

Welspun Corp Limited

Investor Presentation | October 2021



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Q2 FY22 – Key Messages

Business Outlook

- O&G sector in India continues to be strong, seeing pick-up in the Water sector
- Weakness in US on environmental opposition, revival expected in the medium term
- High Oil Prices a big positive, Saudi Aramco in process of finalizing a few projects
- Flare up in steel prices a key risk as project costs significantly escalate

Financial Performance

- Strong Net Cash Position of Rs. 1,022 cr on 30th Sep 21 vs. Rs. 620 cr on 31st Mar 21
- Global Order Book stands at 579 KMT, active bid book of 1,393 KMT
- Total Income from Operations at Rs. 1,306 cr up +12.8% YoY

Quarterly Highlights

- Business Growth & Diversification plans on track
- Several activities to meet Sustainability Goals; Governance further strengthened
- 100% of eligible employees covered under Dose 1, 90% fully vaccinated

Note: Pipe Sales & Production volumes, Order Book and Future Bids include Saudi Arabia operations; All other figures pertain to IND-AS continuing operations

Above order book includes conversion order of 95KMT with RM FOC (Raw Material Free of Cost) in Saudi JV

Q2 FY22 at a Glance

Global Production

166 KMT



Global Sales

180 KMT



Global Order Book

579 KMT



Active Bids - Outlook

1,393 KMT



EBITDA

Rs. 195 crs



Op EBITDA / Ton

Rs. 11,350 /
USD 153



EPS

Rs. 3.3



Net Cash Position

Rs. 1,022 crs



Note: Pipe Sales & Production volumes, Order Book and Future Bids include Saudi Arabia operations; All other figures pertain to IND-AS continuing operations

Above order book includes conversion order of 95KMT with RM FOC (Raw Material Free of Cost) in Saudi JV

Financial Results for Q2 FY22

Particulars (Rs Cr)	Q2FY22	Q2FY21	YoY
Pipe Sales Volume (KMT)	180	249	-27.8%
Total Income from Operations	1,306	1,158	12.8%
Operating EBITDA	161	187	-13.7%
EBITDA	195	240	-18.7%
Depreciation	54	52	4.4%
Finance cost	18	15	22.1%
Profit before tax and share of JV	123	173	-29.2%
Tax	33	63	-47.6%
Non Controlling Interest	(1)	5	116.1%
Share of profit/(loss) from associates & JVs	(5)	47	-111.4%
Net Profit	85	152	-44.2%
EPS	3.3	5.8	-44.2%

Note:

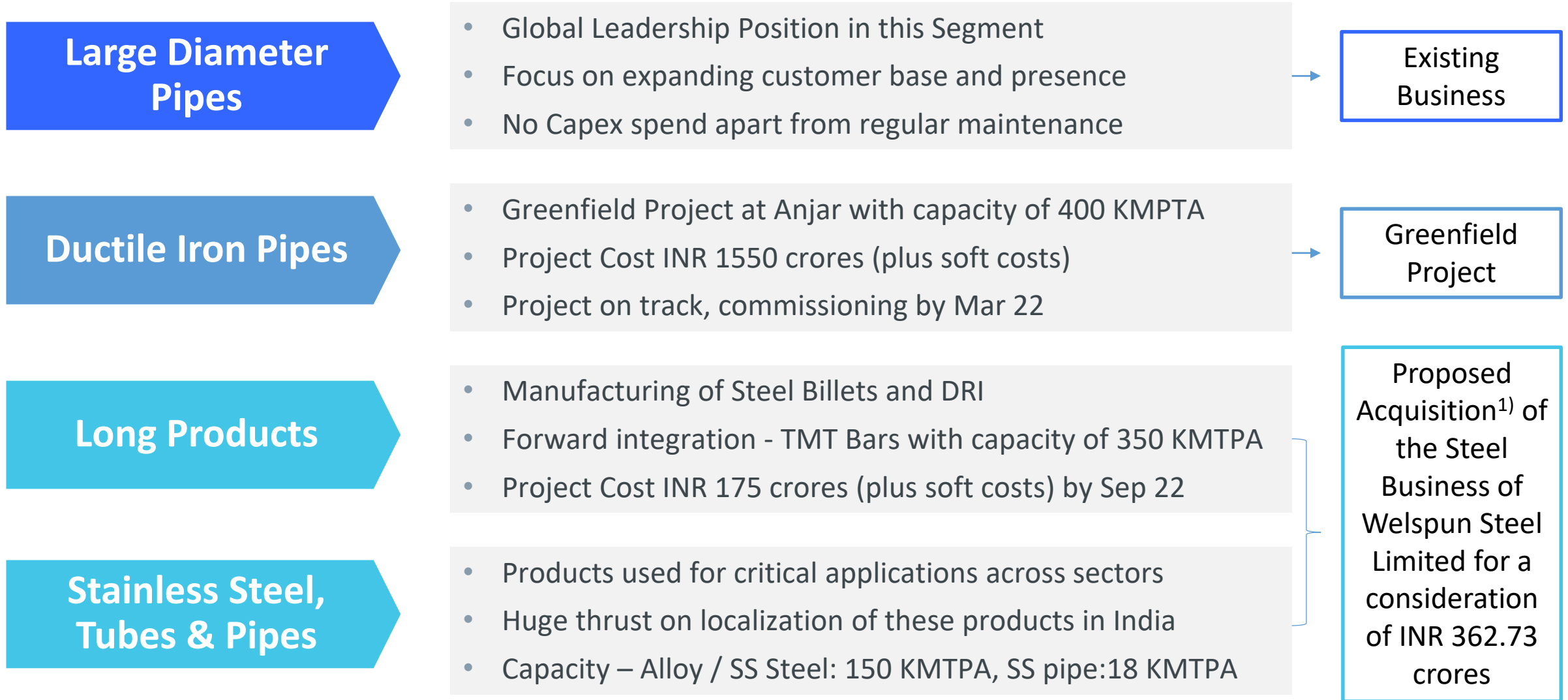
- Consolidated Financials pertaining to continuing operations (Pipes) only
- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures except sales volume
- Sales volumes are based on total operations including Saudi and are for Pipes

Robust Balance Sheet with Net Cash Position in excess of INR 1000 crores

Particulars (Rs Cr)	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Gross Debt	995	479	335	660	771	816	1,230
Cash & Cash Equivalents	963	677	990	974	1,391	1,670	2,252
Net Debt / (Cash)	32	(198)	(655)	(314)	(620)	(853)	(1,022)

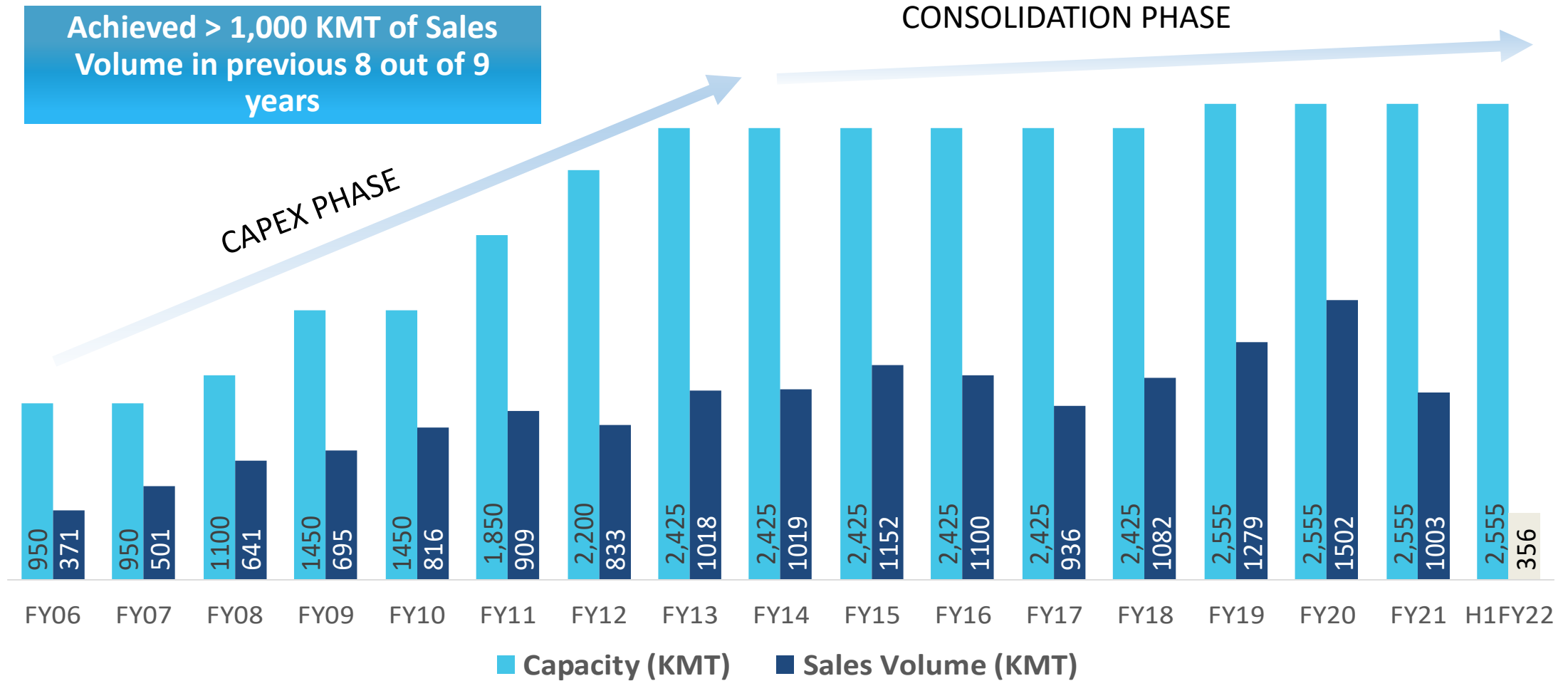
1. Strong cash flow generation through focus on collections, cost optimisation and operational excellence
2. Leveraging inherent strengths to bring stability in challenging times
3. This has enabled funding of new business opportunities to bring growth and consistency in earnings

Diversification of Product Portfolio



Note: 1) Through a Scheme of Arrangement

Operational Performance: Pipes (Capacity and Volumes)



Note: Pipe capacity and sales volumes are based on total operations including Saudi

Financial Performance

2nd Highest EBITDA in FY21 despite being a Pandemic year

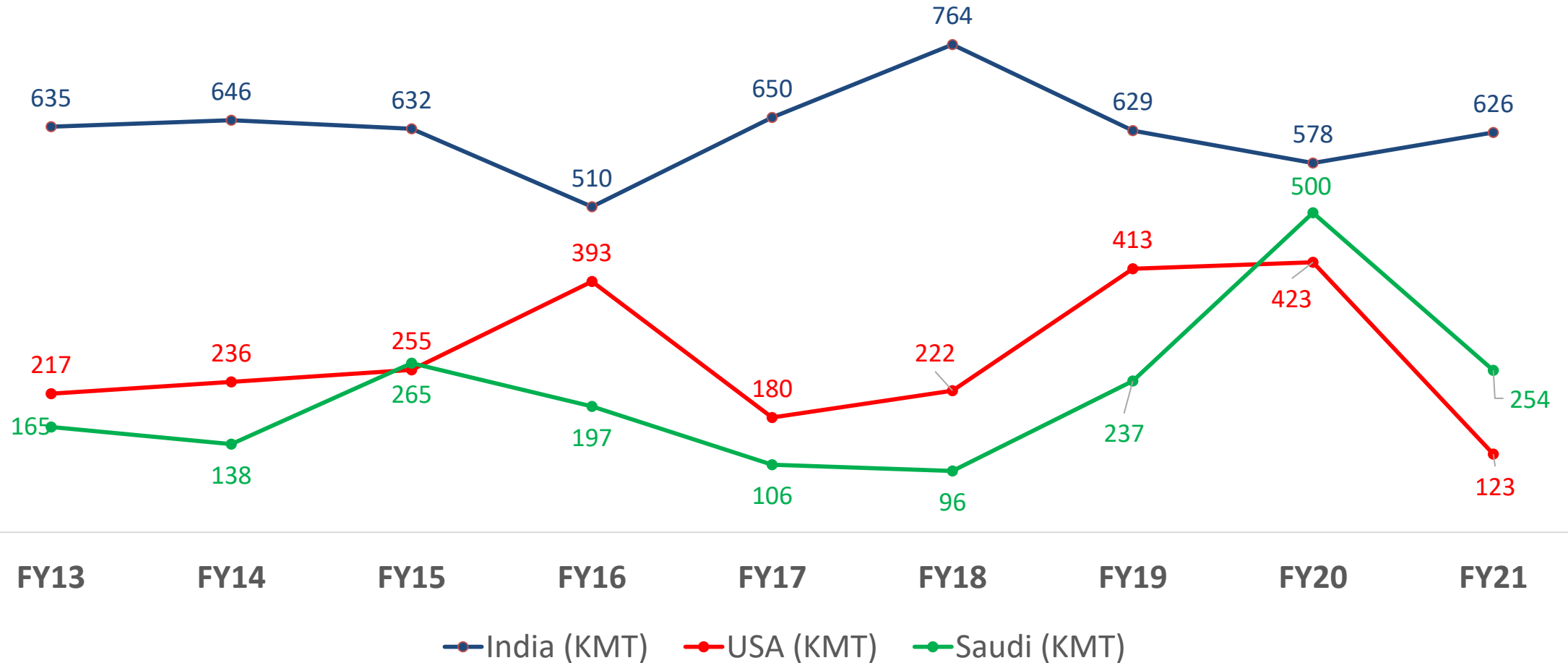
Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	H1FY22
Sales Volume (KMT)	1,018	1,019	1,152	1,100	936	1,082	1,279	1,502	1,003	356
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	6,440	2,605
EBITDA (INR cr)	919	844	951	891	737	815	708	1,276	1,010	398
EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	24.1	7.0
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	3,793	3,856
Net Debt / (Cash) (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(620)	(1,022)
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.16x	-0.26x
ROCE (pre-tax)	8.2%	7.4%	8.7%	8.0%	6.4%	8.8%	22.6%	32.1%	17.9%	16.2%
ROE	3.7%	2.6%	2.4%	5.2%	0.9%	5.6%	11.7%	23.7%	18.0%	16.6%

Note:

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

Sales Volume Mix

Consistent Performance in India



Our ESG Journey

Environmental & Social

Detailed Benchmarking versus peers on ESG factors

Mapping universe of issues, objectives and risk and prioritizing them based on Materiality for WCL

Arrive at baseline scenario in line with WEF metrics and identification of improvement areas

Formulation of a strategic roadmap outlining key actions to be undertaken in short, medium and long term

Public reporting and disclosures of ESG performance

Maturity Assessment



Materiality Analysis



Baseline & Gap Analysis



Roadmap



Communication and Reporting

Corporate Governance

Board Matters / Entity Level Controls

- ESG Committee at the board level setup
- Several key actions taken in line with leading practices

Related Party Framework

- As-Is analysis of existing policy and process flow
- Refine scope, applicability, responsibility and appropriate controls in RPT framework

Ethics Framework

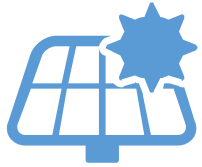
- Conducted Ethics culture survey
- Developed a road map for training and awareness programs
- As-Is analysis, benchmarking and gap assessment of existing policies
- Updated Policies Finalized: Whistle-blower Policy, Code of Conduct, Fraud Prevention Policy & Fraud Response Plan, Disciplinary Action Matrix and Anti-Bribery & Anti-Corruption Policy

Major transformation to further strengthen ESG across our organization

Sustainability Targets

Aspects	FY 2020-21	Goal 2025	Goal 2030	Goal 2040
Carbon Neutrality - % Renewable Energy (RE)		10% RE	20% RE	Carbon neutral
Water Neutrality - Water Intensity	0.63 KL/MT	0.55 KL/MT	0.40 KL/MT	Water neutral
Waste to Landfill	1.53 MT	1.00 MT	0 MT	Zero waste to landfill
Impacting Lives in CSV	1,60,735	5,00,000	1,000,000	2,000,000
Sustainable Supply Chain - % suppliers assessed as per ESG compliant Code of Conduct		100% critical suppliers assessed	100% (all suppliers)	100% (all suppliers)

ESG Initiatives in Q2 FY22



Several management interventions with ESG at the core:

- MoU with BP India Pvt Ltd. to jointly explore carbon emission mitigation and reduction opportunities in WCL's energy, logistics, mobility and waste management activities
- Project for Installation of 300 KW Solar Panels at Anjar – expected generation of 446,315 KWH p.a.
- Rain water harvesting developed for 974 KL, RO rejected water utilized for Process consumption
- Optimization of manufacturing processes to reduce Waste Intensity
- Including ESG in internal audit framework, formalizing key governance roles, expanding the scope of stakeholder relationship committee

.....and many more

Electric Vehicle in Logistics



Daan Utsav Drive across Locations



Tree Plantation on World Environment Day



Vaccination of Employees



Strategy for Long Term Value Creation

- 1** Business Growth & Diversification to improve Earnings Predictability and Enhance Margins

- 2** Delivering on Growth Plans and Operational Excellence

- 3** Maintain Balance Sheet Strength

- 4** Continue to integrate Digital Technologies into all areas of Business

- 5** Thrust on ESG Initiatives

Welspun Corp at a glance



Top
3

Among Line Pipe Manufacturers globally



50+

Approvals from O&G majors; Qualifies for global bidding



15+
MN MT

Pipes delivered since inception with multiple repeat orders

2.55 mn MT Pipes Capacity

6 manufacturing facilities
in 3 countries

Used in Oil & Gas and
Water industry

Our Manufacturing Facilities



INDIA



UNITED STATES



SAUDI ARABIA

Capacity (in KMT)	India				US	Saudi Arabia	Total
	Anjar	Dahej	Mandya	Bhopal	Little Rock	Dammam	
Products / City							
LSAW	350	350	-	-	-	-	700
HSAW	250	50	150	305	350	375	1,480
ERW/ HFIW	200	-	-	-	175	-	375
SAW Pipes (KMT)	1,655				525	375	2,555
DI Pipes (KMT)	400	-	-	-	-	-	400



Port based facilities



All major accreditations



Best in class equipment & practices

Our Business Moat

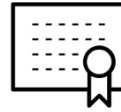
Global Leadership

Among Top 3 Line Pipe Manufacturers globally



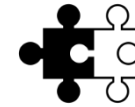
Accreditations

Approvals: 50+ O&G majors;
Qualifies for global bidding



Expertise

Executed critical & complex projects worldwide



Customer Centricity

Delivered 15+ mn MT Pipes with multiple repeat orders



Supplier Relationship

Long term association with global Steel & other vendors



Innovation

Patented technology leading to higher productivity



Global but Local

Domestic presence in key demand areas: USA | KSA | India



One-Stop Shop

Steel sourcing to ROW / Laying Site – Managing complete SCM



ESG

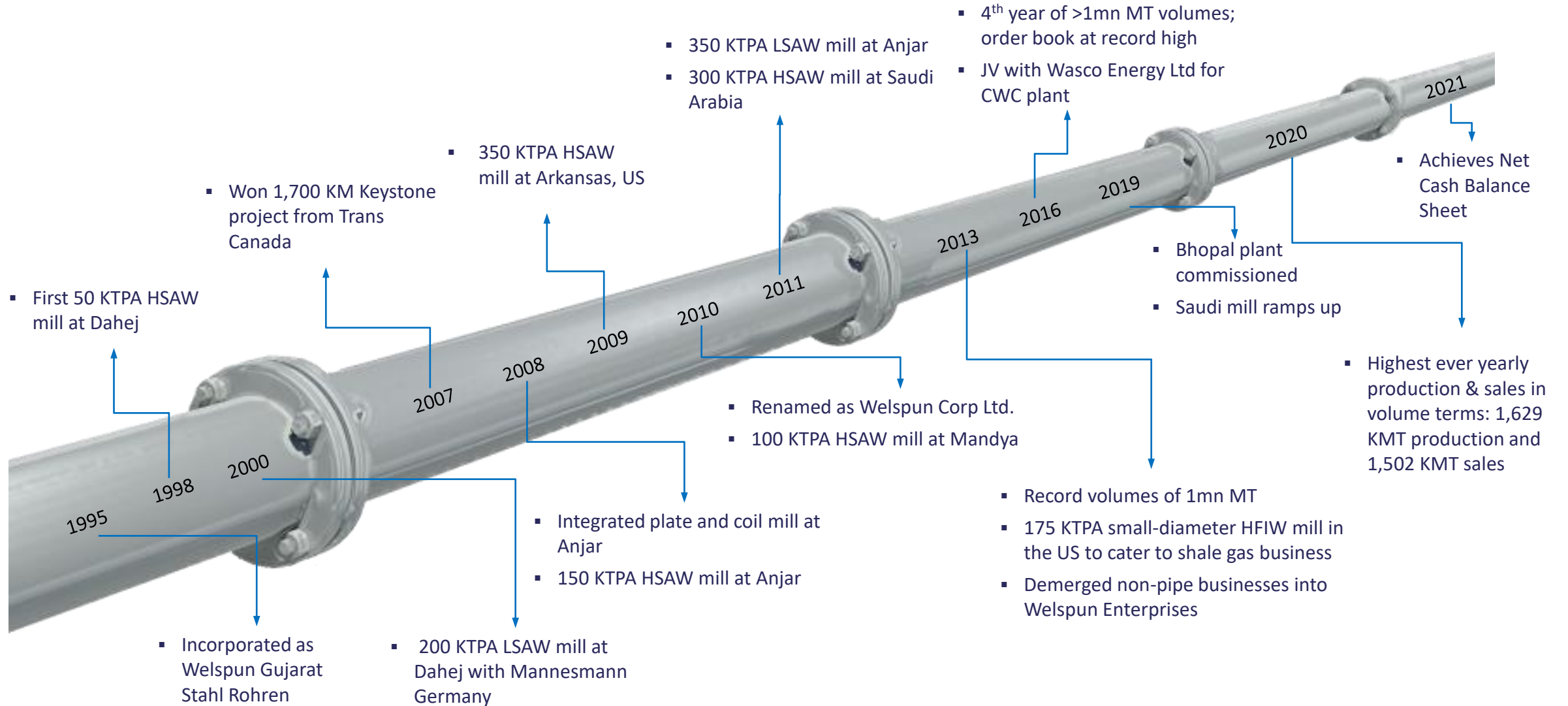
Independent Board | Focus on Diversity, CSR & Sustainability



Approvals & accreditations from marquee customers is a significant entry barrier



Key Milestones



Product Information

HSAW Pipes

(Helically welded)

18 – 140 inch
diameter, 6 mm to
25 mm
thickness

Onshore oil, gas & water
transmission

LSAW Pipes

(Longitudinally welded)

16 – 60 inch
diameter,
6 mm to 43 mm
thickness

Onshore / Offshore oil & gas
transmission

ERW Pipes

(Electric Resistance
Welded)

1.5 – 20 inch
diameter, 4 mm to
14 mm
thickness

Onshore O&G transmission
and Downstream O&G
distribution

DI Pipes

(Ductile Iron)

80– 1200 mm
diameter, K7 and
K9 class

Potable Water distribution

Coating Systems

3LPE, FBE, 3LPP, Concrete Weight Coating,
Internal Epoxy, Coal Tar Enamel, Inside
Cement Mortar Lining

Value Added services

Double Jointing, Pipe bending, ID Machining,
Dump Site & Inventory management

Unique Manufacturing Advantage: US & Saudi

US: DOMINANT PLAYER IN LINE PIPES

- Largest and most modern spiral (HSAW) mill
- Patented manufacturing technologies
- Strategic location, west of the Mississippi river
 - Close proximity: Oil basins & LNG terminals
- Robust logistics infrastructure:
 - Easy access to Arkansas river and New Orleans port
 - In-house rail connectivity
- Healthy relationship with key steel & logistic suppliers
- Favorable trade policies - “Melt in USA”; Anti-dumping duty, CVD & Section 232 tariffs

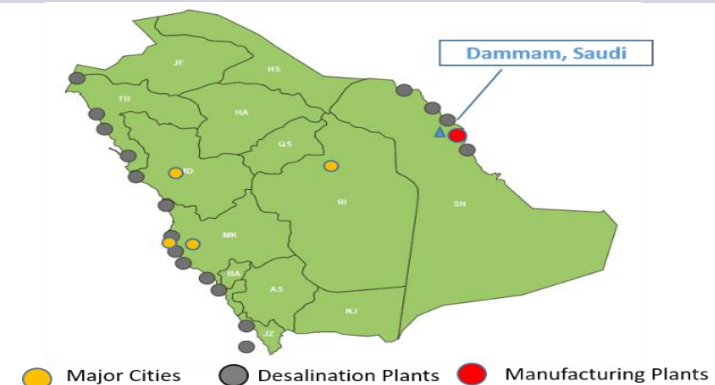
Proximity to Shale Basins



SAUDI: ONE OF THE LARGEST PIPE PLANTS

- Location Advantage:
 - Proximity to Dammam Port
 - Closer to major business destinations
- Approved and accredited by both Saudi Aramco and Saline Water Conversion Corporation (SWCC)
- Experience of executing multiple complex projects in O&G and water
- Healthy relationship with key steel suppliers
- IKTVA Program favors domestic pipe industry

Location Advantage



Board of Directors & Management Profile

Board of Directors

B.K.Goenka - Non-Executive Chairman & Promoter Director

- Amongst India's most dynamic businessmen
- Past President ASSOCHAM (2019)
- Recipient of Asian Business Leadership (ABLF) Award, 2019

Rajesh Mandawewala, Promoter Director

- Qualified Chartered Accountant; Played an instrumental role in establishing Welspun's Textile & Pipe business
- Leading new strategic initiatives of the Group
- Authorization of investment decisions for Welspun

Dipali Goenka - Non Executive Non Independent Director

- Graduate in Psychology & completed Management Program from Harvard
- Has been instrumental in transforming Welspun India into a global leader in home textiles

Amita Misra - Non Executive Independent Director

- Ex-IAS with 38+ years of experience in various government & international organizations.
- Area of specialization: Audit, Financial Management, Procurement, Industrial and Development Projects involving International Cooperation & Governance

Desh Raj Dogra - Non Executive Independent Director

- Retired Managing Director & CEO of Credit Analysis and Research Limited.
- MBA, CAIIB with over 38 years of experience in banking and credit rating.

K. H. Viswanathan - Non Executive Independent Director

- Qualified cost and works accountant with over 34 years of experience
- Expert in Audit, Tax & Legal, Structuring, Business Strategy, M&A

Revathy Ashok - Non Executive Independent Director

- Gold medalist from IIM, Bangalore and Member of Indian Angel Network.
- Independent consulting practice, working with mid and early stage companies, helping them scale
- Former MD of Tishman Speyer Private Equity and Global CFO of Syntel Inc

Management Team

Vipul Mathur - Managing Director & CEO, Member of Board

- Well-known figure in the global pipe industry; Associated with Welspun since 2001
- Led the company to historic high order book & profitability
- 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

Todd Phillips - Vice President Sales - AMERICAS

- Rich and varied experience of nearly 30 years
- Has previously worked with Borusan USA, Gulf Interstate Engineering, Pe Ben USA, MTS USA, United Spiral Pipe and other companies of repute

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

Thank You

Welspun Corp Limited

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