

Welspun Corp steers ahead in challenging times

- **Sizeable new pipe orders worth Rs 24 billion secured, order book at 713 K MT**
- **State of art 350 K MT LSAW Plant commissioned at Anjar, Gujarat, India**

Mumbai, February 01, 2012: Welspun Corp Ltd. (WCL), the 2nd largest (Large Diameter) Pipe Company in the World (Source: Financial Times, UK), and the flagship Company of the \$3.5 billion Welspun Group has announced its Financial Results for 3rd Quarter of FY 2012.

Consolidated Financial Summary

(Figures in Rs. Million)

Particulars	Q3 FY12 ¹	Q2 FY12	Q3 FY 11	9M FY12 ²	9M FY11
Sales	24,497	20,345	15,862	62,299	58,604
Operating EBITDA	2,642	3,202	2,646	8,879	10,958
Interest (Adjusted)	734	621	454	1,790	1,046
Depreciation	984	845	653	2,597	1,808
PAT (Adjusted)	529	1,453	1,465	2,798	6,054
CASH PAT (Adjusted)	1,283	2,364	2,118	5,431	7,861

Note:

- 1) Q3 FY12 performance is adversely impacted by Rs 1,823 million - foreign exchange provision due to 8.4% depreciation of the Rupee during this quarter.
- 2) 9M FY12 performance impacted by foreign exchange provisions of Rs 2,366 million and provisions made towards amicable settlement with a customer of Rs 649 million.

Order Book

The quarter began with a total outstanding order book (pipe and plate) of Rs. 44.2 billion (comprising of 565 K MT of pipes and 27 K MT of Plates). Further in this quarter, we have added pipe orders worth Rs. 24 billion (351 K MT) from domestic and international Oil & Gas majors. After executing orders in Q3 FY12, as on 31 December 2011, the current order book (pipe and plate) stands at Rs. 52.2 billion comprising of 713 K MT of pipes and 52 K MT of Plates, which is excluding orders being executed in current quarter (Q4 FY12).

Similarly on infra side, Welspun enjoys an order book of approx Rs 40 billion between Leighton Welspun Contractors P Ltd and Welspun Projects.

Status of Projects/New Initiatives

LSAW Plant at Anjar (Gujarat): LSAW Plant (capacity of 350,000 MTPA) at Anjar has been successfully commissioned and has been approved by most of our large customers. It has received a few large orders, and is currently booked till August of this year. It is well on its path to ramp up its capacity utilization levels.

Capacity expansion for water pipes at Mandya (Karnataka): Given the strong demand for water pipes, the company is progressing on further expansion at Mandya plant by another 50,000 tons. The expansion is being done within the original capital expenditure budget of Rs.1,000 million.

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ERW Plant in US: To service its O&G clients across the entire product range and address the strong growth in the ERW line pipe segment in North America, the Company is gearing to implement 175,000 MTPA ERW and Coating Plant in US. The project is expected to be completed in 12 months and will be commissioned by March 2013. It is likely to ramp up to optimal utilization in FY 14. We expect the total capital expenditure on the plant to be in the range of USD 65 million.

Management comments

While deliberating on the results, Mr. B K Goenka, Chairman of Welspun said, "Despite the difficult economic conditions globally, we have been able to receive sizable new orders thereby reaffirming our strong market positioning. Welspun is well poised to maintain this order book accretion momentum while delivering profitable growth. Welspun aims to focus on technological leadership and building an unparalleled global network. We shall continue to penetrate deeper into key international and domestic markets with our complete range of products, quality service and on time delivery to sustain our global competitiveness".

Business Outlook:

- The Company has been able to sustain its market positioning and has been successful in winning 330 K MT of new orders during Q3. Amidst strong competitive pressure, the Company has successfully maintained its margin profile during the quarter and is confident of tackling this challenging phase.
- The global plate industry is still facing a challenged demand environment. Steel slab prices continue to be high, further impacting margins. Given a strong focus on the plate business, we are confident of reaching our annual 500,000 MTPA target for the year. We believe that the plate mill is on track to cross annual volumes of 750,000 MT in the next two years.
- Welspun's infrastructure business (Welspun Projects & Leighton Welspun) has shown positive EBITDA growth and resultant PAT has remained marginally positive after accounting for Interest and depreciation.
- Welspun Maxsteel Ltd continues maintain its edge with good customer base but is forced to buy most of its gas requirements from alternative sources at higher cost to operate the DRI plant. The net weighted cost of gas increasing to \$12.55/MMBTU from the levels of \$7.4/MMBTU in Q1 and \$10.1/MMBTU in Q2. Besides taking up the matter with the highest level with the authorities, Welspun along with other Steel manufacturers (severely affected by gas) are exploring legal recourse.

About Welspun Corp Ltd. (WCL) 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 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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