

Strong Pipe sales and profitability

- Saudi plant reaches optimal utilisation
- New HFIW mill in US commissioned ; received API certification

• Global Pipes and Plates Operational EBITDA up 36% QoQ

Mumbai, 06th August 2013: Welspun Corp Ltd. (WCL) the flagship Company of the \$3.5 billion Welspun Group, announced its financial results for 1st Quarter FY14.

The company is in the process of demerging its non-pipe business (DRI, Infrastructure, Oil & gas exploration and Energy) into a separate company. The table below summarises the Q1FY14 results of the Global Pipe and Plates business, which will continue in Welspun Corp Ltd, post the demerger.

Global Pipes and Plates Business - Financial Highlights (Figures in Rs. Million)

Particulars	Q1 FY 14	Q4 FY13	Q1 FY13	Change % QoQ	Change % YoY
Sales	22,491	28,269	20,014	-20%	12%
Reported EBITDA	2,291	3,552	2,220	-36%	3%
Operational EBITDA	3,456	2,533	2,971	36%	16%
Finance Cost	770	813	929	-5%	-17%
Depreciation/ Amortization	1,007	900	875	12%	15%
PAT (Adjusted)*	1,205	1,341	1,329	-10%	-9%
Cash PAT	2,242	2,939	2,180	-24%	3%

* Adjusted for unrealized foreign exchange provision of Rs.1,447 million booked in Q1FY14; corresponding figure was gain of Rs. 51 million in Q4FY13 provision of Rs.1,328 million in Q1FY13. Total forex loss (realised + unrealised) for the quarter was Rs.1,812 million in Q1FY14.

The table below summarises the consolidated Q1 FY14 results of the company, including the businesses which will be demerged.

Consolidated Financial Highlights (Figures in Rs. Million)

Particulars	Q1 FY14	Q4 FY13	Q1 FY13	Change % QoQ	Change % YoY
Sales	26,757	33,164	25,497	-19%	5%
Reported EBITDA	2,245	3,910	2,368	-43%	-5%
Operational EBITDA	3,609	2,593	3,310	39%	9%
Finance Cost	1,264	1,156	1,258	9%	0%
Depreciation/ Amortization	1,252	1,527	1,068	-18%	17%
PAT (Adjusted)*	515	1,006	1,137	-49%	-55%
Cash PAT	1,815	2,905	2,140	-38%	-15%

*Adjusted for unrealized foreign exchange provision of Rs .1,639 million booked in Q1 FY14; corresponding figure was gain of Rs. 103 million in Q4 FY13 and provision of Rs.1,571 million in Q1 FY13. Total forex loss (realised + unrealised) for the quarter was Rs.2,045 million in Q1FY14.

BUSINESS UPDATE

Analysis of Results

Q1 FY 2014 Results - (Figures in parenthesis pertains to Q4 FY13)

• Sales

- Consolidated Sales at Rs. 26,757 million (Rs.33,164 million). While pipe sales continued to be high, plate sales were lower as production is only on need basis
- Total Pipes sales volume of 308K MT (363K MT) and total pipe production of 320K MT (355K MT)
- Plates sales volume of 46K MT (109K MT) and total plate production was 22K MT (121K MT)

• Operational EBITDA for Q1 FY14

- Pipes EBITDA – Rs. 3,355 million (Rs. 2,831 million).
 - Improvement in profitability across regions
 - Saudi plant at optimal utilization levels driving EBITDA higher
- Plates EBITDA – Rs. 100 million (Rs. -298 million).
 - Only profitable orders being booked and executed currently at the plant
- Infra EBITDA - Rs. 168 million (Rs. 280 million).
- DRI (Maxsteel) EBITDA - Rs. -14 million (Rs. -192 million).

• Other items:

- The Company has made a foreign exchange provision of Rs. 2,045 million in Q1 FY14 which has impacted the reported figures.
- Finance Costs - Rs 1,264 million (Rs 1,156 million), increase was largely on account of translation of foreign currency interest payments
- Depreciation – Rs 1,252 million (Rs. 1,527 million). Q4FY13 was higher on account of retrospective change in accounting policy of cash subsidy received on BOT projects
- The consolidated net debt position stands at Rs. 36,610 million for Q1 FY14 (compared to Rs 31,235 million in Q4 FY13), while the net worth of the Company is Rs. 54,313 million resulting in net debt: equity of 67%.

Production and Sales in K MT

Production Volume (in K MT)	Q1 FY 14	Q4 FY13	Q1 FY13
Total Pipes Consolidated	320	355	217
Plates & Coils	22	121	150
Sales Volume (in K MT)	Q1 FY 14	Q4 FY13	Q1 FY13
Total Pipes Consolidated	308	363	178
*Plates & Coils	46	109	148

* Includes internal sales

BUSINESS UPDATE

Order Book position

- The current pipe order book stands at Rs. 47 billion comprising of 691 K MT of international and domestic orders.
- The Infrastructure business has a cumulative current order book position of Rs. 39,142 million.

Business Outlook

- The outlook for the pipe business continues to be challenging. While there are some key large scale projects in the pipeline, margins have been under pressure. The Americas, Middle East and Europe will be the key regions which will drive demand in the medium term.
- The Plates, DRI (Maxsteel) and Infra businesses continue to face challenging business environment.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun said, “The pipes business continues to perform well in spite of the challenging environment. Our strong global presence has ensured that we continue to win orders, while maintaining profitability. The new US HFIW mill will help us to capitalise better on the shale gas opportunity in North America. Welspun’s recent entry into the European market will open up further opportunities. Our new organizational structure in the pipes business, based on geographical business units with independent heads, will enhance our marketing capabilities and customer servicing, propelling our growth.”

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 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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