

THE HINDU Business Line

Welspun Corp reports Rs 33.77 cr loss in Q2

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NEW DELHI, OCT 30:

Leading pipe manufacturer Welspun Corp today reported a consolidated net loss of Rs 33.77 crore for the quarter ended September 30 after accounting for about Rs 198 crore in foreign exchange losses.

The flagship company of the Welspun group had reported a profit of Rs 4.36 crore a year earlier.

Net sales rose 15.59 per cent to Rs 2,479.95 crore from Rs 2,145.47 crore, Welspun said in a filing to the BSE.

Total expenditure at Rs 2,438.80 crore accounted for 98.34 per cent of net sales. Expenses included a provision of Rs 198 crore on account of fluctuation in foreign exchange rates, the company said. Finance costs increased by over 16 per cent to Rs 131.22 crore.

The company reported an almost 18 per cent increase in its steel products business to Rs 2,179.10 crore. The business consists of pipes, plates and coils.

In a separate statement, Welspun said: "The current pipe order book stands at Rs 3,500 comprising 5,21,000 tonnes of international and domestic orders."

Welspun Chairman, B.K. Goenka, 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."

He further said the company's "new organisational 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."

Welspun said it is demerging its non-pipe business, such as infrastructure, oil and gas exploration and energy, into a separate company and has "received unanimous approval from shareholders and lenders for the proposal."

Welspun said 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," it said.