



BUSINESS UPDATE

Welspun Corp Limited

- Impressive Order Book at Rs 8,360 Crore '1.2 mn Ton'
- Strong Performance of pipes business

- Sales up by 45% in Q1 FY 13 YoY
- Operating EBITDA up by 10% YoY

Mumbai, August 14 2012: Welspun Corp Ltd. (WCL) the flagship Company of the \$3.5 billion Welspun Group today announced its financial results 1st Quarter FY13.

Consolidated Financial Summary of Q1 FY 2013 (Figures in Rs. Million)

Particulars	Q1 FY13	Q1 FY12	Change %	Q4 FY12	Change %
Sales	25,497	17,559	45%	26,998	-6%
Other income	708	487	45%	1,061	-33%
Reported EBITDA	2,367	3,315	-29%	3,673	-36%
Finance Cost	1,258	661	90%	1,157	9%
Depreciation/ Amortization	1,068	768	39%	918	16%
PAT	75	1,191	-94%	1,185	-94%
Operational EBITDA	3,310	3,021	10%	1,674	98%

* Due to sharp depreciation of rupee during the quarter Q1 FY13 performance was impacted. Total foreign exchange provision was Rs. 1,728 million out of which Rs. 1,650 million was booked under other expenses. Thus the operational EBITDA stands at Rs. 3,310 million.

Production and Sales in Metric Tonnes

Production Volume (in tons)	Q1 FY13	Q1 FY12	Change %	Q4 FY12	Change %
Total Pipes Consolidated	216,906	179,901	21%	232,860	-7%
Plates & Coils	118,039	108,145	9%	143,292	-18%

Sales Volume (in tons)	Q1 FY13	Q1 FY12	Change %	Q4 FY12	Change %
Total Pipes Consolidated	178,176	202,544	-12%	219,927	-19%
*Plates & Coils	147,615	114,611	29%	172,962	-15%

* Includes internal sales

Order Book position

The year began with a total outstanding order book (pipe and plate) of Rs. 74 billion comprising of 1,029 K MT of pipes and 139 KMT of Plates (54 K MT of External Orders and internal plate orders of 85 KMT).

During the period, we have added new pipe and plate orders worth Rs. 29 billion 345 KMT of pipes and plates) from domestic and international Oil & Gas majors from key markets such as India, North America and the Middle East. During the year we have added 3 large orders from International Oil and Gas majors from US and Middle East of about 470 KMT.

BUSINESS UPDATE

After executing orders in Q1 FY13, the current order book (pipe and plate) stands at Rs. 84 billion comprising of 1,196K MT of pipes and 126K MT of Plates (32K MT of external orders and internal plate orders of 94K MT)

The Infrastructure business has a cumulative current order book position of Rs. 46,169 million; Rs. 5,805 million for Welspun Projects and Rs. 40,364 million for Leighton Welspun Contractors Pvt. Ltd.

Status of Projects:

Capacity expansion at Mandya (Karnataka): To cater to the strong demand for pipes, the Company has completed the expansion of the Mandya plant by another 50,000 tons. This expansion has been done within the original capital expenditure budget of Rs.1,000 million.

ERW Plant in US: The Company is working towards the construction of a 175,000 MTPA ERW and Coating Plant in the US adjoining the existing facility at Little Rock; the mill is expected to be commissioned by Q4 FY13 as scheduled. The facility is expected to stabilize and ramp-up production during FY14 and cater to the growing ERW markets in North America. The total capital expenditure on the plant is planned for US \$ 80 million.

Business Outlook

- The outlook for the pipe business remains mixed amidst challenges in the global economy. However, Welspun continues to win new pipe orders both locally and internationally during such challenging times on the back of its strong customer reach and proven execution track record. Some of the key demand markets continue to be North America, Middle East and India. The Company sees high potential across some newer regions such as Latin America, Africa and Asia driven by strong growth in energy and oil demand. We believe a key differentiating factor going forward shall be the ability to offer a portfolio of high quality products to customers. We believe the increase in rig count in North America, rebound in oil prices, new shale gas discoveries and potential demand from the replacement market in the coming years shall bode well for the industry.
- Improvement in capacity utilization looks promising as the Company has a healthy order book of 1.2 mn ton. More specifically, the US and Saudi plants have the potential to deliver higher volumes in the coming quarters. Saudi plant will also benefit from recent approvals by major customers.
- The Plate market continues to witness softness in demand driven by weak demand from the shipping industry combined with higher prices at which steel slabs are available. During the current quarter, the plate mill executed some high-value, high-margin internal and export orders which resulted in strong earnings.
- Welspun's infrastructure business (Welspun Projects & Leighton Welspun) is witnessing difficult business environment with higher costs and challenges on profitability growth. However, it continues to win meaningful orders.
- The outlook for Welspun Maxsteel Ltd remains challenging due to lower availability of contracted gas and the continued pressure it faces in procuring higher cost gas from alternatives sources. However, efforts continue to find a solution through regulatory bodies and the government to improve the gas situation and bring a positive change to the operations of Maxsteel.



BUSINESS UPDATE

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun said, "Welspun has created world class capacities for both pipes and plates and continues to serve the customers across the globe. The efforts to deliver quality products has been a key success factor in getting repeat orders from existing clients and adding new orders in such difficult business environments. With ERW capacity heading towards commissioning, we shall be better placed to provide larger product range to our customers and tap the large market for small dia line pipe space emanating from the shale gas platform"

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 2.2 mn MTPA in Dahej and Anjar, Gujarat, India, Little Rock in the USA and 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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