

WCL/SEC/2019

October 22, 2019

To,

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

- Sub.: (1) Un-audited Financial Results for the quarter and half year ended September 30, 2019 and Limited Review Report thereon by the Auditors.**
(2) Change in the composition of the Board
(3) Re-opening of Trading Window
(4) Business Update.

Unaudited Financial Statements for the quarter and half year ended September 30, 2019:-

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith standalone as well as consolidated Un-audited Financial Results for the quarter and half year ended September 30, 2019 ("UFR") along with the Limited Review report as reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held today.

Appointment of Ms. Amita Misra as an Independent Director:-

Kindly take note that at the recommendation of the Nomination and Remuneration Committee and subject to approval by the shareholders, Ms. Amita Misra (DIN: 07942122), aged 64 years has been recommended for appointment by the Board as an additional Independent Director of the Company for a period of 5 years w.e.f. the date of the meeting.

Brief Particulars of Ms. Misra are as under:

Ms. Misra holds a post graduate degree in Economics from Jaipur and has obtained Certification from Harvard Business School (Boston), National Defense College (New Delhi), Indian Institute of Chartered Accountants (New Delhi), Indian School of Public Administration (New Delhi).

She has more than 38 years of experience in various government, international organizations like - Additional Secretary Level in Government Civil Services, Director in

Welspun Corp Limited

Welspun House, 5th Floor, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India.
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E-mail : companysecretary_wcl@welspun.com Website : www.welspuncorp.com

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



United Nations Industrial Development Organization (UNIDO) etc. She last served as Director of the Department of Regional Bureau and Field Operations from 2010 until 2017. Currently she is not on the board of any other company.

Her areas of specialization includes – Finance, Oversight, Procurement, Governance, Technical Cooperation, Framing Policy, Advocacy, Resource Mobilization etc.

She has been member of Committees on Standards at UN, Chair and Member of various governance, HR, Procurement and technical project approved Committees. She has also written a Thesis for National Defense College, New Delhi.

Please note that there is no relationship between Ms. Amita Misra and other directors of the Company.

Further note that Ms. Misra is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Trading Window:-

The Trading Window under the SEBI (Prohibition of Insider Trading) Regulations, 2015 which was closed from October 1, 2019, will continue to remain closed till 48 hours after the declaration of the results. Accordingly, the Trading Window will open on and from Friday, October 25, 2019.

Business Update / Investor Presentation:-

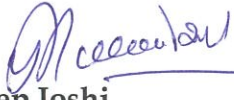
Also attached is the Business Update which is being released to the media.

The Board meeting concluded at 08:05 p.m.

Kindly take note of the above.

Thanking You.

For **Welspun Corp Limited**


Pradeep Joshi
Company Secretary
FCS – 4959



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BUSINESS UPDATE

Robust performance continues

- Quarterly Operating EBITDA crosses Rs. 3bn milestone

- ✓ All-time high quarterly production volume of 443 KMT
- ✓ H1 Operating EBITDA at Rs. 5,754 mn, up 36% YoY
- ✓ H1 PAT* at Rs. 2,990 mn, up 120% YoY
- ✓ H1 EPS stands at Rs. 11.27, up 120% YoY
- ✓ H1 ROCE (pre-tax) at 29.1%
- ✓ Current Order Book stands at 1,357 KMT valued at Rs. 116 bn

* PAT is after taking impact of Rs. 426 million pertaining to tax on dividend from overseas subsidiary

October 22, 2019, Mumbai: Welspun Corp Ltd. (WCL), flagship Company of the Welspun Group, announced its consolidated financial results for the quarter and half year ended September 30, 2019.

A) WCL continues on its robust performance, and the **key highlights** of the quarter are as under:

- 1) **Volume (including Saudi Arabia) – Highest ever quarterly production in the company's history (443 KMT).**
- 2) **US operations** – Sales of **102 KMT**, with significant improvement in profitability YoY
- 3) **Saudi Arabia operations** – Sales of **116 KMT**, with a significant turnaround in profitability
- 4) **India operations** – **Substantial improvement in Sales volume** on a sequential basis to **119 KMT**, with improvement in EBITDA.

B) **Global Order book position:**

Current Global Order Book stands at **1,357 KMT** valued at **Rs. 116 billion (US\$ 1.64 billion)**.

C) **Financial Highlights (Consolidated) for Continuing operations (Ind AS): For the quarter ended 30th September, 2019:**

(Pipes – Considered as Continuing operations & PCMD and 43 MW – Considered as discontinued operations)

1. Sales Volumes:

- Pipe Sales (Total operations), at 337 KMT vs. 304 KMT **up 11% YoY**

2. Total Income from operations:

- Rs. 22,630 mn, **up 5% YoY** on account of better realisations

BUSINESS UPDATE

3. EBITDA:

- **Operating EBITDA** (after adjusting for Treasury income and MTM/fair valuation impact on bonds) stands at Rs. 3,169 mn, **up 27% YoY**
- **Reported EBITDA** stands at Rs. 3,306 mn, **up 37% YoY**

Detailed reconciliation of Operating EBITDA is provided hereunder:

Figures in Rs. million

Reconciliation of Operating EBITDA	Q2 FY20	Q1FY20	Q2 FY19	H1 FY20	H1 FY19
Reported EBITDA	3,306	2,416	2,419	5,722	4,361
Less: Items in Other income					
Treasury income	(153)	(191)	(250)	(344)	(491)
Add: Items in Other expenses					
MTM loss/fair valuation on other bonds	17	360	282	377	279
Other Provisions	-	-	43	-	86
Operating EBITDA	3,169	2,585	2,494	5,754	4,235

4. Profit:

- PBT (before share of JVs) stands at Rs. 2,355 mn, **up 81% YoY**
- PAT after Minorities & share of JVs stands at Rs. 1,734 mn, **up 108% YoY**

5. Basic EPS:

- Rs. 6.54 vs. Rs. 3.14, **up 108% YoY**

6. Debt position:

- Net Debt stands at **Rs. 1,969 mn**
- Gross and net debt position is as per details below:

Figures in Rs. million

Consolidated debt	30-Sep-2019	30-Jun-2019	31-Mar-19
Gross Debt	10,924	11,068	13,047
Cash & Cash Equivalents	8,955	9,109	10,191
Net Debt	1,969	1,959	2,856

7. Forex

The Company follows a policy of hedging its steel and forex exposure. However, there are impacts due to the cost of hedging and timing mismatch. The impact for this quarter is as under:

Figures in Rs. million

Transactional Forex impact	Q2FY20	Q1FY20	Q2FY19
Forex gain in Other income	203	205	193
Forex loss in Other Expense	(289)	(200)	(172)
Net gain/(loss)	(86)	5	21

BUSINESS UPDATE

8. Update on Saudi business:

The Saudi business has significantly turned around with substantial improvement in realisation as well as profitability. Key figures of Saudi JV, which is not consolidated as per Ind-AS:

Particulars in US\$ MN	Q2FY20	Q1FY20	Q2FY19	H1FY20	H1FY19
Saudi Arabia Ops:					
- Pipe Prodn (KMT)	126	105	44	231	78
- Pipe Sales (KMT)	116	138	44	254	82
Revenue	112	125	36	238	75
EBITDA	27	13	(4)	40	(8)
PBT	21	7	(9)	28	(16)
PBT – Welspun share	11	3	(4)	14	(8)
PAT – Welspun share	8	3	(4)	11	(8)

9. Project Status

Work on Phase-2 of the Bhopal project (coating plant) is on track and is expected to be commissioned in this financial year.

10. Business outlook

US is now the largest producer of oil and gas, primarily driven by fracking in the Permian basin. Major pipeline operators are working on significantly raising pipeline capacity over the next few years to overcome the constraints associated with transporting this oil as well as gas. We are also seeing increased interest from customers in Bakken basin where development activities are picking up. Further, robust outlook for export of gas is also expediting the need for pipeline infrastructure. Local US manufacturing entities such as Welspun's US plant, are expected to command higher volumes, both for the HSAW and HFIW operations.

For the Indian market, the large-diameter pipe demand for oil and gas projects is primarily driven by gas grid development by GAIL and 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. The small-diameter segment is expected to witness significant demand from City Gas Distribution projects.

With oil prices remaining stable and range-bound, LSAW demand continues to be strong across geographies. The Company has already commenced exporting pipes to North America for the world's highest operating pressure pipeline. Demand in Middle East, North & East Africa as well as Australasia looks extremely promising and with our approvals and accreditations, we see a great potential emerging in these markets.

BUSINESS UPDATE

In the domestic water segment, the entire pipe industry is expected to benefit from 'Jal se Nal' 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.

The JV in Saudi Arabia continues to have strong backlog as well as visibility of around 18 to 24 months. While the current order book is driven mainly by water orders from SWCC, we are seeing strong traction from Saudi Aramco on the oil & gas side also.

Buyback of Shares

The Company is proposing to buyback up to 28.89 million shares at a price of Rs. 135 per share. The Company completed dispatch of the Letter of Offer to its equity shareholders on 15th October, 2019. Buyback window has opened on 22nd October 2019 and closes on 5th November 2019.

Update on PCMD business transfer agreement

The parties to the agreement are in the advanced stage of seeking statutory and regulatory approvals, customary to such transactions.

Management Comments

Commenting on the results, **Mr. B. K. Goenka**, Chairman, Welspun Group said, "This quarter was an excellent one, both operationally and financially. With all three geographies firing on all cylinders, demand & price for oil staying strong and demand for gas growing exponentially, we are likely to see an overall growth in the segment. With our strong credentials, approvals and accreditations, we are well-poised for growth. Our emphasis will continue on improving our free cash flow, which will be utilized to further deleverage our balance sheet and reward our shareholders. As an organisation, we are focussed on sustainability and inclusive growth, in addition to continuing our journey of operational excellence".

BUSINESS UPDATE

Consolidated Performance Snapshot

Figures in Rs. Million unless specified

Particulars	Q2FY20	Q1FY20	Q2FY19	H1FY20	H1 FY19
Ex-Saudi Arabia/ CWC operations					
- Pipe Production (KMT)	317	191	271	508	525
- Pipe Sales (KMT)	221	181	260	402	489
Total operations					
- Pipe Production (KMT)	443	296	314	739	603
- Pipe Sales (KMT)	337	319	304	656	571
- Plates/coils Sales (KMT) (Discontinued)	40	49	63	65	186
Continued Operations (Pipes)					
Total Income from Operations	22,630	20,471	21,525	43,101	37,943
Operating EBITDA	3,169	2,585	2,490	5,754	4,234
Reported EBITDA	3,306	2,416	2,419	5,722	4,360
Finance Cost	341	395	454	735	820
Depreciation and Amortisation	610	545	662	1,155	1,330
Profit before tax and share of JVs	2,355	1,476	1,303	3,832	2,211
Tax expense	1,147	384	176	1,531	314
Non-controlling interest	(55)	(5)	29	(60)	59
Share of profit/(loss) from Associates and JVs	580	169	(322)	749	(595)
PAT after Minorities, Associates & JVs (I)	1,734	1,256	834	2,990	1,361
Cash PAT	2,389	1,950	1,718	4,339	2,854
Discontinued Operations (PCMD & 43MW)					
Profit After Tax (II)	(178)	(75)	(247)	(253)	(307)
Profit for the Period (I +II)	1,556	1,181	587	2,737	1,054

Notes: a) Prior period figures have been restated, wherever necessary

b) Cash PAT = PBT (excluding one-time non-cash items) + share of JVs and minorities – Current tax + Depreciation

Figures in Rs. million

Consolidated Balance Sheet - Key figures	30-Sep-2019	31-Mar-19
Net Fixed Assets (incl CWIP)	16,364	16,144
Net Current Assets #	12,631	10,460
Net Debt	1,969	2,856
Net Worth	30,835	27,976
Net Assets Held for Sale *	10,025	11,642
ROCE (pre-tax)	29.1%	22.6%

Net Current Assets excludes Net Asset Held for Sale

* Net Assets Held for Sale = Assets classified as held for sale less Liabilities of assets held for disposal

ROCE (pre-tax) = EBIT adj. for one-offs/ Avg. Capital Employed; both taken for continuing operations

BUSINESS UPDATE

Q2FY20 Investor / Analyst conference call:

WCL management would be happy to answer investor queries on a conference call. Please find details below:

Date: Wednesday, 23rd October 2019

Time: 11:00 AM IST

Dial in details:

- Primary Access: +91 22 6280 1325, +91 22 7115 8226
- Local Access: 7045671221
- International Toll Free numbers
 - Hong Kong: 800964448
 - Singapore: 8001012045
 - UK: 08081011573
 - USA: 18667462133

About Welspun Corp Ltd. (WCL)

Welspun Corp is a one-stop service provider offering complete pipe solution with a capability to manufacture line pipes ranging from 1½ inches to 140 inches, along with specialized coating, double jointing and bending. With current capacity of more than 2.5 million MTPA in Dahej, Anjar, Mandya and Bhopal in India, Little Rock in the USA and Dammam in Saudi Arabia, Welspun takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies. With 360 degree abilities, Welspun Corp has undertaken some of the most challenging projects in different parts of the world. With business excellence being a clear focus, the company is on the path of innovation and technology edge supported by its state-of-the-art facilities and global scale operations. The Line pipe industry caters to the sectors like energy and water resource management where in the line pipes supplied are used to construct cross-country pipelines for transportation of oil, gas, petro-products and water in the safest and most environment friendly way.

About Welspun Group

A US\$ 2.7 billion enterprise, Welspun Group is one of India's fastest growing conglomerates with businesses in Line Pipes, Home Textiles, Infrastructure, Oil & Gas, Advanced Textiles and Floorings. The Group has a strong foothold in over 50 countries with more than 25,000 employees and over 100,000 shareholders. Headquartered in Mumbai, Welspun Group's manufacturing facilities are strategically located in India, USA and Saudi Arabia. Known for technological and operational excellence, the Group has established a leadership position in the Line Pipe & Home Textiles sectors globally. Its clients include most of the Fortune 100 companies.

For further information please visit www.welspuncorp.com

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