

BUSINESS UPDATE

Strong order book provides near-term visibility

• Order book close to 1 million tonnes

Mumbai, 7th August 2014: Welspun Corp Ltd. (WCL), the flagship Company of the US\$ 3 billion Welspun Group, announced its financial results for the 1st Quarter of FY15.

Consolidated Financial Highlights *(Figures in Rs. Million)*

Particulars	Q1 FY15	Q4 FY14	Q1 FY14
Sales	14,261	15,345	22,491
Reported EBITDA	823	1,955	2,116
Operational EBITDA	536	544	3,103
Finance Cost	682	662	770
Depreciation/ Amortization	1,090	938	1,007
PBT	(950)	355	339
PAT after minorities & associates	(975)	126	77
Cash PAT	(16)	907	2,076

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 gain of Rs. 82 million in Q1 FY15 and Rs.853 million in Q4 FY14 and provision of Rs. 1,460 Million in Q1 FY14.

Global Pipes and Plates – Q1 FY15 Results - *(Figures in parenthesis pertain to Q4 FY14)*

- Total Pipes sales volume was 216 K MT (202 K MT) and total pipe production was 213 K MT (234 K MT).
- Sales stood at Rs. 14,261 million (Rs. 15,345 million); lower on account of product/project mix.
- Reported EBITDA stood at Rs. 823 million (Rs. 1,955 million).
- Adjusted for unrealised foreign exchange gain and non-operational income, Operational EBITDA stood at Rs. 536 million (Rs.544 million).
- Finance Cost was at Rs. 682 million (Rs. 662 million); higher on account of new debt taken for the working capital requirements of the company.
- Depreciation was at Rs 1,090 million (Rs. 938 million); higher primarily on account of change in depreciation rate as per the guidelines of the new Companies Act, 2013.
- Net debt stood at Rs. 29,831 million at the end of the quarter, compared to Rs. 25,645 million at the end of FY14. Net worth at the end of the quarter was Rs.28,594 million, implying a net debt to equity of 1.04x.

Volume data in K MT

Pipe Volumes (in K MT)	Q1 FY 15	Q4 FY14	Q1 FY14
Production	213	234	320
Sales	216	202	308

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Order Book position

- At the end of the quarter (30th June 2014), the order book stood at 851K MT (Rs. 54 billion).
- The current pipe order book position (as on 5th August 2014) stands at around 993K MT (Rs. 64 billion).
- During the period between 1st April 2014 and 5th August 2014, the company has won orders of around 300K MT out of which about 130K MT of orders are from the US market, indicating a pickup in ordering activity in that region.

Business Outlook

- The line pipe business is showing visible signs of a significant revival.
- The North American and Latin American pipeline is quite strong with several projects already announced and several more in the pipeline.
- Middle East continues to be robust with demand from Saudi Arabia, UAE and Iraq. Europe also continues to be strong.
- With the new government's focus on pipelines, ordering activity is expected to pick up in India as well in the medium term. As indicated in the Union Budget 2014-15, the government has plans of doubling the pipeline network in the country by developing 15,000 kms of pipelines to add to the existing network.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun Corp said, "While the business environment has been challenging affecting realisation and profitability, we are seeing strong signs of a pickup in ordering activity across geographies, especially the Americas and India. We have a strong order book of close to 1 million tonnes. In addition, we have bids outstanding of close to 6 million tonnes with another 4 million tonnes of bids coming up in the near term. Looking at the current environment, we strongly believe that good days are ahead of us."

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

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.

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