

BUSINESS UPDATE

July 21, 2015

Stable Performance; FY16 outlook remains positive

Welspun Corp Ltd. (WCL), the flagship Company of the US\$ 3 billion Welspun Group, announced its consolidated financial results for the first quarter of Financial Year 2015-16.

Consolidated Performance Highlights:

Figures in Rs. million unless specified

Particulars	Q1 FY16	Q1 FY15	Q4 FY15
Pipe Production (K MT)	274	213	294
Pipe Sales (K MT)	253	216	292
Income from Operations	19,441	14,369	23,371
EBITDA	2,214	823	4,137
Operational EBITDA	2,291	553	2,838
Finance Cost	672	682	699
Depreciation and Amortisation	1,118	1,090	1,188
PBT	424	(949)	2,250
PAT after Minorities & Associates	164	(975)	1,438
Cash PAT	1,658	19	3,557

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

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

c) Previous period figures have been regrouped, wherever necessary

The Company reported production and sales of pipes for Q1 at 274 KMT and 253 KMT; representing 29% and 17% growth respectively over last year (Q1FY15). The growth was driven by strong performance in the Indian LSAW and HSAW operations and the U.S. spiral mill. The Company continues to maintain its pre-eminent global position in the industry.

The total order book as on date stands at a healthy 828 K MT, valued at approximately Rs.58 billion.

Driven by higher volumes and realisations, net sales in Q1FY16 were significantly higher compared to Q1FY15. Sales were boosted by operations of the US mill which was on maintenance shutdown in Q1FY15. Operational EBITDA for the quarter came in at Rs 2,291 million, as compared to Rs 553 million last year, driven by all-round better performance.

Finance Cost was at Rs. 672 million (Rs. 682 million in Q1 FY15) while depreciation was at Rs 1,118 million (Rs. 1,090 million in Q1 FY15); both put together in line with the previous year figures.

The Company's focus on deleveraging continues, and management is taking all steps to conserve cash. Gross debt as at 30th June 2015 stands at Rs.30,725 million vs. Rs.30,205 million at the end of FY15 due to higher working capital loans taken for ramping up production levels. After deducting cash and cash equivalents, net debt at the end of the quarter was at Rs.18,043 million, lower compared to Rs.19,095

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million at the end of FY15, partly driven by higher client advances. At the end of the quarter, net worth stood at Rs. 28,537 million implying a net debt/equity of 0.63x as compared to 0.68x at FY15 end.

Business outlook:

Business outlook continues to be strong despite weakness in oil price. With the fall in oil price, customers are getting more sensitive to transportation costs and are preferring pipelines over rail and road. Consequently, the North American bid pipeline continues to be strong, driven by robust activity in the region. Middle Eastern demand, driven largely by gas pipeline projects continues to be strong. There are early signs of recovery in activity in India as well, primarily driven by water pipeline projects. There is an interesting line-up of projects across regions (including Latin America and Europe) coming up in the foreseeable future.

Commenting on the results, Mr B. K. Goenka, Chairman, Welspun Group said, “Despite volatility in energy prices, pipeline projects and related capital expenditure schedules have not perceptibly changed. We are in a good position, due to our healthy order book combined with a robust project pipeline and our strong financials. We continue to focus on cost-optimisation to enhance profitability.”

About Welspun Corp Ltd. (WCL)

Welspun Corp is a one-stop service provider offering complete pipe solutions 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. For more information, please visit www.welspuncorp.com.

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