

## Welspun Corp delivers stronger performance

- **EBITDA up by 22% on sequential quarter**
- **PAT marginally up despite higher depreciation**
- **Strong Order Book at Rs. 5,032 Crore**
- **Plants at US and Saudi fully operational**

**Mumbai, July 28, 2011:** Welspun Corp Ltd. (WCL), the 2<sup>nd</sup> Largest (Large Diameter) Pipe Company in the World (Source: Financial Times, UK), and the flagship Company of the \$ 3 billion Welspun Group has announced its Financial Results for Q1 FY 2012.

### **Consolidated Financial Summary** (Figures in Rs. Million)

Particulars	Q1 FY12	Q4 FY11	Change %
Sales	17,457	21,632	-19%
Reported EBITDA	3,089	2,522*	22%
Interest	434	425	2%
Depreciation	768	632	22%
PAT	1,191	1,181	1%
Cash PAT	2,157	2,218	-3%
EPS (Rs./Share)	5.31	5.41	-2%
Reported EBITDA Margin (%)	17.7%	11.7%	52%
PAT Margin (%)	6.8%	5.5%	25%
Operational EBITDA	2,951	3,147*	-6%

\* In Q4 FY11 Reported EBITDA was lower by Rs. 670 million on account of provision for settlement with one of the customers thereby ending long pending litigation.

### Analysis of Results: Q1 FY12 Vs Q4 FY11

- Sales for the quarter stood at Rs 17,457 million incorporating Pipe volume of 202,544 MT and Plates volume 114,611 MT.
  - Pipes production was lower than expected on account of partial shutdown of production facilities in India due to maintenance/ upgradation / changeover.
  - Sales volume were lower than expected on account of finished pipes to the tune of nearly 30,000 MT, which could not be shipped in the current quarter and is being delivered in the Q2 FY12.
- Reported EBITDA grew by 22%
- Interest is marginally higher.
- Depreciation was higher in Q1 FY 2012 mainly on consolidation of Leighton Welspun Contractors Pvt. Ltd. and due to amortization reversal on change of amortization policy for BOT assets in Welspun Projects carried in Q4 FY 2011.
- PAT for the quarter stands at Rs. 1,191 million and Diluted EPS at Rs 5.31/share.

## **BUSINESS UPDATE**

### **Order Book position**

The quarter began with a total outstanding order book (pipe and plate) of Rs. 54 billion. Further in this quarter, we added orders worth Rs. 12 billion from domestic and international Oil & Gas majors both for Pipes and Plates & Coils. After executing orders in Q1 FY11, the current order book (Pipes and Plate & Coils) stands at Rs. 50 billion (640 K MT of Pipes volume and 82 K MT of Plates Volume).

### **Management comments**

While deliberating on the results Mr B K Goenka, Chairman of Welspun said, "Performance registered by the two overseas plants in Little Rock, Arkansas USA and Dammam, Saudi Arabia have been quite encouraging. Moreover, global Oil & Gas upward trajectory shall provide impetus to the growth of our Company. We are also moving in the right direction for augmentation in Infrastructure business with addition of Leighton which looks promising."

### **Outlook**

The international crude oil price is getting stabilised as the overreaction in oil prices as a result to the problems in the Middle East is expected to come down. However, the domestic interest rate hikes might impact the domestic demand growth in the near term, while trying to contain inflation. As a result of which, sentiments may be expressed through conservative corporate profitability and investments. However, the global economic scenario looks promising in the Oil & Gas sector and thereby providing momentum both in the developed and emerging economies where we operate.

### **About Welspun Corp Ltd. (WCL) [www.welspuncorp.com](http://www.welspuncorp.com)**

Welspun Corp Ltd. formerly known as Welspun Gujarat Stahl Rohren Ltd., started its activities in 1995 and since then has supplied pipes for some of the most prestigious projects including the World's deepest pipeline project in the Gulf of Mexico, U.S.A, heaviest pipeline project in the Persian Gulf, highest LNG pipeline project in Peru and longest pipeline project from Canada to the US. Welspun's state-of-the-art Plate, Coil and Pipe Plants are located in Dahej and Anjar in Gujarat, India, Little Rock in Arkansas, US and now in Dammam in Saudi Arabia. The Company has recently set-up a Spiral Pipe mill in Mandya, Karnataka, India. Welspun has been the leader in quality, innovation and technology. All manufacturing facilities incorporate the hybrid JCO technology from Mannesmann Demag of Germany (SMS Meer) and other leading technology provider. New initiatives in WCL includes foray into infrastructure, upstream Oil & Gas and Energy. WCL is prepared to meet the growing demand and is in a position to meet the stringent requirements and standards of highest grade products and services.

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