

Demerger comes into effect with court approval

Mumbai, 27th January 2014: Welspun Corp Ltd. (WCL), the flagship Company of the \$3.5 billion Welspun Group, announced its financial results for 3rd Quarter of FY14.

The company has received the court approval for demerging its non-pipe business (DRI, Infrastructure, Oil & Gas exploration and Energy) into a separate company, which has come into effect on 24th January 2014. Starting this quarter, WCL results will include only pipes and plates business as the other businesses will be part of Welspun Enterprises Ltd, the resulting company from the demerger.

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

Consolidated Financial Highlights

Particulars	Q3 FY14	Q2 FY14	Q3 FY13	9M FY14	9M FY13
Sales	17,420	21,791	24,060	61,702	62,563
Reported EBITDA	1,738	2,631	1,658	6,485	5,816
Operational EBITDA	995	3,101	1,258	7,199	4,416
Finance Cost	709	823	1,043	2,302	2,770
Depreciation/ Amortization	1,050	1,068	925	3,125	2,632
PBT	(22)	740	(310)	1,057	414
PAT after minorities & associates	75	455	(477)	608	231
Cash PAT	565	2,216	702	4,848	2,917

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 forex impact (realised + unrealised) for Q3 FY14 was a provision of Rs. 187 million which included a realized forex loss of Rs. 611 million and unrealized forex gain of Rs. 424 million. In effect, the operational EBITDA for Q3 FY14 would have been Rs.1,606 million without considering any foreign exchange impact.

- (Figures in parenthesis pertain to Q2 FY14)

- Sales at Rs. 17,420 million (Rs. 21,791 million)
- Total Pipes sales volume of 233 K MT (275 K MT) and total pipe production of 198 K MT (269 K MT).
- Reported EBITDA stood at Rs. 1,737 million (Rs. 2,631 million).
- Adjusted for unrealised foreign exchange provisions/gains and non-operational income, Operational EBITDA stood at Rs. 985 million (Rs.3,084 million).
- Finance Costs was lower QoQ at Rs. 709 million (Rs. 823 million) on account of lower gross debt levels
- Depreciation was stable QoQ at Rs 1,050 million (Rs. 1,068 million)
- Net debt stood at Rs. 22,042 million at the end of the quarter, down from Rs. 25,012 million at the end of the last quarter. Net worth at the end of the quarter was Rs.28,356 million, implying a net debt to equity of 0.78x.

Volume data in K MT

Pipe Volumes (in K MT)	Q3 FY 14	Q2 FY14	Q3 FY13	9M FY14	9M FY13
Production	198	269	258	787	656
Sales	233	275	295	817	655

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Order Book position

- The current pipe order book stands around 800K MT (Rs. 55 billion).
- During the quarter, the company has won orders in excess of 500K MT.

Business Outlook

- The outlook for the pipe business continues to be challenging. While the competitive intensity remains high impacting margins, the project bid pipeline is improving in India and the Middle East.

Management comments

Commenting on the results, Mr. B. K. Goenka, Chairman, Welspun Corp said, “After a couple of quarters of slowdown, we have seen a revival of order inflows during the quarter as demonstrated by our strong order book. Our new organizational structure, based on geographic verticals, has played a significant part in this development. The business environment continues to be challenging but we are putting all efforts to sustain and improve profitability.”

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 supported by its state-of-the-art facilities and global scale operations.

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