

BUSINESS UPDATE

April 28, 2015

Highest Annual Pipe Volumes; Strong Order Book

Welspun Corp Ltd. (WCL), the flagship Company of the US\$ 3 billion Welspun Group, announced its consolidated financial results for the full year and fourth quarter ended March 31, 2015.

Consolidated Performance Highlights:

Figures in Rs. million unless specified

FY15	FY14		Q4 FY15	Q3 FY15	Q4 FY14
1,130	1,021	Pipe Production (K MT)	294	297	234
1,152	1,019	Pipe Sales (K MT)	292	305	202
84,505	77,047	Income from Operations	23,751	22,497	15,345
9,508	8,439	EBITDA	4,137	2,425	1,955
7,692	7,742	Operational EBITDA	2,838	2,107	544
2,830	2,964	Finance Cost	699	728	662
4,365	4,063	Depreciation and Amortisation	1,188	1,097	938
2,313	1,412	PBT	2,250	601	355
690	734	PAT after Minorities & Associates	1,438	175	126
6,620	5,768	Cash PAT	3,557	1,538	907

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) Prior period figures have been restated, wherever necessary

The Company has declared a dividend of Rs. 0.50 per share.

Production and sales of pipes for FY15 were at an annual record with both volumes crossing the milestone 1 million tonne mark for the third successive year. For the quarter, production and sales volumes were significantly better than in Q4 FY14, but slightly below the Q3 FY15 numbers. Volumes were higher in the Indian LSAW operations as well as in the US Spiral mill, while Saudi volumes were lower.

Total order book as on date stands at 1,030K MT, valued at approximately Rs.72 billion.

Net sales in Q4 FY15 were marginally higher compared to the previous quarter due to better realisations, in spite of the lower volumes. Operational EBITDA was significantly higher, compared to the previous quarter, driven by better margins in the US.

Gross debt at the end of the year was Rs.30,206 million, lower than the Rs.38,235 million at the end of last year. After deducting cash and cash equivalents, the net debt at the end of the year was at Rs.19,095 million, compared to Rs.25,646 million at the end of FY14. The decrease in net debt was primarily due to a reduction in net working capital. At the end of the year, net worth stood at Rs. 27,988 million implying a net debt/equity of 0.68x.

BUSINESS UPDATE

Business outlook:

While the recent drop in energy prices has prompted several exploration companies to cut their capital budgets, there has not been any significant impact yet on the pipeline projects in North America. Oil production in USA is at its highest and will continue to drive the demand for pipelines, which remains the most cost-efficient means of transportation compared to alternatives such as rail. There are also ongoing discussions in the US regarding replacement of ageing pipelines. Canada and Mexico also hold huge potential for pipelines in the near to medium term.

While the geopolitical situation in Europe has led to the cancellation of a large pipeline project, alternate routes are being discussed. While the outlook in Saudi Arabia looks challenging in the face of increased competition, the outlook on the gas pipeline project is buoyant. Even though Saudi Aramco has announced a capex cut of 30%, giant projects like Master Gas II are already on the anvil. Additionally, other regions in the Middle East and Africa such as Mozambique, Algeria etc. provide growth opportunities.

India looks promising in the medium term with activity on the new pipeline projects expected to commence soon. The recent announcement of 15,000 kilometres of Oil and Gas pipeline projects and several state water projects is positive for the industry. In the Asia-Pacific region, potential demand from Thailand, Malaysia and Indonesia could boost the regional demand.

Commenting on the results, Mr B. K. Goenka, Chairman, Welspun Group said, "We have not seen any noteworthy effect of the sharp fall in energy prices. We continue to add to our order book, which has crossed the 1 million tonne mark and provides us with strong visibility for next year. Taking into account the bids we have already submitted, we are confident of better mill utilisation during this year. The quality of the order book has also shown visible improvement. US demand continues to be strong and is expected to drive performance in the near term."

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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