

## Welspun Corp maintains growth momentum in Q2 FY 2011

- Strong operational performance deliver higher volume
- Higher operational EBITDA
- PAT growth of 8%
- 100,000 tons HSAW Plant in Karnataka operational
- US plant shows strong performance
- Coil mill ramping up
- MSK Projects India Ltd. brought into the Welspun fold on August 16, 2010

**Mumbai, October 29, 2010:** Welspun Corp Ltd. (WCL) the flagship Company of the \$ 3 billion Welspun Group today announced its results for the 2<sup>nd</sup> Quarter of FY 2011.

### Consolidated Financial Summary (Figures in Rs. Million)

Particulars	Q2 FY 11	Q2 FY 10	Growth	H1 FY 11	H1 FY 10	Growth
Sales	18,524	21,734	-15%	42,742	41,133	4%
Reported EBITDA	3,504	3,703	-5%	7,339	6,775	8%
Interest	374	610	-39%	592	1,361	-57%
Depreciation	614	538	14%	1,155	1,030	12%
PAT	1,778	1,651	8%	3,685	2,770	33%
EPS (Rs./Share) - Diluted	8.02	8.79	-9%	16.59	14.74	13%
Reported EBITDA Margin (%)	18.9%	17.0%		17.2%	16.5%	
PAT Margin (%)	9.6%	7.6%		8.6%	6.7%	

Note: H1FY10 includes realignment gain of Rs. 667.9 million, which is reflected in better realization and cost of material.

### Analysis of Results

#### H1 FY2011

- Sales growth of 4% on the back of:
  - Volume growth from US pipe plant
  - Higher plate and coil volumes
  - Lower steel prices lowers the realization. However, profitability inches up
- EBITDA grows by 8%. However, operational EBITDA registers a growth of 20% as H1FY10 included realignment gain of Rs 667.9 mn
- Interest lower by 57% mainly on account of repayment of high cost term loans and higher interest income
- Depreciation is higher in comparison to corresponding quarter on account of capitalization, commissioning of Coil Mill and consolidation of subsidiary.
- Consequently, Profit after Tax at Rs. 3685 mn, reflects growth of 33% on YoY basis.
- EPS grew by 13% despite dilution effect of \$ 100 million equity raising by QIP (Qualified Institutional Placement) and potential dilution impact of \$150 mn FCCB (Foreign Currency Convertible Bonds) conversion.

## ***BUSINESS UPDATE***

### ***Q2 FY2011***

This quarter has witnessed higher sales volume and higher operational EBITDA. Interest cost is lower and depreciation is higher in line with H1 FY11 trend. Resultant PAT growth is 8% to Rs 1778 mn.

### ***Order Book position***

The quarter began with a total outstanding order book (pipe and plate) of Rs. 50 billion. Further in this quarter, we added orders worth Rs. 13 billion from domestic and international Oil & Gas majors. After executing orders in Q2 FY11, as on 30<sup>th</sup> September 2010, the current order book (pipe and plate) stands at Rs. 45 billion, comprising of 650 K tonnes of pipes.

### ***New Initiatives:***

- Effective 16th August, 2010, Welspun Infratech Ltd (a 100% subsidiary of Welspun Corp) acquired control on MSK Projects India Ltd and now holds 61.12%. With Welspun's experience of dealing with large international EPC companies and MSK's business model of EPC projects in roads, industrial construction and PPP, the Company is set to play a larger role in the infrastructure space.
- With regulatory approval processes in Saudi Arabia underway, the transaction is expected to be completed soon. This development will contribute to Welspun's global reach not just in terms of supply, but also for production facilities.
- Mr David Delie, previously CEO of Berg Steel Pipe Corporation with over 30 years of experience in the industry, was appointed as the President of Welspun Tubular LLC. His appointment will tie in with the Company's commitment to supply products from multiple sources with quality unmatched in the industry.

### ***Management comments***

Speaking on the results, Mr. B. K. Goenka, Chairman of Welspun said, "Welspun Corp continues to establish its strong portfolio with strategic ventures and through acquisition of talented human capital. Foraying into new sectors and focusing on a multiple country strategy, we are confident of cementing Welspun Corp Ltd. as an industry leader."

### ***Outlook***

The global market is improving, despite concerns of a double dip recession. Oil prices have remained strong, thereby giving an impetus to new projects. Looking ahead, more action is to be witnessed on the gas-based pipelines. In the domestic market, new projects are taking shape, making the Indian infrastructure sector promising. Recently, a large global Oil & Gas company has completed one of the largest fund raising, thereby indicating a positive action in the industry space.

### ***About Welspun Corp Ltd. (WCL) [www.welspuncorp.com](http://www.welspuncorp.com)***

Welspun Corp Ltd. formerly known as Welspun Gujarat Stahl Rohren Ltd., started its activities in 1995 and since then has supplied pipes for some of the most prestigious projects including the World's deepest pipeline project in the Gulf of Mexico, U.S.A, heaviest pipeline project in the Persian Gulf, highest LNG pipeline project in Peru and longest pipeline project from Canada to the US. Welspun's state- of-the- art



## ***BUSINESS UPDATE***

Plate, Coil and Pipe Plants are located in Dahej and Anjar in Gujarat, India, Little Rock in Arkansas, US and now in Dammam in Saudi Arabia. The Company has recently set-up a Spiral Pipe mill in Mandya, Karnataka, India. Welspun has been the leader in quality, innovation and technology. All manufacturing facilities incorporate the hybrid JCO technology from Mannesmann Demag of Germany (SMS Meer) and other leading technology provider. New initiatives in WCL includes foray into infrastructure, upstream Oil & Gas and Energy. WCL is prepared to meet the growing demand and is in a position to meet the stringent requirements and standards of highest grade products and services.

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