

BUSINESS UPDATE

Outlook improving; Order book exceeds 1 mn tons

- Strong improvement in sales and production volumes q-o-q

Mumbai, 21st October 2014: Welspun Corp Ltd. (WCL), the flagship Company of the US\$ 3 billion Welspun Group, announced its financial results for the Second Quarter of FY15.

Consolidated Financial Highlights (Figures in Rs. Million)

Particulars	Q2 FY15	Q1 FY15	QoQ %	Q2 FY14	YoY %	H1 FY15	H1FY14	YoY %
Sales	23,980	14,277	68%	21,791	10%	38,258	44,282	-14%
Reported EBITDA	2,123	823	158%	2,631	-19%	2,946	4,747	-38%
Operational EBITDA	2,195	553	297%	3,103	-29%	2,747	6,206	-56%
Finance Cost	722	682	6%	823	-12%	1,404	1,593	-12%
Depreciation/ Amortization	990	1,090	-9%	1,068	-7%	2,080	2,075	
PBT	411	(950)		740	-44%	(538)	1,079	
PAT after min. & asso.	52	(975)		455	-89%	(923)	532	
Cash PAT	1,512	19		2,222	-32%	1,531	4,299	-64%

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

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

c) Total forex impact (unrealised) was provision of Rs. 361 million in Q2FY15 against gain of Rs. 82 million in Q1 FY15 and provision of Rs. 866 Million in Q2 FY14

d) Currency movement during the quarter was adverse: Q2FY15 closing was Rs.61.75/US\$ (Q1FY15 at Rs.60.18/ US\$)

e) Limited review of Q2FY15 standalone financial results has been done by Pricewaterhouse Chartered Accountants LLP

f) Prior period figures are restated, wherever necessary

Global Pipes and Plates – Q2 FY15 Results - (Figures in parenthesis pertain to Q1 FY15)

- Total Pipes sales volume was 339 K MT (216 K MT) and total pipe production was 327 K MT (213 K MT).
- Sales stood at Rs. 23,980 million (Rs. 14,277 million); higher on better sales volumes and realisations.
- Reported EBITDA stood at Rs. 2,123 million (Rs. 823 million).
- Adjusted for unrealised foreign exchange gain and non-operational income, Operational EBITDA stood at Rs. 2,195 million (Rs. 553 million).
- Finance Cost was at Rs. 722 million (Rs. 682 million); increase was mainly on account of higher average gross debt during the quarter, taken mainly to meet working capital requirements.
- Depreciation was at Rs. 990 million (Rs. 1,090 million).
- Net debt stood at Rs. 23,458 million at the end of the quarter, compared to Rs. 29,831 million at the end of Q1FY15. Net worth at the end of the quarter was Rs.28,653 million, implying a net debt to equity of 0.82x.

Volume data - Sales and Production

Production (in K MT)	Q2 FY15	Q1 FY15	Q2 FY14	H1 FY15	H1 FY14
Pipes	327	213	269	540	589
Plates & Coils	38	-	1	38	22

Sales (in K MT)	Q2 FY15	Q1 FY15	Q2 FY14	H1 FY15	H1 FY14
Pipes	339	216	275	555	584
Plates & Coils*	23	-	8	24	54

* Includes internal sales

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Order Book position

- The current pipe order book position stands at around 1,040K MT (Rs. 71 billion).
- During the period between 5th August 2014 (Q1FY15 results reporting date) and 1st October 2014, the company has won orders of around 400K MT out of which about 190K MT of orders are from the US market, indicating a sustained recovery in that region. The company has also won orders of about 185K MT from MENA region.

Business Outlook

- The uptick in the North and South American market (especially US), appears to be sustainable with the outlook looking promising in the next year and beyond.
- For the MENA region, outlook continues to be promising although next year's order quality outlook leaves room for improvement compared to the current year.
- For the Indian plants, the export market will continue to be the major driver in the near term. As far as the domestic market is concerned, we expect some of the anticipated projects to become business relevant in the medium term.
- The plate and coil division was operational in Q2FY15, largely for captive consumption, and it is expected to continue operations in Q3FY15 as well.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun Corp said, "We are seeing signs of a strong and sustained demand improvement in line pipes. Our order inflow has seen an uptick in recent months and we feel that this would continue over the next several quarters. We have a strong order book in excess of 1 million tonnes and in addition to that, we have submitted bids for around 4 million tonnes. The improved demand-supply balance in the global market should help our realization and margins going forward and we are confident that this will translate to better financial results in the next year."

About Welspun Corp Ltd. (WCL) www.welspuncorp.com

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.

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