




Unlocking Value... Unleashing Potential

Pipe & Plates Business

(₹. in Million)

Financial Highlights	Q2 FY14	Q2 FY13	H1 FY14	H1 FY13
Net Sales	21,791	18,489	44,282	38,503
Operational EBITDA	3,883	1,279	7,339	4,250
PAT (Adjusted)*	1,082	(518)	2,255	811
Cash PAT*	2,288	434	4,532	2,614

* Adjusted for unrealised foreign exchange provisions of Rs. 853 million in Q2 FY14 and gain of Rs. 1,564 million in Q2 FY13.

Strong Pipe sales and sustained profitability

- **Demerger proposal unanimously approved by shareholders and creditors**

- **Global Pipes and Plates PBT up 59% QoQ**

Mumbai, 29th October 2013: Welspun Corp Ltd. (WCL), the flagship Company of the \$3.5 billion Welspun Group, announced its financial results for 2nd Quarter of FY14.

The company is in the process of demerging its non-pipe business (DRI, Infrastructure, Oil & Gas exploration and Energy) into a separate company. It has received unanimous approval from shareholders and lenders for the proposal. The table below summarises the Q2 FY14 / H1FY14 results of the Global Pipe and Plates business, which will continue in Welspun Corp Ltd, post the demerger. For consolidated financial results, please refer to our website www.welspuncorp.com

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

Particulars	Q2 FY14	Q1 FY14	Q2 FY13	H1 FY14	H1 FY13
Sales	21,791	22,491	18,489	44,282	38,503
Reported EBITDA	2,706	2,291	2,332	4,997	4,552
Operational EBITDA	3,883	3,456	1,279	7,339	4,250
Finance Cost	823	770	805	1,593	1,734
Depreciation/ Amortization	1,068	1,007	832	2,075	1,707
PBT	815	514	695	1,328	1,112
PAT after minorities & associates	505	192	540	697	970
PAT (Adjusted)*	1,082	1,173	(518)	2,255	811
Cash PAT	2,288	2,244	434	4,532	2,614

* Adjusted for unrealized foreign exchange provision of Rs.853 million booked in Q2 FY14; corresponding figure was provision of Rs. 1,450 million in Q1 FY14 and gain of Rs.1,564 million in Q2 FY13. Total forex loss (realised + unrealised) for Q2FY14 was Rs. 1,646 million

Note: a) Prior period figures are reclassified and restated, wherever necessary

b) Operational EBITDA = Reported EBITDA – Non-operational income + Total Forex loss/(gain)

Global Pipes and Plates - Q2 FY14 Results - (Figures in parenthesis pertains to Q1 FY14)

- Sales at Rs. 21,791 million (Rs. 22,491 million)
- Total Pipes sales volume of 275 K MT (308 K MT) and total pipe production of 269 K MT (320 K MT).
- Reported EBITDA stood at Rs. 2,706 million (Rs. 2,291 million).
- The Company has made a foreign exchange provision of Rs. 1,646 million in Q2 FY14 which has impacted the reported figures. Of this, Rs. 853 million was unrealised provision for the quarter.
- Adjusted for foreign exchange provisions and non-operational income, Operational EBITDA stood at Rs. 3,883 million (Rs.3,456 million) with decent profitability across regions.
- Finance Costs was higher QoQ at Rs. 823 million (Rs. 770 million) with the increase largely on account of translation of foreign currency interest payments

BUSINESS UPDATE

- Depreciation was stable QoQ at Rs 1,068 million (Rs. 1,007 million)
- Net debt for the pipe and plate business stood at Rs. 25,012 million at the end of the quarter.

Order Book position

- The current pipe order book stands at Rs. 35 billion comprising of 521 K MT of international and domestic orders.

Business Outlook

- The outlook for the pipe business continues to be challenging. While the competitive intensity remains high, the project bid pipeline looks promising. While the Americas and the Middle East continue to be the key markets, the bid pipeline from Europe also remains strong.
- Despite challenging business environment, avenues to revive the plate business continue to be explored.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun said, "The pipes business has demonstrated decent sales and profitability in spite of the challenging environment. Our US and Saudi plants continue to report good margins. Our new organizational structure in the pipes business, based on geographical business units with independent heads, will help us improve our order book considerably in the near future."

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 140 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. 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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