

Welspun Corp Limited

Investor Presentation | Q3 FY22



Disclaimer

For any financial disclosures, the information contained herein is provided by Welspun Corp Limited (the “Company”), although care has been taken to ensure that the information in this presentation is accurate, and that the opinions expressed are fair and reasonable, the information is subject to change without notice, its accuracy, fairness or completeness is not guaranteed and has not been independently verified unless specifically provided and no express or implied warranty is made thereto. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as you may consider necessary or appropriate for such purpose. Neither the Company nor any of its directors assume any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. By preparing this presentation, none of the Company, its management, and their respective advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document is for informational purposes and does not constitute or form part of a prospectus, a statement in lieu of a prospectus, an offering circular, offering memorandum, an advertisement, and should not be construed as an offer to sell or issue or the solicitation of an offer or an offer document to buy or acquire or sell securities of the Company or any of its subsidiaries or affiliates under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, both as amended, or any applicable law in India or as an inducement to enter into investment activity. No part of this document should be considered as a recommendation that any investor should subscribe to or purchase securities of the Company or any of its subsidiaries or affiliates and should not form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax, investment or other product advice.

With respect to any ESG related disclosures, the information contained in our disclosures, statements or reports are specific to the Company and not audited or confirmed to be compliant with any general or standard benchmark. A number of statements in such disclosure or statements may contain forward-looking statements including statements about the Company’s strategic priorities, financial goals and aspirations, organic growth, performance, organizational quality and efficiency, investments, capabilities, resiliency, sustainable growth and Company management, as well as the Company’s overall plans, strategies, goals, objectives, expectations, outlooks, estimates, intentions, targets, opportunities, focus and initiatives.

With respect to all disclosures provided herein, the statements contained herein may be pertaining to future expectations and other forward-looking statements which involve risks and uncertainties that are subject to change based on various important factors (some of which are beyond the Company’s control). These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers including with respect to the consolidated results of operations and financial condition, and future events and plans of the Company. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” “forecast,” “project,” “anticipate,” “likely,” “target,” “expect,” “intend,” “continue,” “seek,” “believe,” “plan,” “goal,” “could,” “should,” “would,” “may,” “might,” “will,” “strategy,” “synergies,” “opportunities,” “trends,” “future,” “potentially,” “outlook” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results, performances or events may differ from those in the forward-looking statements as a result of various factors and assumptions. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, or that assumptions are correct. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

Reproduction, distribution, republication and retransmission of material contained herein is prohibited without the prior consent of the Company

Q3 FY22 at a Glance

Global Production

140 KMT



Global Sales

171 KMT



Global Order Book

543 KMT



Active Bids - Outlook

1,946 KMT



EBITDA

Rs. 180 crs



Op EBITDA / Ton

Rs. 9,650 /
USD 130



EPS

Rs. 2.4



Net Cash Position

Rs. 839 crs



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

Financial Results for Q3 FY22

Particulars (Rs Cr)	Q3FY22	Q3FY21	YoY
Pipe Sales Volume (KMT)	171	285	-40.0%
Total Income from Operations	1,299	1,393	-6.8%
Operating EBITDA	132	189	-30.3%
EBITDA	180	252	-28.7%
Depreciation	55	54	1.6%
Finance cost	21	13	58.4%
Profit before tax and share of JV	104	185	-43.8%
Tax	27	66	-59.9%
Non Controlling Interest	(2)	7	124.6%
Share of profit/(loss) from associates & JVs	(16)	84	-119.0%
Net Profit	63	195	-67.6%
EPS	2.4	7.5	-67.6%

Note:

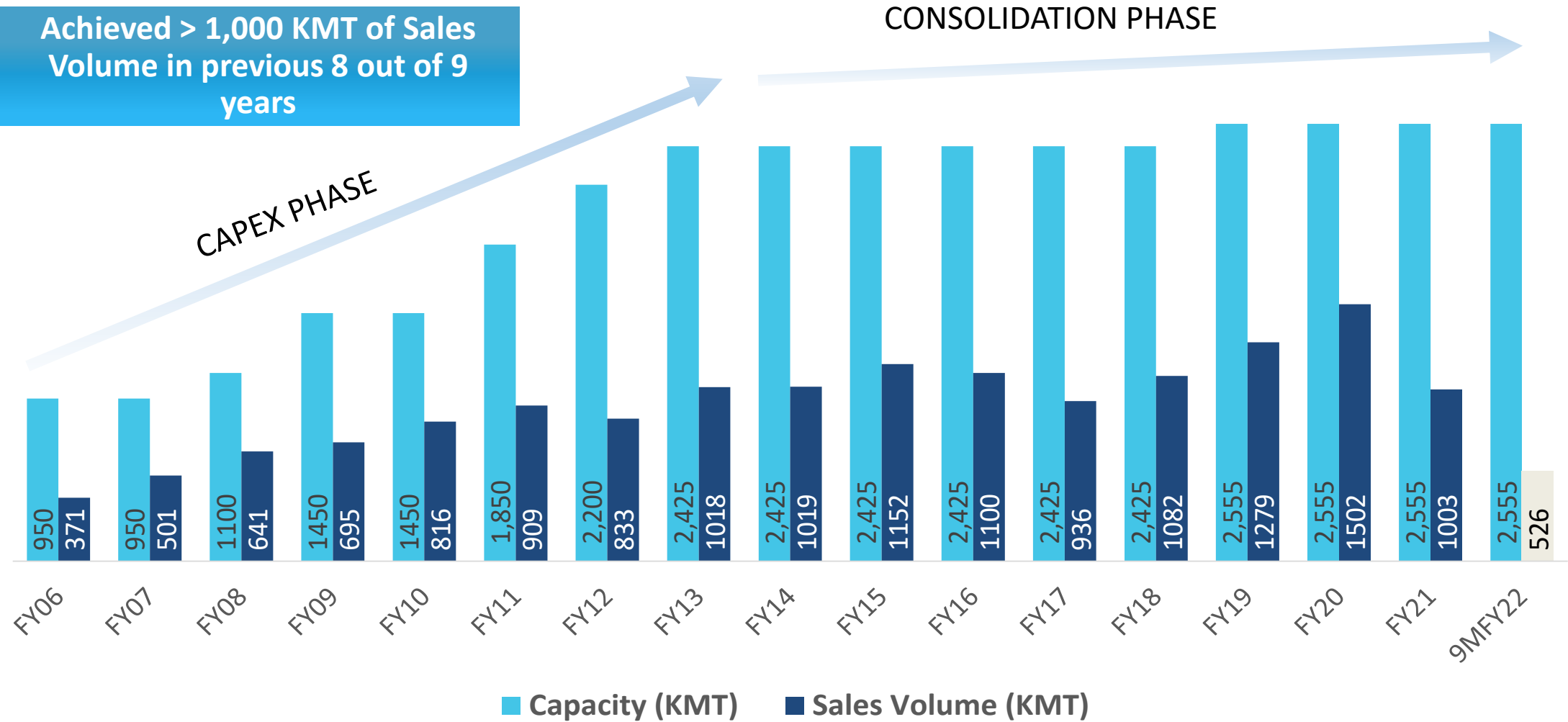
- Consolidated Financials pertaining to continuing operations (Pipes) only
- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures except sales volume
- Sales volumes are based on total operations including Saudi and are for Pipes

IPO of Joint Venture Company EPIC in Kingdom of Saudi Arabia completed

- The IPO of East Pipes Integrated Company for Industry (EPIC) was for 6.3 million ordinary shares, representing 30% of the issued share capital of 21 million shares by way of an Offer for Sale (OFS) of existing shares of the current shareholders on a pro-rata basis. The IPO was completed in January 2022.
- Post the IPO, WCL will own 35.01% (from earlier 50.01%) through its step-down subsidiary in Mauritius and will continue to be the largest shareholder in EPIC.
- Welspun Holdings Mauritius would receive gross proceeds of SAR 252 million, and that would be subject to applicable taxes and expenses.
- As per local regulations, 10% of the total offering shares were reserved for retail shareholders and the balance 90% for institutional investors. The price band of the IPO during the book-building process was in the range between SAR 72 to SAR 80 per Share.
- The final offer price was set at SAR 80 per share with an oversubscription coverage of 71.8x of the total offer shares for the institutional investors tranche and an oversubscription of 16.1x for the retail investors tranche.

Operational Performance: Pipes (Capacity and Volumes)

Achieved > 1,000 KMT of Sales Volume in previous 8 out of 9 years



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

Financial Performance

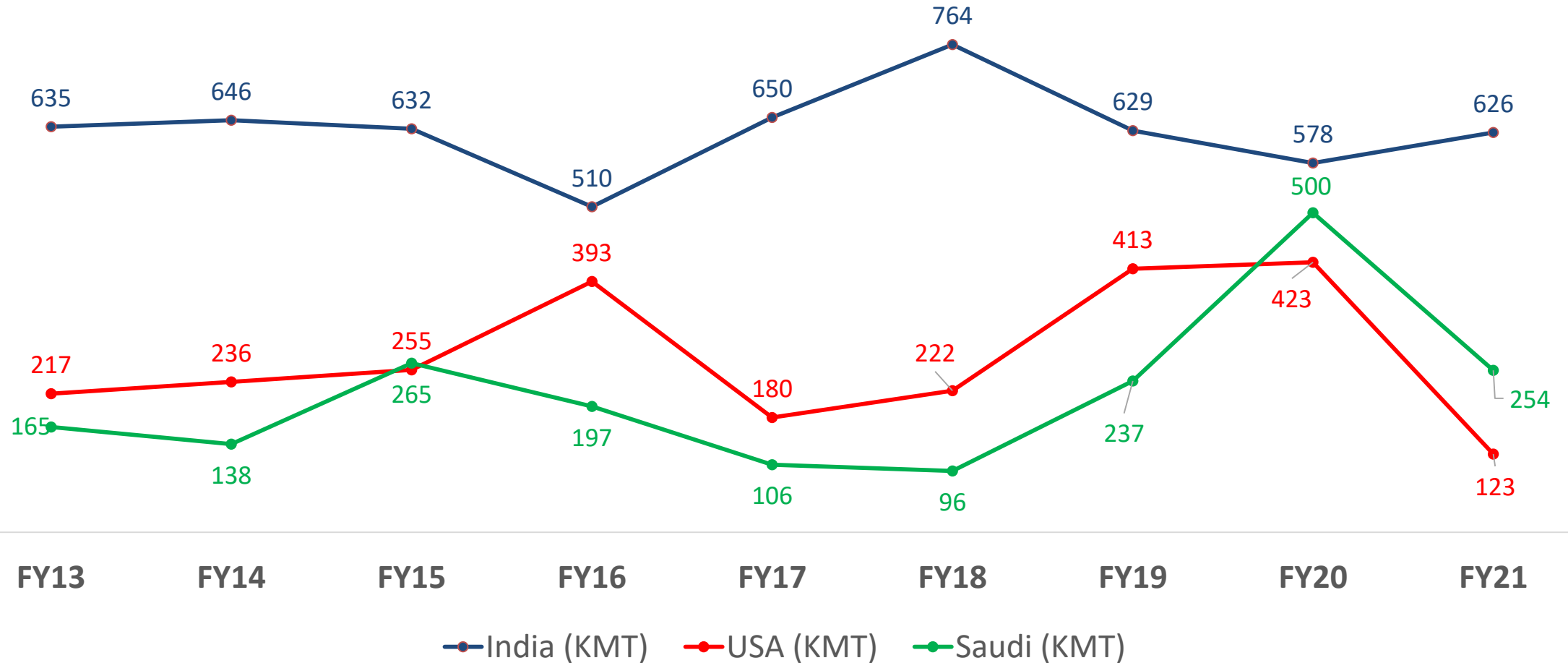
Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	9MFY22
Sales Volume (KMT)	1,018	1,019	1,152	1,100	936	1,082	1,279	1,502	1,003	526
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	6,440	3,904
EBITDA (INR cr)	919	844	951	891	737	815	708	1,276	1,010	578
EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	24.1	9.4
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	3,793	3,917
Net Debt / (Cash) (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(620)	(839)
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.16x	-0.21x
ROCE (pre-tax)	8.2%	7.4%	8.7%	8.0%	6.4%	8.8%	22.6%	32.1%	17.9%	14.0%
ROE	3.7%	2.6%	2.4%	5.2%	0.9%	5.6%	11.7%	23.7%	18.0%	12.6%

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 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

Ranked in Top One-Third in Steel Industry by S&P Global's Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment

Strategy for Long Term Value Creation

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

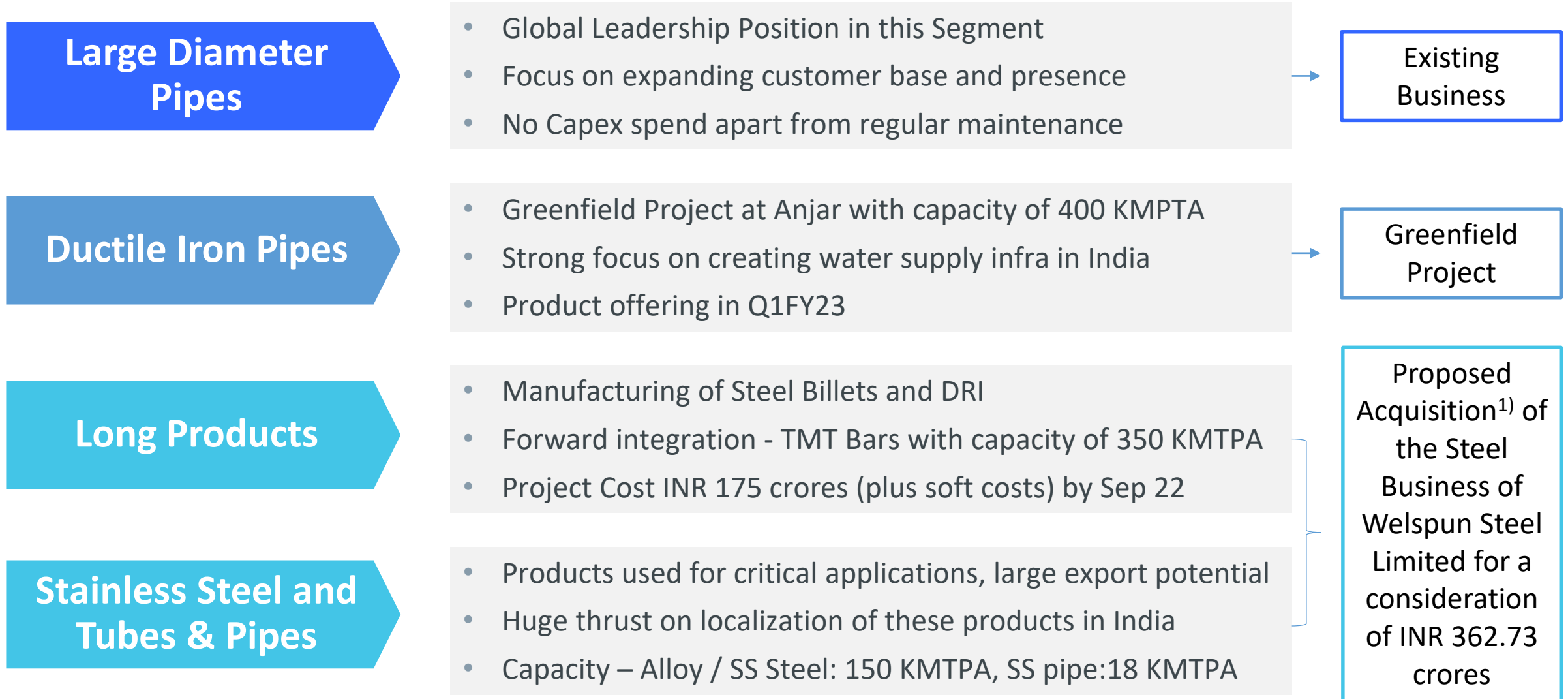
- 2** Delivering on Growth Plans and Operational Excellence

- 3** Maintain Balance Sheet Strength

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

- 5** Thrust on ESG Initiatives

Diversification of Product Portfolio



Note: 1) Through a Scheme of Arrangement

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

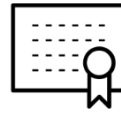
Global Leadership

Among Top 3 Line Pipe Manufacturers globally



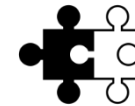
Accreditations

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

Oil & gas



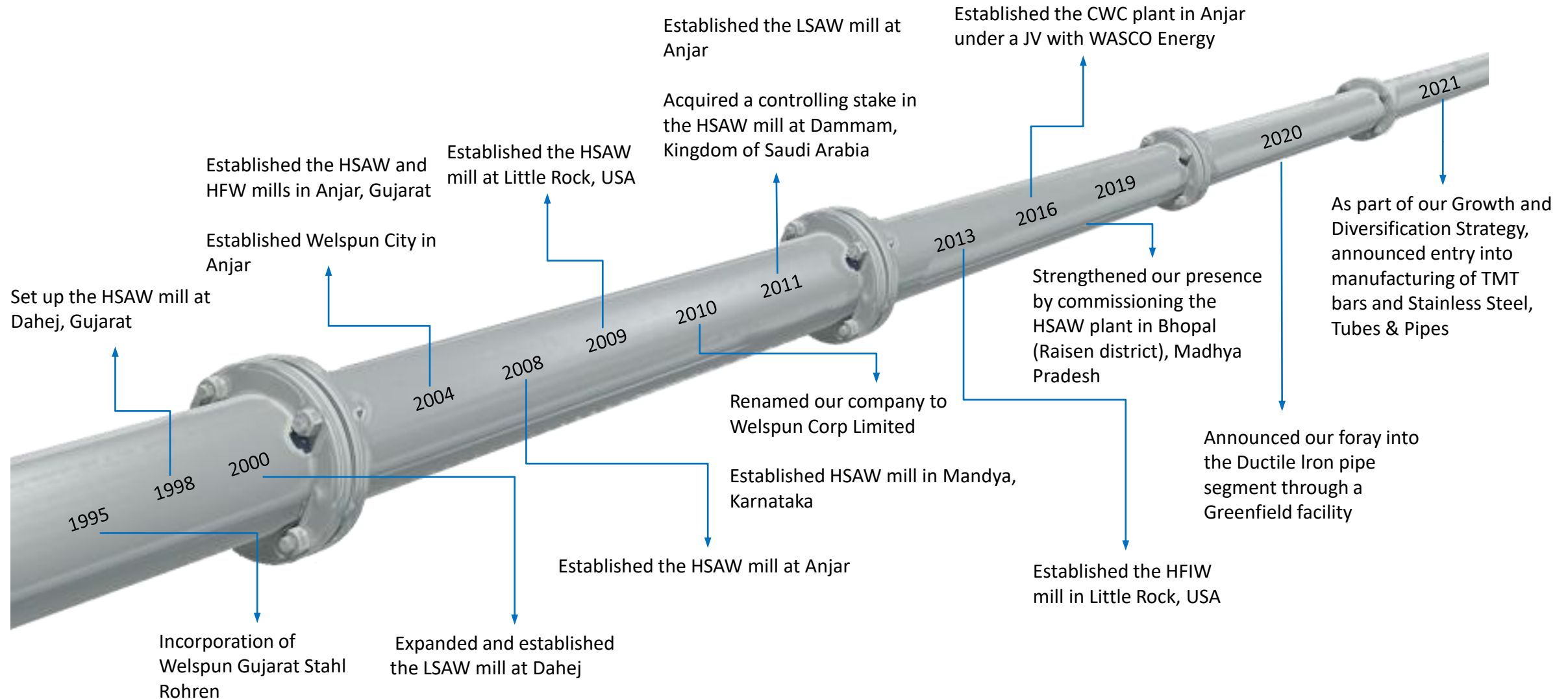
Transportation



Others



Key Milestones



Product Information

HSAW Pipes

(Helically welded)

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

Onshore oil, gas & water
transmission

LSAW Pipes

(Longitudinally welded)

16 – 60 inch
diameter,
6 mm to 50.8 mm
thickness

Onshore / Offshore oil & gas
transmission

ERW Pipes

(Electric Resistance
Welded)

1.5 – 16 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

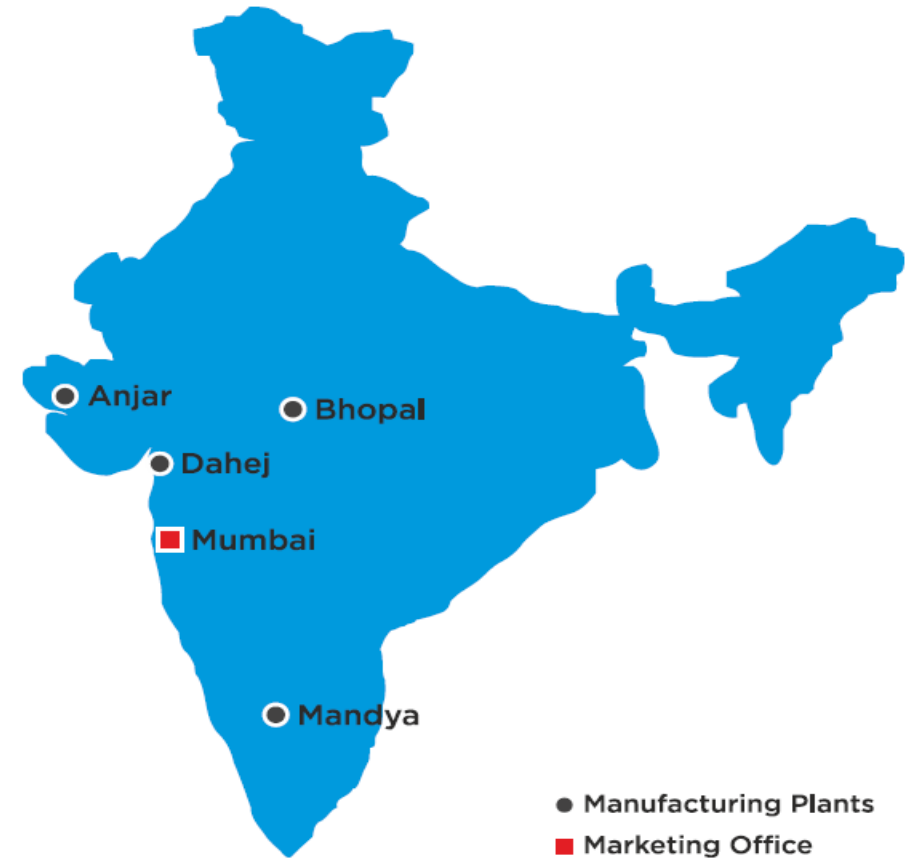
Unique Manufacturing Advantage: India

INDIA : 20+ YEARS OF EXPERTISE

- All-round capability: Pipes, bends, internal and external coating, Concrete Weight Coating
- Location advantage: Ideal to cater to export and domestic businesses
- Proximity to the key demand centres in West, South and Central India
- Heaviest LSAW Mill in India
- Approvals from all major domestic and Global O&G companies
- Healthy relationships with international and domestic steel suppliers
- Entry Barriers (India):
 - MoPNG requirement: Domestic value addition should be at least 35% of the cost

Strategically Located Plants

...to cover West, South and Central India



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

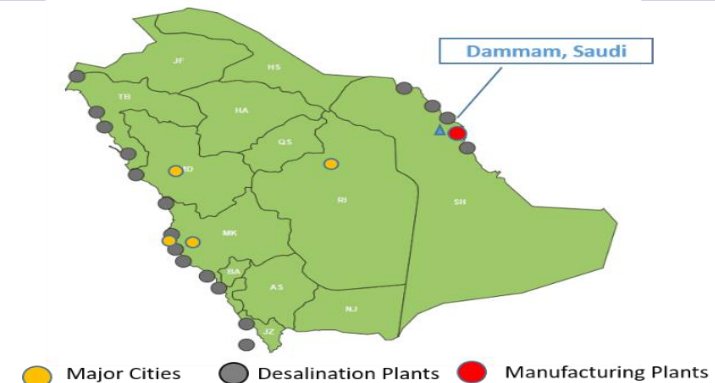
Proximity to Shale Basins



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 - CEO, Pipe Vertical

- 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

Rahul Yenurkar – COO, Steel Vertical

- 30+ years of work experience with reputed organizations
- Industry Expertise in both projects and operations, played a pivotal role in growth during his career

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

CIN: L27100GJ1995PLC025609

www.welspuncorp.com

For further information, please contact:

Mr. Gaurav Ajjan

gaurav_ajjan@welspun.com