

Welspun Gujarat sales up by 40% in Q3

- **US Pipe Mill completed**
- **Bestowed 'Emerging Company of the Year' Award by Economic Times**
- **Operational Margin retained at approx 15%**

Mumbai, January 30 2009: Welspun Gujarat Stahl Rohren Ltd., (Welspun) the 2nd largest (Large Diameter) Pipe Company in the World (Source: *Financial Times, UK*) and the Economic Times Emerging Company of the Year for Corporate Excellence today announced its results for the 3rd Quarter of FY 08-09.

Summary of Q3 - FY 09

(Figures in Rs. Million)

Particulars	Q3 FY09	Q3 FY08	9M FY09	9M FY08
Sales	14,566	10,387	40,465	27,871
EBITDA *	1,479	1,788	4,891	4,644
PAT *	453	974	1,818	2,493
EPS	2.41	5.31	9.67	13.60
EBITDA Margin	10.2%	17.2%	12.1%	16.7%
PAT Margin	3.1%	9.4%	4.5%	8.9%

* The above results were severely affected by one-time expenses / provisions of Rs. 804 million, in absence of which EBITDA would have gone up to Rs. 2283 million and net profit to Rs. 991 million.

Exceptional one time expenses included in this quarter were:

- Write down of inventories of Rs 385 million to its net realisable value, due to sharp reduction in raw-material prices world-wide.
- Foreign Exchange provision of Rs 419 million due to the sharp fluctuation and volatility of foreign exchange rates.

Order Book position

The Company started the quarter with an outstanding order book of Rs 9000 Crores and further added orders over Rs. 1000 Crores in last three months in the difficult business environment. These new orders from esteemed Oil and Gas clients, further consolidates Welspun's presence both in domestic as well as International Market. The current order book of the Company stands at Rs. 8800 Crore.

Project Update

- In Little Rock-US, the construction of 300,000 tons HSAW pipe facility is complete, trial production is going on and the commercial operation is likely to be announced within a week.
- 150,000 tons of HSAW project at Anjar, Gujarat, India has been capitalized and has commenced commercial production.

- The Coil mill in Anjar, Gujarat, India is being installed; however the priority remains for plate production.
- Welspun has received final clearance for SEZ Anjar, India for its 300,000 tons of LSAW project. The same is likely to be completed in FY 10 based on our requirement.
- Welspun has already raised all the requisite funds for the completion of these projects.

Management comments

Speaking on the results, Mr. B. K. Goenka, Vice Chairman and Managing Director of Welspun said, "I take pride to mention that Welspun is effectively addressing various universal challenges with global capacities, conservative operational and financial policies and a strong order-book from premium clients. The Company is showing continued focus on 'Engineering Excellence' and the ability to delight customers within India and across the Globe", he adds.

Outlook

The direction of overall global economic environment needs careful monitoring. The commodity market and financial markets have undergone huge correction, with continued volatility. All these factors have weakened business sentiments in general. Our country though affected mildly, is not insulated with global turmoil. We believe the economic revival will take place with increasing infrastructure spending by the governments of various developed countries

As Welspun products are used by Oil and Gas Companies in the last leg of oil CAPEX cycle, we believe the demand will continue to be strong particularly in the Indian Market where major projects are likely to go for bidding this year. We look forward to more projects happening in line pipe segment and thereby giving boost to demand

The company continues to operate with stated conservative approach of booking raw material, hedging foreign currency and long term shipping contracts immediately on receiving the confirmed orders.

About WGSRL

The \$1000 million WGSRL is the flagship company of the \$ 3000 million Welspun Group. The company 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. Welspun's state-of-the-art facilities are located in Dahej and Anjar in Gujarat and Little Rock, Arkansas, USA. As part of its backward integration project WGSRL set up a 1.5 mtpa plate-cum-coil mill. The plate mill is already commissioned and can make plates up to 4.5 meters wide. WGSRL has been the market leader in quality, innovation and technology and has applied for a number of patents for its innovations in the US. The Company enjoys distinction of meeting the stringent requirements besides supplying highest recognized X 80 grade and 56" outer diameter line pipes and adheres to 'Engineering Excellence'.

Some of the statements contained in this release may be "forward-looking statements". Forward looking statements are based on management's current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future oil and gas prices and their impact on investment programs by oil and gas companies.