



Welspun Infratech to acquire MSK Projects India Ltd.

Forays in Infrastructure with majority stake in MSK

Mumbai. 18 March 2010: 'Welspun Infratech Ltd.' (Welspun) a 100% subsidiary of Welspun Gujarat Stahl Rohren Ltd. and part of US\$ 3 billion Welspun Group has signed an agreement to acquire a majority stake in Construction major MSK Projects India Ltd. (MSK).

Welspun foresees huge potential in the \$ 500 billion Infrastructure Sector in India, along with synergy it can drive in pipe laying business. Welspun has a special focus on oil and gas pipelines, water and wastewater systems, highways, civil & industrial projects and power plant construction. In order to leapfrog in this segment MSK has been identified as the right fit for the company.

The Vadodara based MSK has three decades of rich experience in working with some of the large PSU's like ONGC, IOCL, BPCL, HPCL, NHAI, PIDB, GSRDC, GGSRL, MPRDC, MPRRDA, MPSIDC amongst others. MSK's business model includes EPC projects in roads, industrial construction and PPP (Public Private Partnership). MSK also owns several BOOT (Build Own Operate Transfer) assets in Road sector, water, bus terminals and most of them are nearing completion with the Toll income commencing in the near future.

Welspun targets to acquire about 75% stake through a combination of share purchases from promoters, associates, investors, preferential allotment and open offer. The Company shall make mandatory open offer to the public shareholders of MSK Projects.

The transaction has been unanimously approved by the Boards of Directors of both companies. The closing of the transaction will also be subject to customary conditions including regulatory approvals, and is expected to be completed in about 90 days.

The total investment in this acquisition shall be around Rs. 400 Crore of which about Rs. 200 Crore will be infused directly into the company for future business growth both in EPC as well as in BOOT assets. The entire investment shall be funded by the existing cash flows of Welspun Gujarat.

Synergistic Benefits of the acquisition

With this acquisition Welspun will foray into infrastructure and will enter into laying of oil & gas and water pipelines. This acquisition will enable Welspun to move a step forward towards complete integration by being a one-stop-solution in the Line Pipe segment. It will capture the full value chain - from Manufacturing of Plate & Coil – to Line Pipe and finally to Pipe laying. The Boards of Welspun and MSK believe that this relationship will realize significant synergistic benefits for both Companies considering their complementary strategies and business profiles.

Management Comments

On the prospects, rationale and outlook post the transaction, Mr. BK Goenka, Chairman and Managing Director of Welspun said: "This acquisition is an important milestone for Welspun. With Welspun's rich experience of dealing with large international EPC companies this acquisition will enable our direct entry into the *World of Infrastructure*", he adds.

The due diligence of the MSK was carried out by Ernest & Young, while Brescon (M&A advisory firm) acted as a sole advisor and Amarchand Mangaldas as the legal advisor for the transaction.

About MSK Projects.: (www.mskprojects.com)

The Vadodara based MSK (approx Rs. 450 Crores turnover) has an experience of over 3 decades in various industries including EPC projects in roads, industrial construction and PPP (Public Private Partnership) besides owning several BOOT (Build Own Operate Transfer) assets. With state-of-art construction equipments, experienced team and rich portfolio it is well placed to capture infrastructure boom in the county.

About W.G.S.R.L.: (www.welspunpipes.com)

Welspun Gujarat Stahl Rohren 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. and Keystone Project of TransCanada etc. Welspun's state-of-art Plate and Pipe Plants are located in Dahej and Anjar in Gujarat, India and a World Class Pipe mill in Little Rock, Arkansas, U.S. The manufacturing facilities incorporate the hybrid JCO technology from Mannesmann Demag of Germany (SMS Meer). The company has been the leader in quality, innovation and technology. WGSRL is prepared to meet the growing demand and is in a position to meet the stringent requirements and standards of high grade line pipes.

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