

Pipes Volume at Record High

- Sales volumes up 63% QoQ
- Strong Order Book at Rs. 7,570 Crore - '1.1 mn Ton'
- New ERW mill in US receives API certification

- Revenue growth at 38% QoQ
- Adjusted Cash PAT up 73% QoQ

Mumbai, 15th February 2013: Welspun Corp Ltd. (WCL) the flagship Company of the \$3.5 billion Welspun Group yesterday announced its financial results for 3rd Quarter FY13.

Consolidated Highlights (Figures in Rs. Million)

Particulars	Q3 FY13	Q3 FY12	Q2 FY13	9M FY13	9M FY12
Sales	28,519	24,671	20,606	74,622	62,768
Reported EBITDA	1,840	1,585	2,171	6,379	7,574
EBITDA (Adjusted)*	2,518	3,408	1,432	7,968	9,940
Finance Cost	1,386	1,245	1,130	3,775	2,842
Depreciation/ Amortization	1,136	984	1,030	3,234	2,597
PAT (Adjusted)*	(348)	531	(508)	387	2,803
Cash PAT (Adjusted)*	866	1,116	500	3,612	5,231

* Total foreign exchange provision of Rs. 678 million was booked in Q3 FY13 and Rs. 1,589 million for 9M FY13

Analysis of Results

Q3 FY 2013 Results - (Figures in parenthesis pertains to Q2 FY13)

- **Sales**
 - Consolidated Sales up by 38% QoQ at Rs. 28,519 million (Rs.20,606 million) largely due to higher sales volumes of pipes.
 - Total Pipes sales volume of 295K MT (181K MT) up 63% QoQ and total pipe production of 258K MT (180K MT) up 43% QoQ.
 - Plates sales volume of 105K MT (102K MT) up by 3% and total plate production was 98K MT (101K MT)
- **Analysis of Operational EBITDA for Q3 FY13**
 - Pipes EBITDA – Rs. 1,679 million (Rs. 1,502 million).
 - Despite the difficult economic conditions, the Company has recorded good production and sales volume during the quarter.
 - Saudi plant steadily reaching optimal utilization levels – Q3 FY13 utilization ~ 66%
 - Plates EBITDA – Rs. -58 million (Rs. -217 million).
 - Plate margins are still negative due to the overall weakness in the plate market.

BUSINESS UPDATE

- Infra EBITDA - Rs. 367 million (Rs. -71 million).
 - Infra business has shown significant improvement on a QoQ basis as execution picked up post monsoons.
- DRI (Maxsteel) EBITDA - Rs. -216 million (Rs. -435 million).
 - Maxsteel business continues to be impacted by lower APM gas availability leading to higher gas cost, coupled with subdued market demand.

EXCEPTIONAL ITEMS:

- The Company has made a foreign exchange provision of Rs. 678 million in Q3 FY13 which has impacted the operating performance.
- Finance Costs - Rs 1,386 million (Rs 1,130 million in Q2 FY13), increase was largely on account of one time cost related to bank charges for new ECB, and foreign exchange effects.
- Depreciation – Rs 1,136 million (Rs. 1,030 million in Q2 FY13), increase in depreciation was mainly on account of translation impact of overseas assets due to weakening of INR.
- The consolidated net debt position stands at Rs. 35,729 million for Q3 FY13 (compared to Rs 34,502 million in Q2 FY13), while the net worth of the Company is Rs. 48,914 million resulting in net debt:equity of 73%.

Production and Sales in K MT

Production Volume	Q3 FY13	Q3 FY12	Q2 FY13	9M FY13	9M FY12
Total Pipes Consolidated	258	207	181	656	586
Plates & Coils	98	154	101	349	364

Sales Volume	Q3 FY13	Q3 FY12	Q2 FY13	9M FY13	9M FY12
Total Pipes Consolidated	295	202	181	655	615
*Plates & Coils	105	139	102	354	358

* Includes internal sales

Order Book position

The current order book (pipe and plate) stands at Rs.76 billion comprising of 1,072K MT of pipes and 49K MT of external plates (internal plate orders of 62K MT).

The Infrastructure business has a cumulative current order book position of Rs. 41,319 million; Rs. 3,668 million for Welspun Projects and Rs. 37,651 million for Leighton Welspun Contractors Pvt. Ltd.

Status of Projects:

ERW Plant in US: The ERW mill in Little Rock has completed construction and trial runs are under progress. The plant has received API certification and secured orders as well.

BUSINESS UPDATE

Business Outlook

- The outlook for the pipe business remains positive despite overall challenges in the global economy. With the discovery of shale formations across various geographies drilling activity for technically recoverable shale gas has picked up across continents, with the United States leading the way with superior technological advances in unconventional drilling methods. This will lead to an increased demand for pipes in North America, and the Company is well poised to capitalize on this by having world class HSAW and ERW facilities in the United States. The Company also sees good potential in other regions such as Latin America, Africa and Asia driven by strong growth in energy and oil demand.
- The Plates, DRI (Maxsteel) and Infra businesses continue to face challenges due to overall weak demand along with subdued activity in infra and steel manufacturing businesses.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun said, “The pipes business overall is going through a challenging period. Having said that, the outlook remains positive as the Company has a healthy order book. With improving horizontal drilling technology, one should not be surprised to see higher drilling activity outside of North America which will lead to an increase in the demand for pipes. With tremendous development activities in US leading to it becoming self reliant on energy in the next few years, countries like Canada which have been dominant supplier of Oil and Gas to US are exploring to export their products to the Asian countries. This potentially can lead to development of substantial increase in demand for pipes. Welspun remains in a strong position with its global facilities to capitalize on this changing phenomenon.”

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

Welspun Corp (www.welspuncorp.com) is a one-stop service provider offering complete pipe solution with a capability to manufacture line pipes ranging from ½ inch to 121 inches, along with specialized coating, double jointing and bending. With current capacity of 2.425 mn 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. Welspun Corp has continued to further strengthen its capabilities by setting up a world class plates and coils manufacturing facility. With business excellence being a clear focus, the company is on the path of innovation and technology edge, state-of-the-art facilities and global scale operations.

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