

BUSINESS UPDATE

July 28, 2016

Significant improvement in balance sheet; maintain healthy orderbook

Welspun Corp Ltd. (WCL), the flagship company of the Welspun Group, announced its consolidated financial results for the first quarter ended June 30, 2016.

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q1FY17 presentation.

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

- Total income from operation of Rs. 15,564 mn, down 3% YoY
- Reported EBITDA at Rs. 1,460 mn, down 4% YoY
- Operating EBITDA at Rs. 1,048 mn, down 33% YoY
- Loss before tax of Rs. 48 mn vs. Rs. 56 mn in Q1FY16
- Net loss of Rs. 94 mn vs. Rs. 6 mn in Q1FY16
- Basic EPS at (Rs. 0.35) vs. (Rs. 0.02) in Q1FY16
- Production of pipes (ex-Saudi Arabia operations) was down 13% YoY, whereas sales was up 4%
- Production and sales of pipes (total operations) were down 17% / 1% YoY respectively

Order book position (including all operations):

Current pipe order book position stands at 958K MTs (Rs. 55 billion). Large orders booked during the period include @ 184K MTs for a project in Americas.

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, "Turmoil in energy markets during second half of FY16 has impacted our Q1FY17 results besides affecting margin profile of the orderbook. Despite the challenges, we are pleased with our efforts in improving balance sheet and building a healthy orderbook. This has been made possible by our continuous endeavour to explore new opportunities across the global markets. Also, we remain committed to maintaining financial discipline with no additional project capex plan."

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Consolidated performance highlights:

Particulars	Figures in Rs. million unless specified	
	Q1-FY17	Q1-FY16
Ex-Saudi Arabia operations		
- Pipe Production (KMT)	193	223
- Pipe Sales (KMT)	200	193
Total operations		
- Pipe Production (KMT)	229	274
- Pipe Sales (KMT)	251	253
- Plates/ coils Production (KMT)	82	44
Total Income from Operations	15,564	16,094
Reported EBITDA	1,460	1,526
Operating EBITDA	1,048	1,567
Finance Cost	571	624
Depreciation and Amortisation	936	958
PBT	(48)	(56)
PAT after Minorities, Associates & JVs	(94)	(6)
Cash PAT	945	1,044

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

Consolidated debt	Figures in Rs. million unless specified	
	30-Jun-2016	31-Mar-2016
Gross Debt	23,663	26,440
Cash & Cash Equivalents	14,509	12,862
Net Debt	9,155	13,578

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Business outlook:

Equipped with best-in-class manufacturing/ R&D capabilities and global clientele, we remain positive on the long-term outlook. However, volatility in energy markets has led to some large projects getting delayed which coupled with higher competitive intensity makes the near term business environment challenging. On the positive side, opening up of new markets and strong domestic linepipe demand provides an upside.

Conducive regulatory environment coupled with higher volumes has benefitted Plate & Coil Mill operations – we maintain a positive outlook for this year.

Post Q1FY17 conference call:

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

Date : Thursday, 28 July 2016

Time : 4:00pm IST (6:30pm HKT / 10:30 BST / 5:30am EST)

Dial in details:

- India:
 - Primary +91 22 3960 0706
 - Secondary +91 22 6746 8309
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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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