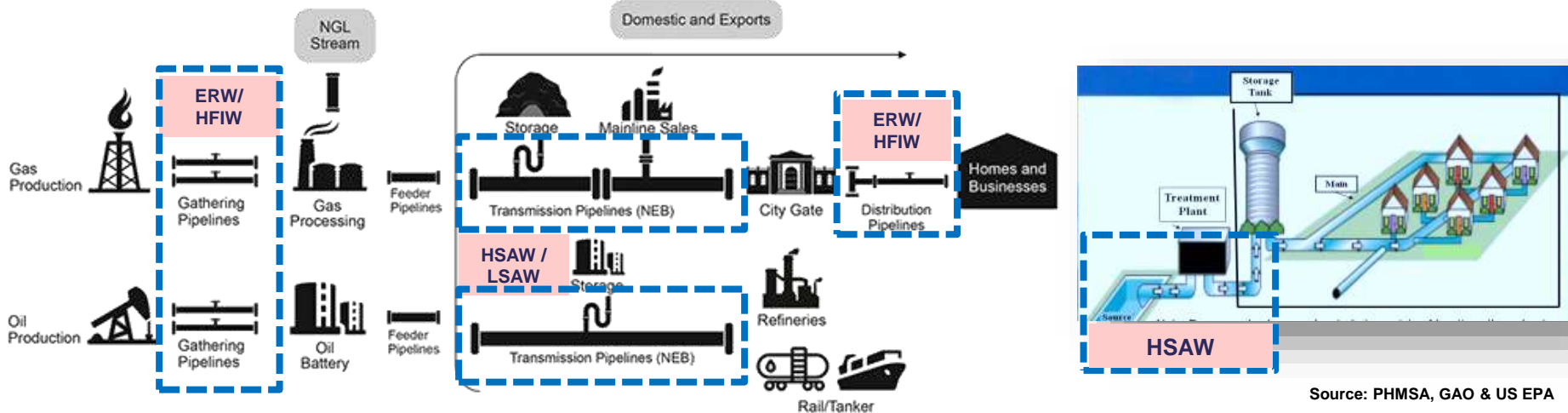
World's leading welded line pipe manufacturer

End-to-End service provider, offering comprehensive pipe solutions for a wide range of applications in oil and gas (for offshore and onshore projects) and water

With an aggregate capacity of 2.55 mn MTPA, WCL supplies pipes to some of the most challenging projects in the world

With manufacturing plants in India, USA and Saudi Arabia, WCL's global client base is spread over 50 countries across the globe

*Line pipes are used for transporting oil, gas or water over long distances (interstate or from offshore/ under-sea) or as gathering lines (from well to processing centre)*



Source: PHMSA, GAO & US EPA

# KEY MILESTONES

Incorporated as Welspun Gujarat Stahl Rohren

1995

First 50 KTPA HSAW mill at Dahej

1998

200 KTPA LSAW mill at Dahej with Mannesmann, Germany

2000

Won 1,700 KM Keystone project from Trans Canada

2007

350 KTPA LSAW mill at Anjar; 300 KTPA HSAW mill at Saudi Arabia

2011

Renamed as Welspun Corp Ltd.;

100 KTPA HSAW mill at Mandya

2010

350 KTPA HSAW mill at Arkansas, US

2009

Integrated plate and coil mill at Anjar; 150 KTPA HSAW mill at Anjar

2008

Volumes of 1 mn MT; 175 KTPA small-diameter HFIW mill in the US to cater shale gas business; Demerged non-pipe businesses into Welspun Enterprise Ltd

2013

4<sup>th</sup> year of > 1 mn MT volumes; Order book at record high; JV with Wasco Energy Ltd for CWC plant

2016

All time high order book at 1,657 KMT (Rs. 109 Billion)

2018

Bhopal plant commissioned; Saudi mill ramps up

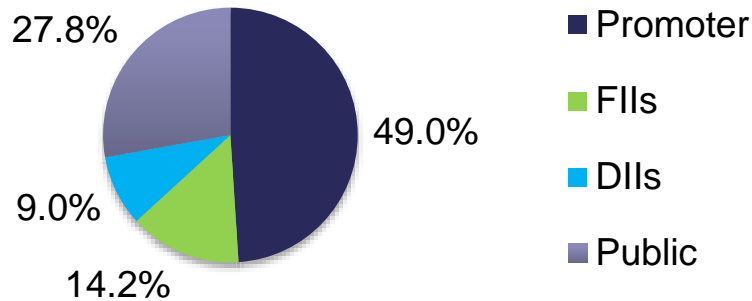
2019



# CAPITAL MARKETS AND GOVERNANCE

## Shareholding Pattern

Quarter ending September 2019



## Market Statistics

| As on September 30, 2019                   | INR    | USD   |
|--|--------|-------|
| Price per share                            | 133.55 | 1.89  |
| No of Shares outstanding (Mn)              | 265.2  | 265.2 |
| Market Capitalization (Mn)                 | 35,421 | 501   |
| Daily Average Trading Volumes Q2 FY20)     | 0.5    | 0.5   |
| No of shares in Mn                         |        |       |
| Daily Average Trading Value (Q2 FY20) (Mn) | 63.6   | 0.9   |

- ♀ **Strong credit rating (CRISIL):**
  - ♀ Long Term → AA(-) with Positive Outlook
  - ♀ Short Term → A1+
- ♀ **Robust relationship with Marquee financial institutions like:**
  - ♀ LIC
  - ♀ Exim Bank
  - ♀ SBI
  - ♀ PNB
- ♀ **Statutory Auditors**
  - ♀ M/s. Price Waterhouse Chartered Accountants LLP
- ♀ **Zero Pledge of shares by Promoters**
- ♀ **Diversified Board of Directors with expertise across domains**
- ♀ **Payout to Shareholders**
  - ♀ Track record of paying dividend to shareholders for last 14 years
  - ♀ Buyback at Rs. 135 per share (Opened on 22<sup>nd</sup> October 2019)

# DRIVING TOWARDS VALUE CREATION

No Pledge of shares by Promoters



All three geographies simultaneously performing



Strong future growth visibility



Saudi business – Operational & Financial Turnaround; EPS accretive



Strong Free Cash Flow generation



Visible improvement in Operational and Financial Performance



EPS → A quantum improvement



Leaner B/S, High ROCE & Unlocking Value



# CORE STRENGTHS



# 1 END TO END PRODUCTS AND SOLUTIONS

## HSAW Pipes

18 – 140 inch diameter,  
moderate wall  
thickness

Helically welded pipes made from  
HR coils; used for on-shore oil,  
gas & water transmission.

Longitudinally welded pipes made  
from HR plates; used for onshore /  
off-shore oil & gas transmission.

## LSAW Pipes

16 – 60 inch diameter,  
high wall thickness

## ERW/HFIW Pipes

1.5 – 20 inch diameter,  
low/moderate wall  
thickness

High-frequency electric welded  
pipes made from HR coils; used  
for downstream distribution of oil,  
gas & water.

## Coating Systems

Double Jointing, 3LPE, 3LPP, DJ, Internal Solvent  
/Solvent free coating, Coal Tar Enamel, Inside  
Cement Mortar Lining

## Value Added services

Concrete Weight Coating, Pipe bending, ID  
Machining, Dump Site & Inventory management

## 2 GLOBAL MANUFACTURING FACILITIES

**INDIA**



**UNITED STATES**



**SAUDI ARABIA**



| Capacity<br>(in KMT) | India        |       |        |        | US          | Saudi Arabia | Total        |
|----------------------|--------------|-------|--------|--------|-------------|--------------|--------------|
|                      | Anjar        | Dahej | Mandya | Bhopal | Little Rock | Dammam       |              |
| LSAW                 | 350          | 350   | -      | -      | -           | -            | 700          |
| HSAW                 | 380          | 50    | 150    | 175    | 350         | 375          | 1,480        |
| ERW/HFIW             | 200          | -     | -      | -      | 175         | -            | 375          |
| <b>Total (KMT)</b>   | <b>1,655</b> |       |        |        | <b>525</b>  | <b>375</b>   | <b>2,555</b> |

**Modern manufacturing facilities with minimum maintenance capex**

- Port based facilities
- All major accreditations
- Best in class equipment & practices

## 2 GLOBAL CUSTOMER REACH



Reaching over 50 countries across the globe

### 3 ESTABLISHED RELATIONSHIP WITH GLOBAL GIANTS

#### Oil & gas



#### Transportation



#### Others



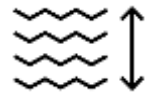
Approvals & accreditations from marquee customers across the globe

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# EXPERTISE IN EXECUTING CRITICAL PROJECTS

## AMONG THE

**Deepest**



### Independence Trail

233 Kms, 24" deep sea gas transmission pipeline in Gulf of Mexico  
**Complexity: High collapse resistance**

**Water Depth**  
 2,420m (7,940 ft)

**Heaviest**



### IGAT- IV

100 Kms, 56" of high pressure gas transmission pipeline in Persian Gulf  
**Complexity: Large diameter high wall thickness, X70 grade of steel**

**Wall Thickness**  
 35.56 mm

**Highest**



### Peru LNG

118 Kms, 34" gas transmission pipeline  
**Complexity: Pipeline in service at very high altitude**

**Altitude**  
 > 9,000 feet

**Longest**



### Keystone Pipeline

One of the largest Supplier for Canada to USA, 36" Crude Oil Pipeline  
**Complexity: Long distance hydrocarbon pipeline**

**Length**  
 ~1,450 kms

**Sour Service**

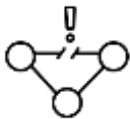


### Arabiyah-Hasbah (Wasit Gas Program)

100 kms, 36" of gas pipeline in Saudi Arabia  
**Complexity: Highly sour gas**

**Wall Thickness**  
 42.9 mm

**Stringent tolerance level**



### Stampede Oil Export SCR\* Pipeline

~32 kms, 18" oil, 25.40 mm wall thickness pipeline in Gulf of Mexico  
**Complexity: Only WCL could match specifications**

**OOR at pipe ends:**  
 2 mm maximum

**Track Record of delivering more than 13 million tonnes of Pipeline**



5

## FOCUS ON R&D AND PIPELINE TECHNOLOGY

### Technical knowhow with optimal solutions

Experience of delivering pipe with stringent specifications gives us the edge for prestigious and challenging projects like Keystone Pipeline, Peru LNG, Wasit Gas Program, Independence Trail, IGAT-IV, Master Gas - I



Fully equipped Growth Workshop facilities to facilitate capability enhancement, capacity expansion, de-bottlenecking, automation and product development programs

### Dedicated R&D facility

### Continuous research

Continuous research in steel, strain-based and deep sea pipelines, welding technology and consumables, and quality integrated management systems



Technical experts, who belong to various international technical committees for oil and gas pipeline research, contribute to the development of new standards for line pipe durability

### Technical expert team

# EXPERIENCED BOARD AND MANAGEMENT

## Board of Directors

### **B.K.Goenka**, Chairman

- Amongst India's most dynamic businessmen.
- Ranked amongst India's Most Powerful CEOs by Economic Times.

### **Rajesh Mandawewala**, Group MD

- Associated with Welspun Group since 1985 as promoter.
- Chartered Accountant with experience across industries.

### **Amita Misra** – Independent Director

- 38+ years of experience in various government & international organizations.
- Area of specialization includes - Finance, Governance, Policy, etc

### **Desh Raj Dogra** - Independent Director

- Retired Managing Director & CEO of Credit Analysis and Research Limited. He is an MBA, CAIIB, M.Sc., B.Sc. Over 38 years of experience in financial sector.

### **K. H. Viswanathan** - Independent Director

- Qualified cost and works accountant with over 34 years of experience in Corporate India. Experience in the field of Tax and Legal advisory and structuring.

### **Raj Kumar Jain** – Independent Director

- Over 30 years of experience in the field of finance and accounts and has been providing advice to the Company in matters relating to accounts and internal control.

### **Revathy Ashok** - Independent Director

- Gold medalist from the IIM, Bangalore. Independent Consulting Practice, working with mid and early stage companies, helping them scale

### **Utsav Bajjal** - Nominee Director

- Mr. Bajjal is a nominee director of Insight Solutions Limited. Mr. Bajjal joined Apollo in its New York office and worked actively on distressed investments.

### **Kaushik Subramaniam** - Nominee Director

- Degree of Financial Risk Manager with over 10 years of experience in the area of private equity investing.

## Management Team

### **Vipul Mathur**, Managing Director & CEO, Member of Board

- Well-known figure in the global pipe industry; Associated with Welspun since 2001
- Contributed significantly towards the growth of the Company
- Recipient of Hall of Fame Steel CEO of the year (2018) by SUFI

### **Percy Birdy**, Chief Financial Officer

- Member of ICAI and ICWAI with 25+ years of experience in the areas of Corporate Finance & Accounting, Costing, Budgeting, Direct & Indirect Tax, Banking, etc.
- Has previously worked with Allansons Group, Glenmark, Essel Propack

### **Godfrey John**, Business Head - INDIA /APAC/MENA & EUROPE

- 25+ years of experience in the industry.
- Expertise in pipes across applications such as Oil & Gas, Water, Ports and Terminals as well as structural pipes

### **Rusty Fisher**, SVP –Sales and Marketing (USA)

- 33+ years of experience in the industry
- Has previously worked with Tubular Synergy Group, US Steel, Lone Star
- Served as Chairman, Line Pipe Manufacturers Group (National Association of Pipe Coating Applicators)

### **Hisham Abdullatif Mohammed Allhmiil**, CEO (Middle East)

- Well-known figure in the Saudi steel and pipe industry
- Previously worked with esteemed organizations in Saudi Arabia such as Saudi Steel Pipe, SABIC, Saudi Iron and Steel Co. (HADEED)

### **T.S. Kathayat**, President & Chief - Corporate Quality & Technical Services

- 23+ years of Work Experience in the manufacturing Industry
- Conferred with "Quality leadership Award" and "Corporate Excellence Leader of the Year "by World Quality Congress

# 6 AWARDS & ACCOLADES – TESTIMONY TO EXCELLENCE

Vipul Mathur  
Hall of Fame Steel CEO of  
the year  
(2018)



CEO of the Year

OHS category in  
engineering sector : Anjar  
(2018)



Best energy  
practices

Golden Peacock National  
Quality Award : Anjar  
(2017)



Golden Peacock  
Award

By The Martin Luther King  
Jr Commission of AR  
(2017)



Salute to  
Greatness Award  
2017

Bechtel Supplier  
Excellence Award  
(2018-19)



Supply chain  
Excellence

CII National 5S Excellence  
award  
(2018)



Confederation of Indian Industry

“Gold Award”  
Anjar pipes

International Safety Award  
Anjar  
(2016)



International  
Safety Award  
With merit

Quality Systems Excellence  
Award for Manufacturing  
(Large Size Category)  
(2016)



Excellence  
Award First Prize

*and many more....*

# 7 TURNAROUND IN BUSINESS PERFORMANCE

| PIPE SALES VOLUME in KMT |         | ↑<br>UP<br>15% |
|--------------------------|---------|----------------|
| 656                      | 571     |                |
| H1 FY20                  | H1 FY19 |                |

| Op EBITDA/ Ton in Rs. |         | ↑<br>UP<br>65% |
|-----------------------|---------|----------------|
| 14,308                | 8,660   |                |
| H1 FY20               | H1 FY19 |                |

| ROCE (%) |       | ↑<br>UP<br>650 bps |
|----------|-------|--------------------|
| 29.1%    | 22.6% |                    |
| H1 FY20  | FY19  |                    |

| EPS in Rs. |         | ↑<br>UP<br>120% |
|------------|---------|-----------------|
| 11.3       | 5.1     |                 |
| H1 FY20    | H1 FY19 |                 |

- ♀ **India operations:**
  - ♀ Commenced exporting pipes to North America for the world's highest operating pressure pipeline

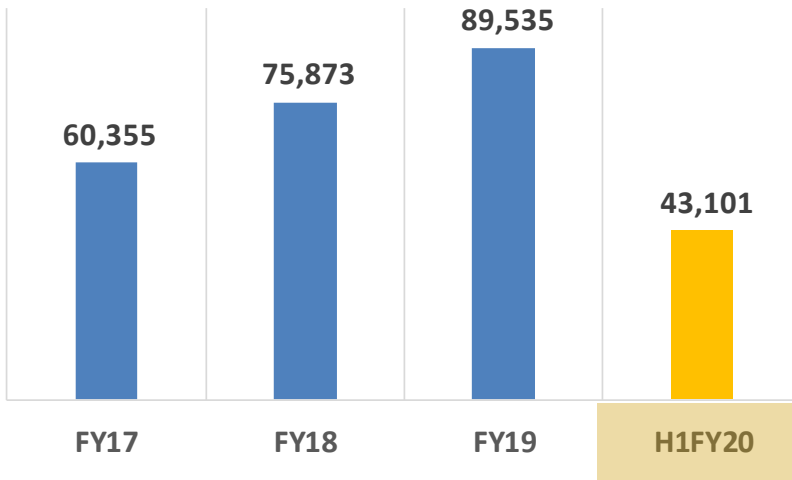
- ♀ **US operations:**
  - ♀ Qtrly volume run rate of 100+ KMT
  - ♀ Strong EBITDA performance

- ♀ **Saudi Arabia operations:**
  - ♀ Qtrly volume run rate of 100+ KMT
  - ♀ Significant turnaround in operations resulting in substantial positive PBT

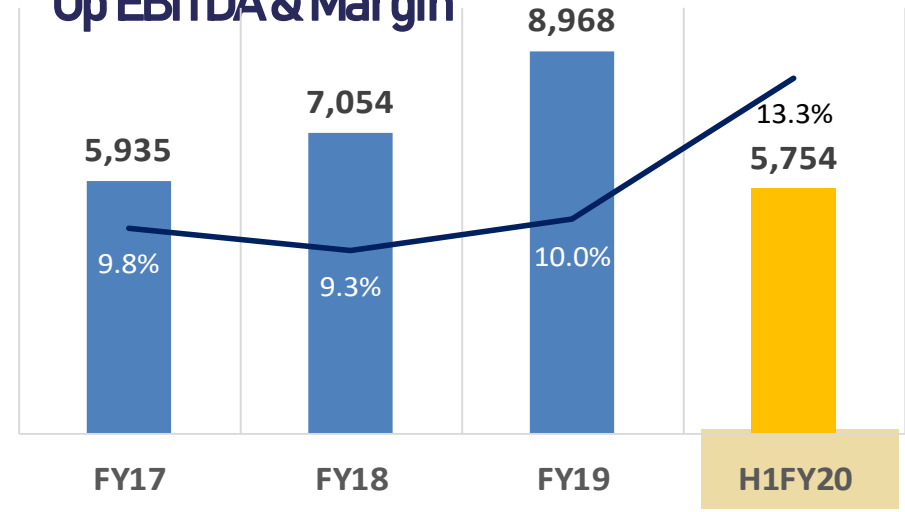
- ♀ **Deleveraging**
  - ♀ Net debt reduced by Rs. 887 mn in H1FY20; currently at Rs.1,969 mn

# 7 VISIBLE IMPROVEMENT IN KEY METRICS

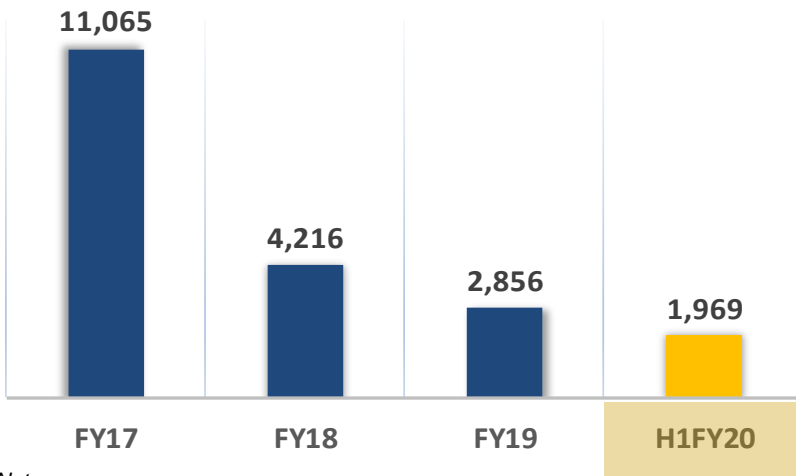
## Revenue



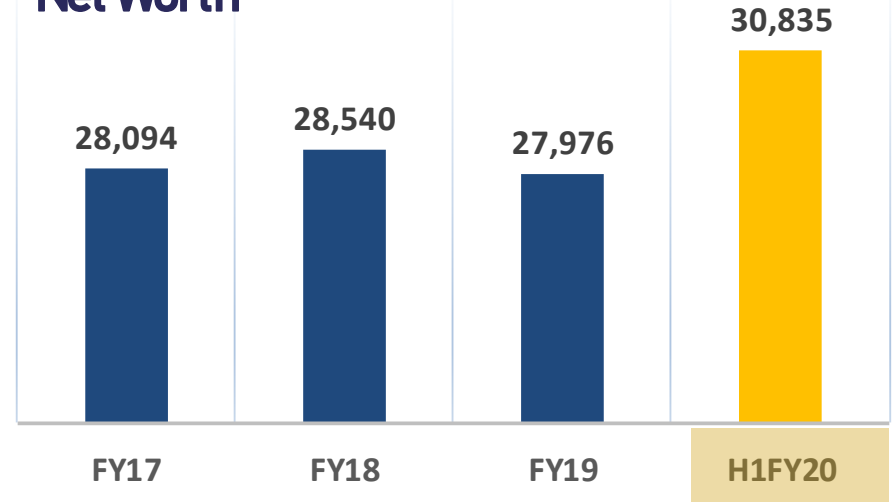
## Op EBITDA & Margin



## Net Debt



## Net Worth



Note:

• Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures; FY19 onwards figures pertain to continuing operations (Pipes) only

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## SUSTAINABILITY IN EVERYTHING THAT WE DO



**2,25,000 Trees planted in facilities in India with 635 acre of green cover; 8,500 tons of CO2 sequestered per year**



**Minimizing Water consumption and avoid Water wastage through advance technology. Reuse of Water through ETP and 30 MLD STP at Welspun City, Anjar**



**Recycling e-waste from landfills to reduce methane emissions. Disposed 1,020 kg in the year 2018-19 of E-Waste to Registered Recycler**



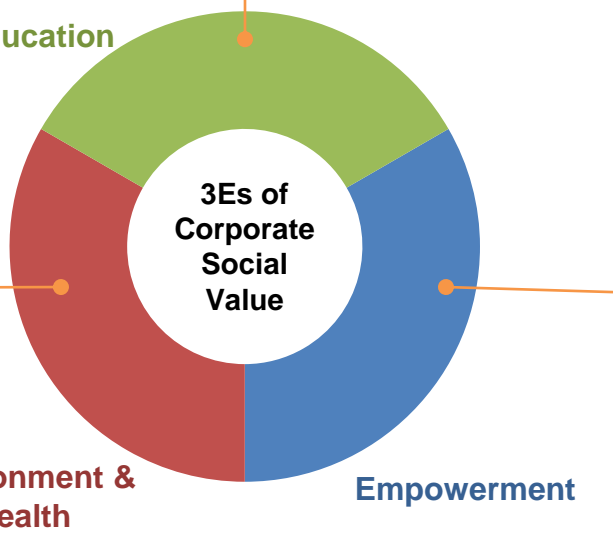
**Implemented extensive interventions to improve energy efficiency saving 45,536 kwh/annum /year; Natural gas is being utilized for processes by replacing coal**

# 8 3Es @ WELSPUN GROUP



- Digital education
- Improving learning levels of children
- Welspun run schools

## Education



## Environment & Health



- Health Camps & Mobile Medical Vans
- Sanitation block construction
- Tree plantation
- Rain water harvesting

## Empowerment



- Promoting Indian women in sports
- Women Hygiene and sanitary pads

## Empowerment

- **Women Hygiene and Sanitary pads-** Creating women entrepreneurs through distributorship model in villages ensuring each woman and adolescent has access to sanitary pads. So far 60 entrepreneurs are created impacting over 22,000 women in the villages of Anjar, Vapi, Saharanpur and Dewas
- **Promoting Indian women in sports-** Sponsorship to 13 women from various discipline of sports coming from struggling backgrounds

## Education

- **Project Gyankunj on Digital Education** – Installed 223 digital software in govt school classrooms impacting over 50,000 children of Valsad, Kutch and Bharuch districts in Gujarat
- **Welspun Vidya Mandir at Anjar:** quality education to 1,600 students with 75 Teachers
- **Gayatri Devi Public school at Anjar** – Welspun run state board school catering to 200 students from 1<sup>st</sup> to 9<sup>th</sup> std

## Environment & Health

- **Plantation-** 30k saplings planted in Anjar, Vapi and Dahej so far
- **Mobile Health Vans:** Impacting 19 villages of Anjar
- **Sanitation blocks-** Built over 6,000 sanitation blocks in Vapi and Anjar
- **Project Navchetna-** Initiative to curb Malnutiriton in children and anemia in women. Operational in 10 villages of Anjar and 5 villages of Vapi benefitting over 22,000 villagers

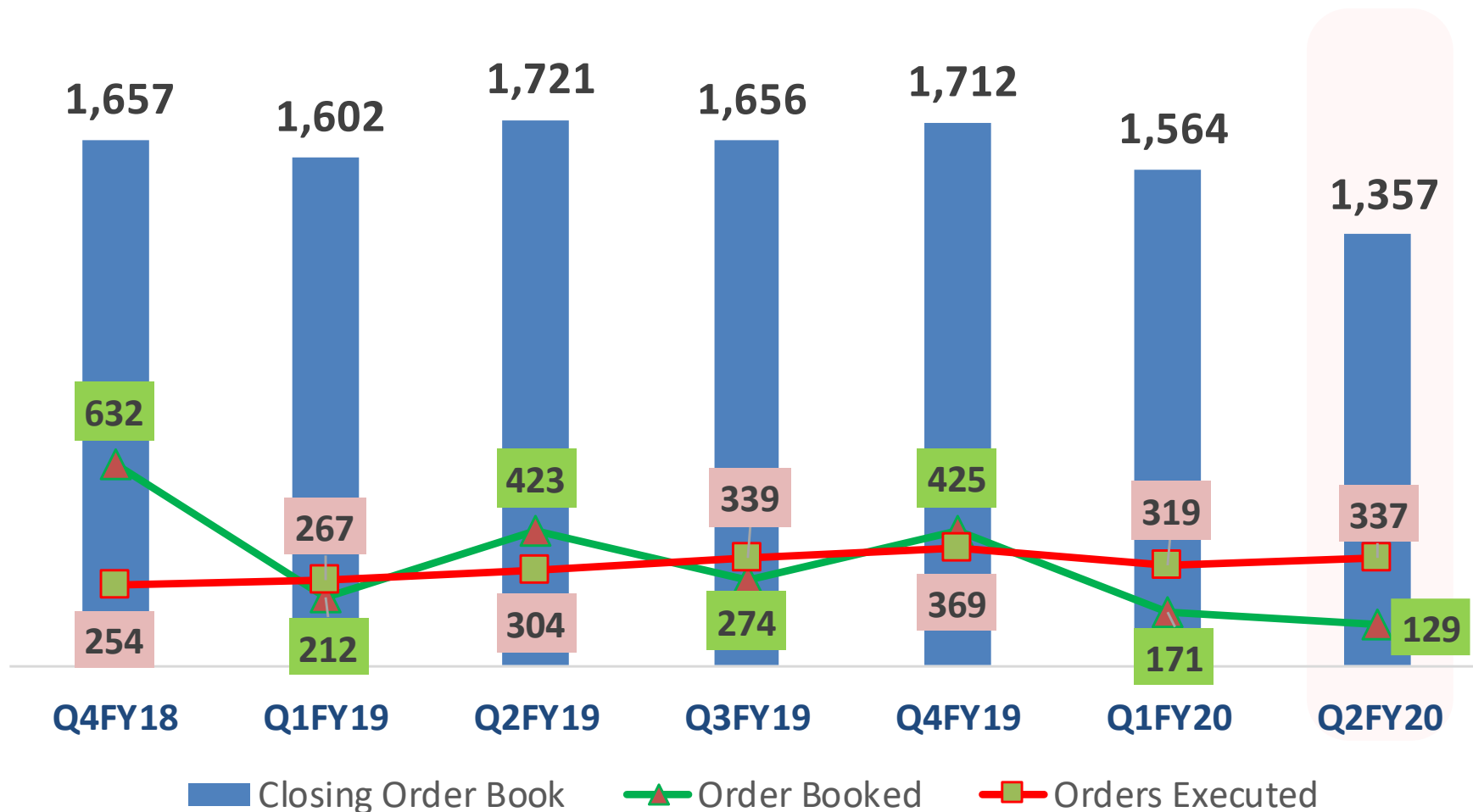
# WELSPUN CORP: FINANCIALS



# ORDERBOOK – QUARTERLY TREND

(Figures in KMT)

Order Book Valued at USD 1.64 Billion



# FINANCIAL PERFORMANCE – Q2 FY20 & H1 FY20

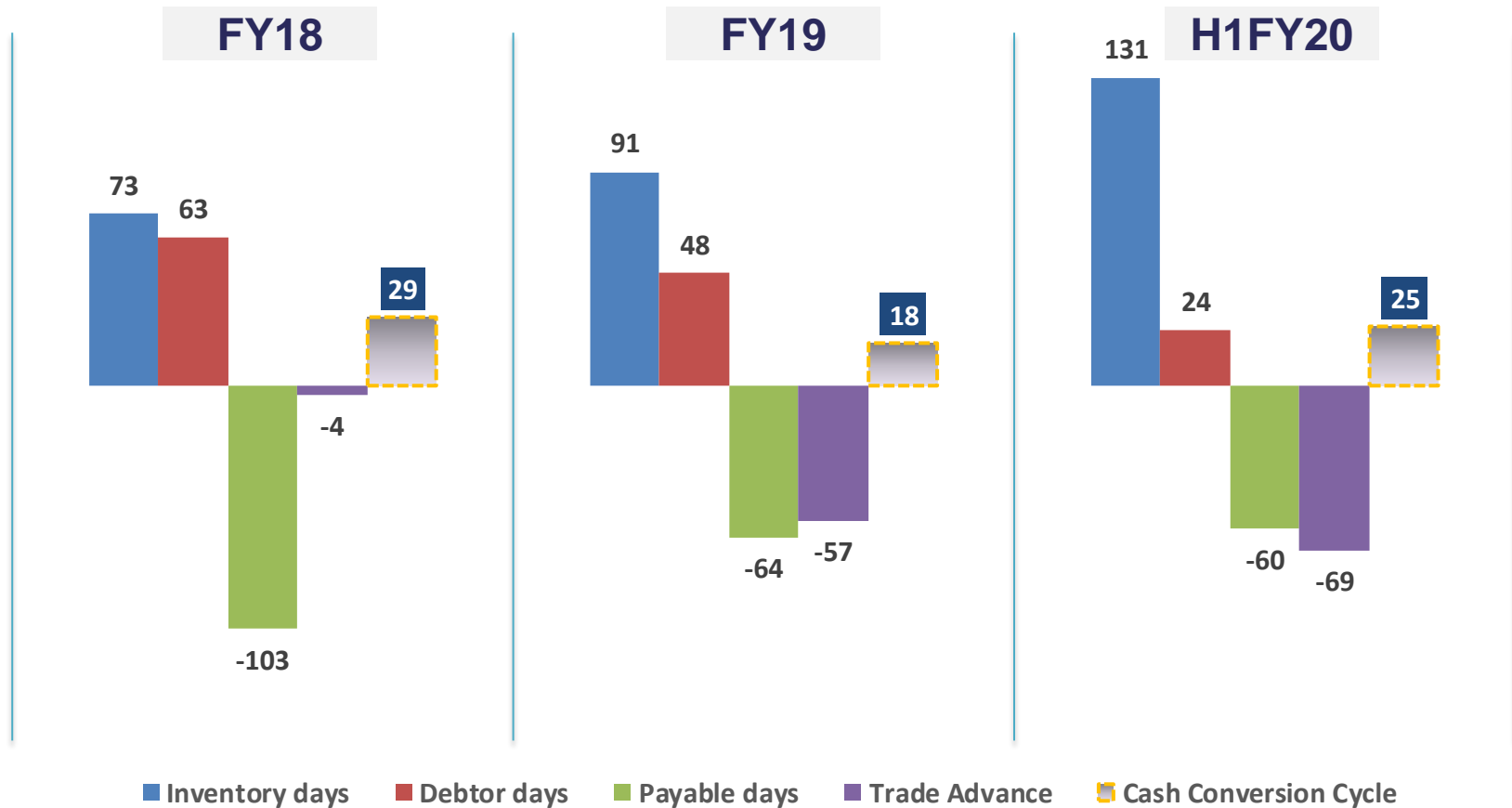
| Particulars (Rs Mn)                          | Q2 FY20       | Q1 FY20       | QoQ          |               | YoY           |               | H1 FY20       | H1 FY19       | YoY Change |
|--|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|------------|
|  |               |               | Change       | Q2 FY19       | Change        |               |               |               |            |
| <b>Pipe Sales Volume (KMT)</b>               | <b>337</b>    | <b>319</b>    | <b>5.6%</b>  | <b>304</b>    | <b>10.9%</b>  | <b>656</b>    | <b>571</b>    | <b>14.9%</b>  |            |
| <b>Revenue</b>                               | <b>22,630</b> | <b>20,471</b> | <b>10.5%</b> | <b>21,525</b> | <b>5.1%</b>   | <b>43,101</b> | <b>37,944</b> | <b>13.6%</b>  |            |
| Operating EBITDA                             | 3,169         | 2,585         | 22.6%        | 2,490         | 27.3%         | 5,754         | 4,231         | 36.0%         |            |
| <i>MTM Loss on Bonds</i>                     | (17)          | (360)         |              | (282)         |               | (377)         | (282)         |               |            |
| EBITDA                                       | 3,306         | 2,416         | 36.8%        | 2,417         | 36.8%         | 5,722         | 4,359         | 31.3%         |            |
| Depreciation                                 | 610           | 545           | 11.9%        | 771           | -20.9%        | 1,155         | 1,329         | -13.1%        |            |
| Finance cost                                 | 341           | 395           | -13.8%       | 454           | -25.0%        | 736           | 820           | -10.3%        |            |
| <b>Profit before tax and share of JV</b>     | <b>2,355</b>  | <b>1,476</b>  | <b>59.6%</b> | <b>1,303</b>  | <b>80.8%</b>  | <b>3,831</b>  | <b>2,211</b>  | <b>73.3%</b>  |            |
| Tax  | (1,147)       | (384)         |              | (176)         |               | (1,531)       | (314)         |               |            |
| Non Controlling Interest                     | (55)          | (5)           |              | 29            |               | (60)          | 59            |               |            |
| Share of profit/(loss) from associates & JVs | 580           | 169           |              | (322)         |               | 749           | (595)         |               |            |
| <b>Net Profit</b>                            | <b>1,733</b>  | <b>1,256</b>  | <b>38.0%</b> | <b>833</b>    | <b>108.1%</b> | <b>2,990</b>  | <b>1,360</b>  | <b>119.9%</b> |            |
| EPS  | 6.5           | 4.7           | 37.9%        | 3.1           | 108.1%        | 11.3          | 5.1           | 119.9%        |            |

**Note:**

- Prior period figures have been restated, wherever necessary
- Figures are pertaining to continuing operations only (Pipes)

# NET WORKING CAPITAL UNDER CONTROL

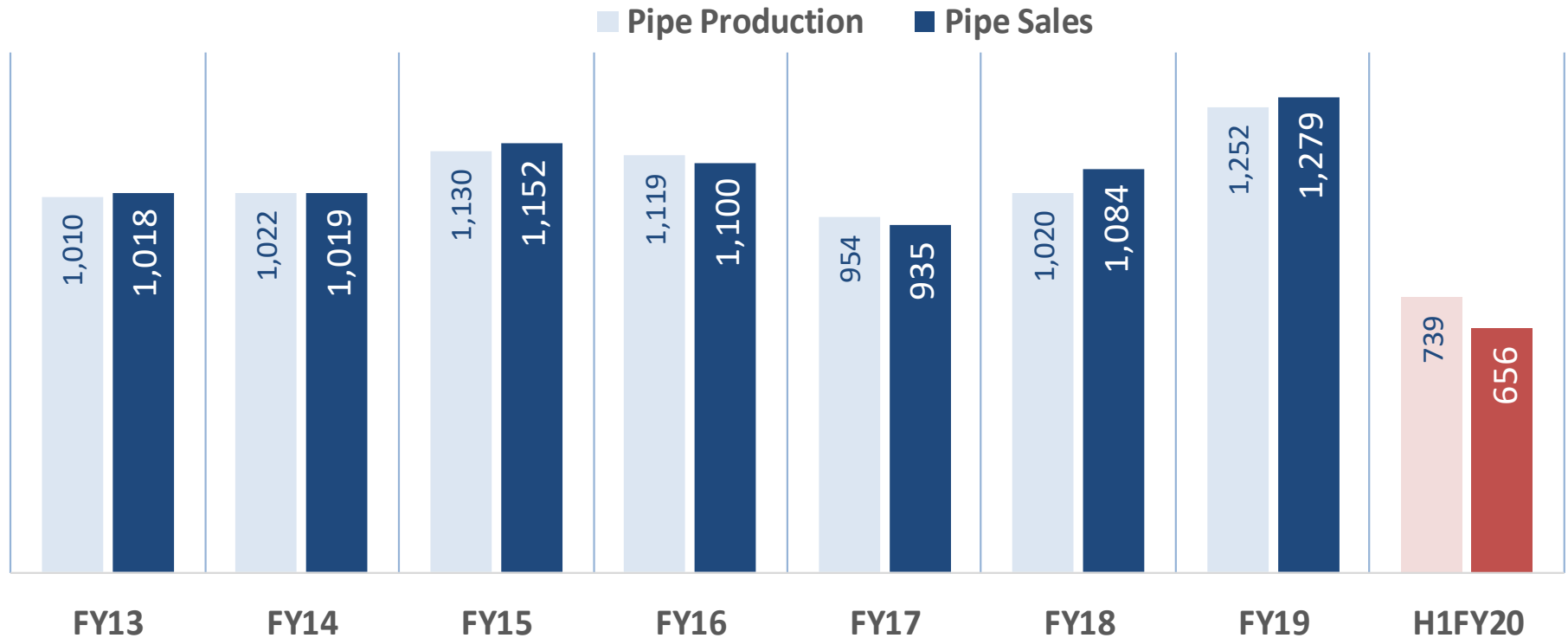
Cash conversion cycle at comfortable levels



\*Includes Debtors + Inventory – Creditors – Trade Advance; Figures from FY19 are only for continuing operations on IndAS basis

# VOLUME – ANNUAL TREND

## Production and Sales in KMT – Pipes (including Saudi Arabian JV)



Breaking out from the earlier consistent level of 1 million tonnes per annum

# INCOME STATEMENT – ANNUAL TREND

| Rs mn   | FY17          | FY18          | FY19           | H1 FY20        |
|---|---------------|---------------|----------------|----------------|
| <b>Pipe Sales Volume (KMT)</b>                          | <b>935</b>    | <b>1,084</b>  | <b>1,279</b>   | <b>656</b>     |
| <b>Revenue</b>  | <b>60,355</b> | <b>75,873</b> | <b>89,535</b>  | <b>43,101</b>  |
| <b>Operating EBITDA</b>                                 | <b>5,935</b>  | <b>7,054</b>  | <b>8,968</b>   | <b>5,754</b>   |
| <i>MTM Loss on Bonds</i>                                |               |               | <i>(2,578)</i> | <i>(377)</i>   |
| <b>EBITDA</b>   | <b>7,370</b>  | <b>8,147</b>  | <b>7,077</b>   | <b>5,722</b>   |
| <b>Depreciation</b>                                     | <b>3,861</b>  | <b>3,793</b>  | <b>2,597</b>   | <b>1,155</b>   |
| <b>Finance cost</b>                                     | <b>2,357</b>  | <b>1,853</b>  | <b>1,774</b>   | <b>735</b>     |
| <b>Profit before tax and share of JV</b>                | <b>1,152</b>  | <b>2,501</b>  | <b>2,706</b>   | <b>3,832</b>   |
| <b>Tax</b>  | <b>(258)</b>  | <b>(112)</b>  | <b>(1,223)</b> | <b>(1,531)</b> |
| <b>Non Controlling Interest</b>                         | <b>163</b>    | <b>53</b>     | <b>84</b>      | <b>(60)</b>    |
| <b>Share of profit/(loss) from associates &amp; JVs</b> | <b>(793)</b>  | <b>(859)</b>  | <b>(885)</b>   | <b>749</b>     |
| <b>Net Profit</b>                                       | <b>264</b>    | <b>1,583</b>  | <b>682</b>     | <b>2,990</b>   |
| <b>EPS</b>  | <b>1.00</b>   | <b>5.97</b>   | <b>2.57</b>    | <b>11.27</b>   |

*Note:*

- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures except sales volume
- Pipe sales volumes are based on total operations including Saudi
- From FY19 figures are pertaining to continuing operations (Pipes) only

# INCOME STATEMENT – QUARTERLY TREND

| Rs mn  | Q3 18         | Q4 18         | Q1 19         | Q2 19         | Q3 19         | Q4 19          | Q1 20         | Q2 20         |
|--|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| <b>Pipe Sales Volume (KMT)</b>               | <b>318</b>    | <b>254</b>    | <b>267</b>    | <b>304</b>    | <b>339</b>    | <b>369</b>     | <b>319</b>    | <b>337</b>    |
| <b>Revenue</b>                               | <b>23,042</b> | <b>16,589</b> | <b>16,419</b> | <b>21,525</b> | <b>24,030</b> | <b>27,561</b>  | <b>20,471</b> | <b>22,630</b> |
| <b>Operating EBITDA</b>                      | <b>1,448</b>  | <b>1,376</b>  | <b>1,741</b>  | <b>2,494</b>  | <b>2,075</b>  | <b>2,658</b>   | <b>2,585</b>  | <b>3,169</b>  |
| <i>MTM Loss on Bonds</i>                     |               |               |               | (282)         | (110)         | (2,185)        | (360)         | (17)          |
| <b>EBITDA</b>                                | <b>1,644</b>  | <b>1,579</b>  | <b>1,942</b>  | <b>2,417</b>  | <b>2,304</b>  | <b>414</b>     | <b>2,416</b>  | <b>3,306</b>  |
| Depreciation                                 | 949           | 907           | 558           | 771           | 654           | 614            | 545           | 610           |
| Finance cost                                 | 375           | 411           | 366           | 454           | 418           | 536            | 395           | 341           |
| <b>Profit before tax and share of JV</b>     | <b>320</b>    | <b>261</b>    | <b>908</b>    | <b>1,302</b>  | <b>1,232</b>  | <b>(736)</b>   | <b>1,476</b>  | <b>2,355</b>  |
| Tax  | 565           | (80)          | (138)         | (176)         | (447)         | (462)          | (384)         | (1,147)       |
| Non Controlling Interest                     | (27)          | 31            | 30            | 29            | 22            | 3              | (5)           | (55)          |
| Share of profit/(loss) from associates & JVs | (195)         | (258)         | (273)         | (322)         | (236)         | (54)           | 169           | 580           |
| <b>Net Profit / (Loss)</b>                   | <b>664</b>    | <b>(45)</b>   | <b>527</b>    | <b>834</b>    | <b>571</b>    | <b>(1,249)</b> | <b>1,256</b>  | <b>1,733</b>  |
| <b>EPS</b>                                   | <b>2.50</b>   | <b>(0.2)</b>  | <b>1.99</b>   | <b>3.14</b>   | <b>2.15</b>   | <b>(4.71)</b>  | <b>4.74</b>   | <b>6.54</b>   |

**Note:**

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- Pipe sales volumes are based on total operations including Saudi
- Q1 FY19 onwards, figures are pertaining to continuing operations (Pipes) only

## BALANCE SHEET – ANNUAL TREND

| Rs mn                        | 31-Mar-17     | 31-Mar-18     | 31-Mar-19     | 30-Sep-19     |
|------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Worth</b>             | <b>28,094</b> | <b>28,540</b> | <b>27,976</b> | <b>30,835</b> |
| Short Term Loans             | 2,203         | 126           | 1,750         | 1,500         |
| Long Term Loans              | 16,227        | 13,738        | 11,297        | 9,424         |
| <b>Gross Debt</b>            | <b>18,430</b> | <b>13,864</b> | <b>13,047</b> | <b>10,924</b> |
| Cash & Cash Equiv.           | 7,365         | 9,649         | 10,191        | 8,955         |
| <b>Net Debt</b>              | <b>11,065</b> | <b>4,216</b>  | <b>2,856</b>  | <b>1,969</b>  |
| Net Fixed Assets (incl CWIP) | 33,877        | 30,619        | 16,144        | 16,364        |
| Net Current Assets           | 12,746        | 13,596        | 10,460        | 12,631        |
| Net Assets Held for Sale     | -             | -             | 11,642        | 10,025        |
| <b>Total Assets</b>          | <b>82,469</b> | <b>76,933</b> | <b>82,000</b> | <b>84,647</b> |

**Note:**

- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures
- Net Assets Held for Sale = Assets or disposal groups classified as held for sale less Liabilities directly associated with disposal groups classified as held for sale
- Net Current Assets as on 31-Mar-19 & 30-Sep-2019 excludes Net Asset Held for Sale
- FY19 onwards, figures are pertaining to continuing operations (Pipes) only

# KEY FINANCIAL RATIOS – ANNUAL TREND

|                    |                             | FY17 | FY18 | FY19  | H1 FY20 |
|--------------------|-----------------------------|------|------|-------|---------|
| Solvency ratios    | Net debt/Equity             | 0.39 | 0.15 | 0.10  | 0.06    |
|                    | Net debt/EBITDA             | 1.50 | 0.52 | 0.40  | 0.23    |
|                    | EBIT/Interest               | 1.49 | 2.35 | 2.53  | 6.21    |
| Operational ratios | Current Ratio               | 1.42 | 1.49 | 1.56  | 1.56    |
|                    | Fixed Asset Coverage        | 1.84 | 2.23 | 1.43  | 1.74    |
|                    | Total Asset turnover        | 0.73 | 0.99 | 1.09  | 1.02    |
|                    | Inventory days              | 107  | 73   | 91    | 131     |
|                    | Debtor days                 | 89   | 63   | 48    | 24      |
|                    | Payable days incl. Advances | 143  | 107  | 121   | 130     |
|                    | Cash conversion cycle       | 53   | 29   | 18    | 25      |
|                    |                             |      |      |       |         |
| Return ratios      | ROE                         | 0.9% | 5.6% | 2.4%  | 20.3%   |
|                    | ROCE (pre-tax)              | 6.4% | 8.8% | 22.6% | 29.1%   |

**Note:**

- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures
- From FY19 figures are pertaining to continuing operations (Pipes) only



# WELSPUN CORP: OUTLOOK

# OUTLOOK - INDIA

## OIL & GAS

- ♀ **Large-diameter pipe** demand driven by gas grid development by GAIL & oil pipeline network by IOCL
- ♀ Recent decision by the Government to pitch in for viability gap funding for North East region pipeline network, is another positive news.
- ♀ **Small-diameter pipe** is expected to witness significant demand from City Gas Distribution projects

## WATER

- ♀ Entire pipe industry is expected to benefit from 'Nal se Jal' scheme to provide drinking water access to all by 2024.
- ♀ Activity in the irrigation segment is expected to further pick up in the coming quarters.

## EXPORTS

- ♀ With oil prices remaining stable and range-bound, **LSAW** demand continues to be strong across geographies.
- ♀ Demand in Middle East, North & East Africa as well as Australasia looks extremely promising
- ♀ WCL well-placed to service this demand with:
  - ♀ its global approvals and accreditations
  - ♀ an impeccable track record of supplying pipes for complex projects for Oil & Gas majors

# OUTLOOK – US & SAUDI

## UNITED STATES

- ♀ **Rising fracking in the Permian basin** → Booming Oil & Gas production
- ♀ Constrained oil & gas evacuation pipeline capacity driving pipeline demand
- ♀ Demand from Bakken basin and gas export demand also adding to growth
- ♀ **Local US players incl. WCL, will continue to command higher volumes due to:**
  - ♀ Pipeline infrastructure bottlenecks
  - ♀ Restrictions placed on pipe imports in US

- ♀ WCL Saudi business continues to have strong backlog as well as visibility of around 18 to 24 months.
- ♀ Current order book is driven mainly by water orders from SWCC
- ♀ Seeing strong traction from Saudi Aramco on the oil & gas side as well.

## SAUDI ARABIA

**WCL Global Bid Book at 2.6 mn tonnes and Global Upcoming Bids at 20.5 mn tonnes**

# WAY FORWARD



## Higher Profitability

- ✓ Strong visibility provided by current Order Book of 1,357 KMT, coupled with Global Bid Book of 2.6 mn tonnes and Global Upcoming Bids of 20.5 mn tonnes.
- ✓ Profitability associated with these orders is significantly better than recent trends likely to continue in the medium term



## Focus on Core Assets

- ✓ Rich legacy & expertise of delivering pipes for many prestigious & challenging projects; thus focus on pipe business
- ✓ Divestment of non-core businesses - Plate & Coil Mill Division (PCMD) and 43MW power plant
- ✓ Unlocking significant value for shareholders



## Leaner Balance Sheet

- ✓ Focus on free cash flows by calibrating capex and effective management of working capital
- ✓ Excess cash being used for pre-paying debt and to buyback shares, thus making the balance sheet leaner
- ✓ Asset-light approach to further improve Return ratios



## Rewarding Shareholders

- ✓ Utilising the Company's surplus cash reserves to enhance shareholder value
- ✓ Buyback of shares underway for a maximum aggregate consideration of Rs. 3.9 billion at a price of Rs. 135 per share.

**THANK  
YOU**

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