

BUSINESS UPDATE

October 25, 2016

Focus on balance sheet continues

Welspun Corp Ltd. (WCL), the flagship company of the Welspun Group, announced its consolidated financial results for the six months and second quarter ended September 30, 2016.

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q2FY17 presentation.

For the quarter ended 30th September, 2016 WCL consolidated reported:

- Total income from operation of Rs. 12,068 mn, down 43% YoY
- Reported EBITDA at Rs. 1,140 mn, down 59% YoY
- Operating EBITDA at Rs. 947 mn, down 65% YoY
- Loss before tax of Rs. 421 mn vs. Profit before tax of Rs. 1,171 mn in Q2FY16
- Net loss of Rs. 336 mn vs. Net profit of Rs. 882 mn in Q2FY16
- Basic EPS at (Rs. 1.25) vs. Rs. 3.12 in Q2FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were down 35%/ 48% YoY respectively
- Production and sales of pipes (total operations) were down 37% / 44% YoY respectively

For the six months ended 30th September, 2016 WCL consolidated reported:

- Total income from operation of Rs. 27,631 mn, down 26% YoY
- Reported EBITDA at Rs. 2,599 mn, down 40% YoY
- Operating EBITDA at Rs. 1,995 mn, down 53% YoY
- Loss before tax of Rs. 469 mn vs. Profit before tax of Rs. 1,115 mn in H1FY16
- Net loss of Rs. 430 mn vs. Net profit of Rs. 875 mn in H1FY16
- Basic EPS at (Rs. 1.52) vs. Rs. 2.99 in H1FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were down 25%/ 26% YoY respectively
- Production and sales of pipes (total operations) were down 27% / 25% YoY respectively

Order book position (including all operations): Current pipe order book stands at 883K MTs (Rs. 52 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Delays in a large project led to weak volumes in this quarter. However we maintain a positive outlook due to expected decision on some high profile projects in the next few quarters. While the business environment has been challenging affecting realisation and profitability, we continue to focus on improving balance sheet, maintaining financial discipline and enhancing our technical and product capabilities.”

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Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q2-FY17	Q1-FY17	Q2-FY16	H1-FY17	H1-FY16
Ex-Saudi Arabia operations					
- Pipe Production (KMT)	156	193	241	349	464
- Pipe Sales (KMT)	137	200	262	337	455
Total operations					
- Pipe Production (KMT)	193	229	306	422	581
- Pipe Sales (KMT)	183	251	325	434	578
- Plates/ coils Production (KMT)	66	82	87	148	130
Total Income from Operations	12,068	15,564	21,329	27,631	37,423
Reported EBITDA	1,140	1,460	2,793	2,599	4,319
Operating EBITDA	947	1,048	2,702	1,995	4,269
Finance Cost	585	571	635	1,156	1,259
Depreciation and Amortisation	976	936	986	1,912	1,944
PBT	(421)	(48)	1,171	(469)	1,115
PAT after Minorities, Associates & JVs	(336)	(94)	882	(430)	875
Cash PAT	754	945	1,954	(1,700)	2,998

Notes: a) Operating EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/ (loss)

b) Cash PAT = PBT – Current tax + Depreciation - Post-tax Unrealised forex gain/ (loss)

c) Prior period figures have been restated, wherever necessary

Figures in Rs. million unless specified

Consolidated debt	30-Sep-2016	30-Jun-2016	31-Mar-2016
Gross Debt	20,739	23,663	26,440
Cash & Cash Equivalents	12,715	14,509	12,818
Net Debt	8,023	9,155	13,622

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Business outlook:

Our Joint Venture company providing Concrete Weight Coating has started on a strong note by booking its maiden order from a renowned North American Oil & Gas major. We are enhancing pipe bending technology & coating operations to further strengthen our overall capabilities and value proposition to customers.

Despite general slowdown in oil & gas sector, some large projects may soon get decided. We, owing to our technical superiority, have a good chance to get a fair share of these projects. This coupled with a buoyant domestic market provides a positive long-term outlook.

Despite challenges in raw material availability, conducive regulatory environment coupled with higher volumes has benefitted Plate & Coil Mill operations and we maintain a positive outlook for this year.

Post Q2FY17 conference call:

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

Date : Tuesday, 25 October 2016

Time : 5:00pm IST (7:30pm HKT / 11:30 BST / 6:30am EST)

Dial in details:

- India:
 - Primary +91 22 3960 0706
 - Secondary +91 22 6746 8309
- Other Local Access: Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune
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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 ½ inch to 140 inches, along with specialized coating, double jointing and bending. With current capacity of 2.425 million MTPA in Dahej, Anjar and Mandya 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.

For further information please visit www.welspuncorp.com or contact:

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