

Breaking the “Million ton” barrier

- **FY13 pipe sales, production and order booking exceed 1 mn tons**
- **US ERW mill commissioned; received API certification**

- **Revenue growth at 21%**
- **Sales Volume up by 22%**

Mumbai, 30th May 2013: Welspun Corp Ltd. (WCL) the flagship Company of the \$3.5 billion Welspun Group, yesterday announced its financial results for 4th Quarter FY13 and Financial year FY13.

Consolidated Highlights (Figures in Rs. Million)

Particulars	Q4 FY13	Q3 FY13	Q4 FY12	FY13	FY12
Sales	33,164	28,585	26,998	108,701	89,766
Reported EBITDA	3,910	1,840	3,672	10,289	11,246
EBITDA (Adjusted)*	3,599	2,517	2,592	11,562	12,488
Finance Cost	1,156	1,386	1,157	4,931	3,999
Depreciation/ Amortization	1,527	1,136	918	4,761	3,515
PAT (Adjusted)^	865	(347)	466	1,252	3,407
Cash PAT (Adjusted)^	2,764	866	1,720	6,352	7,089

* Adjusted for foreign exchange provision. Total foreign exchange provision of Rs. 1,278 million for FY13

^ Adjusted for exceptional item of Rs. 1,091 million in Q4FY13 and FY13 as well as forex provisions

FY 2013 Results - (Figures in parenthesis pertain to FY12)

- **Sales**
 - Consolidated Sales up by 21% at Rs. 108,701 million (Rs.89,766 million) driven by strong volume growth in pipes.
 - Total Pipes sales volume of 1,018 K MT (835 K MT) up 22% and total pipe production of 1010 K MT (819K MT) up 23%.
 - Pipe orders in excess of 1 mn MT booked in FY13
 - Plates sales volume of 464 K MT (531 K MT) and total plate production was 470K MT (507K MT)
 - DRI (Maxsteel) sales volume of 336 K MT (631 KMT).

OTHER ITEMS:

- Finance Costs - Rs 4,931 million in FY13 (Rs 3,999 million), increase was largely on account of new debt taken for US ERW mill capex and higher working capital

BUSINESS UPDATE

- Depreciation – Rs 4,761 million in FY 13 (Rs. 3,515 million), increase in depreciation was mainly on account of translation impact of overseas assets due to weakening of INR, and retrospective change in accounting policy made in respect of cash subsidy received for BOT projects.
- The consolidated net debt position stands at Rs. 31,235 million in FY13 (Rs 23,727 million). The net worth of the Company is Rs. 56,578 million resulting in net debt:equity of 0.55.
- The Company has announced a dividend of Rs. 0.50 per share for FY 13.

EXCEPTIONAL ITEMS:

- The Company has made a foreign exchange provision of Rs. 1,278 million in FY13 which has impacted the operating performance.
- Exceptional items of Rs. 1,091 mn relate to non-cash write-offs.

Production and Sales in K MT

Production Volume	Q4 FY13	Q3 FY13	Q4 FY12	FY13	FY12
Total Pipes Consolidated	355	258	233	1,010	819
Plates & Coils	121	98	143	470	507

Sales Volume	Q4 FY13	Q3 FY13	Q4 FY12	FY13	FY12
Total Pipes Consolidated	363	295	220	1,018	835
*Plates & Coils	109	105	173	464	531

* Includes internal sales

Order Book position

As of 30th May 2013 the pipe order book stood at 757 K MT at Rs. 52 billion. The Infrastructure business had a cumulative order book position of Rs. 41 billion.

Status of Projects:

- **ERW Plant in US:** The ERW mill in Little Rock has been commissioned and has also received the API certification during the year.
- **Anjar Coating plant:** Construction is on schedule and will be completed in FY14

Business Outlook

- The outlook for the pipe business remains challenging. While demand growth remains sluggish and competition continues to remain high, there is reason for optimism with various large scale projects expected to come up in the near to medium term. Key regions to drive the growth in the medium term are expected to be Canada and the Middle East. Canada has huge oil and gas reserves and most of the current exports are to the US. With US moving towards energy self-sufficiency, thanks to large-scale exploration of shale gas, Canada will have to build pipelines to take this oil to new markets and de-risk their economy. Middle East also remains an attractive region with Iraq, which is in the path of economic reconstruction, being particularly important.

BUSINESS UPDATE

- 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. In spite of the tough environment, the Company is confident of continuing its growth path. Our healthy pipe order book provides comfortable visibility for the next few quarters. We have created world-class pipe facilities across three major regions and the growth capex cycle is now close to completion. Going forward, there will be very little growth capex which should help improve the cash flows of the company.”

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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