

BUSINESS UPDATE

Annual volumes at an all-time high; Order Booking of more than a million ton

- **Breaks 'Million ton' barrier for the second consecutive year**
- **Year-end closing order book at an all-time high**
- **Dividend of Rs. 0.50 per share declared for the year**

Mumbai, 29th April 2014: Welspun Corp Ltd. (WCL), the flagship Company of the \$3.5 billion Welspun Group, announced its financial results for fourth quarter and full-year of FY14.

The Company broke the 'Million ton' barrier for the second consecutive year with sales, production and order booking exceeding the 'million ton' mark. The Company also ended the year with an order book of 901 K MT. This is the highest year-end closing order book in the history of the Company.

The table below shows the results on a comparable basis for the year, taking into account the impact of the demerger of the company for all the periods shown. Prior period figures are reclassified and restated accordingly.

Consolidated Financial Highlights – Annual (Figures in Rs. Million)

Particulars	FY14	FY13
Sales	77,047	90,831
Reported EBITDA	8,439	9,191
Operational EBITDA	7,742	7,079
Finance Cost	2,964	3,583
Depreciation/ Amortization	4,063	3,531
PBT	1,412	2,076
PAT after minorities & associates	734	1,404
Cash PAT	5,768	5,635

Notes:

- a) *Operational EBITDA = Reported EBITDA – Non-operational income + Unrealised Forex loss/(gain)*
- b) *Cash PAT = PBT – Current tax + Depreciation + Post-tax Unrealised Forex loss provision/(gain)*
- c) *Total unrealised forex impact for FY14 was a provision of Rs. 1,046 million vs. a gain of Rs. 232 million in FY13.*

Analysis of FY14 Results (Figures in parenthesis pertain to FY13)

- Sales was reported at Rs. 77,047 million vs. Rs. 90,831 million in FY13. The decline was mainly on account of a significant drop in plate sales. On account of the fall in plate demand, the margins in this business were severely affected, leading to a temporary shutdown of the plate mill during the year.
- Pipes sales volume was at 1,019 K MT as against 1,018 K MT in FY13 while total pipe production was at 1,022 K MT (1,010 K MT). Sales and production volumes were at the highest levels in the history of the company.
- Reported EBITDA stood at Rs. 8,439 million vs. Rs. 9,191 million in FY13. The reported EBITDA was affected by unrealised foreign exchange loss of Rs. 1,046 million (vs. gain of Rs. 232 million in FY13) on account of the sharp depreciation in the rupee during the year.
- Adjusted for unrealised foreign exchange provision and non-operational income, Operational EBITDA improved to Rs. 7,742 million vs. Rs. 7,079 million in FY13.

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- Finance Costs was lower at Rs. 2,964 million (Rs. 3,583 million) on account of lower average gross debt during the year.
- Depreciation increased to Rs. 4,063 million (Rs. 3,531 million), primarily due to the commissioning of the HFIW mill in US and forex translational impact.
- Net debt stood at Rs. 24,821 million (Rs. 23,170 million) at the end of the year.
- Net worth at the end of the year was Rs.29,569 million, implying a net debt to equity of 0.84x.

Volume data in K MT

Pipe Volumes	FY14	FY13
Production	1,022	1,010
Sales	1,019	1,018

For quarterly highlights, please refer Annexure – A of this release.

Order Book position

- The current pipe order book stands around 901 K MT (Rs. 58 billion).
- During the year, the company has won orders in excess of 1,260 K MT. The key orders won during the year include large orders from Middle East in the Oil and Gas segment and from India in the water segment.

Business Outlook

- The outlook for the pipe business continues to be challenging.
- Outlook for the North American market appears challenging in the near term, but is expected to bounce back in FY16.
- With Europe trying to diversify its gas sources from Russia to other geographies like CIS and Africa, many new gas transmission projects are expected to come up resulting in increased pipeline demand in the years ahead.
- Middle East is expected to continue being strong with demand from Saudi Arabia, UAE and Iraq.
- In India, the visibility is improving with large water projects expected to be set up in the near future.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun Corp said, “FY14 was an eventful year for the company. We have ended the year on a high with all-time high annual production and sales volumes as well as order book. While the business environment continues to be challenging, our pipe order book gives us comfort for the coming year.”

About Welspun Corp Ltd. (WCL) www.welspuncorp.com

Welspun Corp Ltd. is a one-stop service provider offering complete pipe solutions with a capability to manufacture line pipes ranging from ½ inch to 140 inches, along with specialized coating, double jointing and bending. With current global 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 supported by its state-of-the-art facilities and global scale operations.

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Annexure - A

Consolidated Financial Highlights – Quarterly (Figures in Rs. Million)

Particulars	Q4 FY14	Q3 FY14	Q4 FY13
Sales	15,345	17,420	28,268
Reported EBITDA	1,955	1,738	3,375
Operational EBITDA	544	995	2,658
Finance Cost	662	709	813
Depreciation/ Amortization	938	1,050	900
PBT	355	(22)	1,662
PAT after minorities & associates	126	75	1,237
Cash PAT	907	565	2,704

Notes:

- a) Operational EBITDA = Reported EBITDA – Non-operational income + Unrealised Forex loss/(gain)
 b) Cash PAT = PBT – Current tax + Depreciation + Post-tax Unrealised Forex loss/(gain)
 c) Total unrealised forex impact for Q4 FY14 was a gain of Rs. 853 million.

Analysis of Q4 FY14 Results - (Figures in parenthesis pertain to Q3 FY14)

- Sales was reported at Rs. 15,345 million (Rs. 17,420 million), as sales volumes were lower q-o-q.
- Total Pipes sales volume of 202 K MT (233 K MT) and total pipe production of 234 K MT (198 K MT).
- Reported EBITDA stood at Rs. 1,955 million (Rs. 1,738 million).
- Adjusted for unrealised foreign exchange gain and non-operational income, Operational EBITDA stood at Rs. 544 million (Rs. 995 million). On a q-o-q basis, sales volumes from the US and Middle East plants were lower, adversely impacting the profitability.
- Finance Costs was lower QoQ at Rs. 662 million (Rs. 709 million) on account of translational impact of foreign currency interest payments.
- Depreciation was also lower QoQ at Rs. 938 million (Rs. 1,050 million).

Volume data in K MT

Pipe Volumes	Q4 FY14	Q3 FY14	Q4 FY13
Production	234	198	355
Sales	202	233	363

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