

BUSINESS UPDATE

May 23, 2016

Volumes of 1+ million MT for fourth consecutive year

Welspun Corp Ltd. (WCL), the flagship company of the US\$ 3 billion Welspun Group, announced its consolidated financial results for the fourth quarter and full year ended March 31, 2016.

For the year ended 31st March, 2016 WCL consolidated reported:

- Total income from operation of Rs. 83,204 mn, down 2% YoY
- Reported EBITDA at Rs. 10,349 mn, up 9% YoY
- Operating EBITDA at Rs. 9,113 mn, up 18% YoY
- Profit before tax growth of 37% YoY to Rs. 3,171 mn
- Profit after tax of Rs. 2,275 mn vs. Rs. 690 mn in FY15
- Basic EPS at Rs. 8.63 vs. Rs. 2.63 in FY15
- Production of pipes was flat at 1,119 KMT while sales was down 5% YoY to 1,100 KMT

For the quarter ended 31st March, 2016 WCL consolidated reported:

- Total income from operation of Rs. 18,409 mn, down 21% YoY
- Reported EBITDA at Rs. 1,816 mn, down 56% YoY
- Operating EBITDA at Rs. 1,208 mn, down 57% YoY
- Profit before tax of Rs. 7 mn vs. Rs. 2,250 mn in Q4FY15
- Profit after tax of Rs. 231 mn vs. Rs. 1,438 mn in Q4FY15
- Basic EPS at Rs. 0.86 vs. Rs. 5.47 in Q4FY15
- Production and sales of pipes were down 5% / 7% YoY respectively

Order book position:

Current pipe order book position stands at 913K MTs (Rs. 51 billion). Large orders booked during Q4FY16 include @ 200K MTs for a project in MENA.

Dividend:

Board has recommended a dividend @ 10% for every equity share of Face Value Rs 5/- each.

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, "FY16 results have been very satisfactory given the market place challenges. We achieved pipe sales and production volumes of 1+ million MT for fourth consecutive year. This showcases WCL's robust business model and ability to perform despite a difficult business environment.

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Latter half of FY16 witnessed significant turmoil in energy markets adversely affecting near-term outlook for linepipes and also margin profile of our orderbook. Emerging trends in the energy market is opening up interesting possibilities and we continue to explore new opportunities across the global markets.”

Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q4-FY16	Q3-FY16	Q4-FY15	FY16	FY15
Production (KMT)					
- Pipes	279	259	294	1,119	1,131
- Plates & coils	75	29	21	235	104
Sales (KMT)					
- Pipes	270	251	292	1,100	1,152
Total Income from Operations	18,409	20,322	23,314	83,204	84,505
Reported EBITDA	1,816	2,957	4,137	10,349	9,508
Operating EBITDA	1,208	2,358	2,838	9,113	7,692
Finance Cost	663	622	699	2,637	2,830
Depreciation and Amortisation	1,145	1,120	1,188	4,542	4,365
PBT	7	1,216	2,250	3,171	2,313
PAT after Minorities & Associates	231	869	1,438	2,275	690
Cash PAT	712	1,720	3,557	6,541	6,620

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	31-Mar-2016	31-Mar-2015
Gross Debt	34,943	30,205
Cash & Cash Equivalents	14,700	11,111
Net Debt	20,243	19,095

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Business outlook:

Volatility in energy prices, reduced access to capital markets and consolidation in oil & gas sector has been causing delays in project schedules. This coupled with volatility in steel prices and higher competitive intensity has made the business environment more challenging. However, opening up of new markets and strong domestic linepipe demand provides a near term upside. Despite challenges, we remain positive on the long-term demand outlook.

Outlook for Plate & Coil Mill operations looks positive for the year ahead.

Annual Investor Conference 2016:

WCL management would be happy to answer investor queries at the Annual Investor Conference 2016. Please find details below:

Venue: Gallery North, Four Seasons Hotel, Worli, Mumbai

Date: Monday, 23rd May 2016

Time: 4:00 pm - 6:00 pm

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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