

Welspun Gujarat crosses coveted \$ 1 billion mark

**Ranked 2nd Largest (Large Diameter) pipe Company in the World
(Financial Times, UK- April 2008)**

EBITDA growth by 49%, Net Profit up by 146% in FY 2007-08

Mumbai, April 28, 2008: Welspun Gujarat Stahl Rohren Ltd., (Welspun) the flagship Company of the \$3 billion Welspun Group today announced its results for the 4th quarter and year ended March 31, 2008, with an annual turnover of Rs 40,104 million (\$1bn) for FY 2008.

Summary of Q4 - FY 08 results

(Figures in Rs. Million)

Particulars	Q4 FY 08	Q3 FY 08	Growth %	Q4 FY 07	Growth %
Sales	12,275	10,364	18%	7,400	66%
EBITDA	2,071	1,763	17%	938	121%
PAT	1,022	974	5%	415	146%
EPS (Rs.)	5.49	5.31	3.4%	2.53	117%
EBITDA Margin (%)	17%	17%		13%	
PAT Margin (%)	8%	9%		6%	

Summary of FY 08 Annual Results

(Figures in Rs. Million)

Particulars	FY 2008	FY 2007	Growth %
Sales	40,104	26,834	49%
EBITDA	6,715	3,406	97%
PAT	3,514	1,426	146%
EPS (Rs.)	18.89	8.66	118%
EBITDA Margin (%)	17%	13%	
PAT Margin (%)	9%	5%	

These impressive numbers were achieved on the backdrop of Welspun executing niche pipe orders, that were won against selective global competition, cementing Welspun's position as World's leading pipe supplier.

Annual Dividend Proposal

The board of directors also proposed the payment of an annual dividend of Rs 1.5/share. This would represent an increase of 50% over the annual dividend paid for the FY 07.

Management comments

Speaking on the results, Mr. B. K. Goenka, Vice Chairman and Managing Director of Welspun said, "It has been a remarkable year for all of us, we have taken quantum leap to become a billion dollar company. We have strongly capitalized on every opportunity to create all round wealth for our stakeholders. Our vision now is to emerge as most respected Pipe Company in the World", he adds.

Echoing Mr. Goenka's comments, Mr. B.K. Mishra, CEO and Executive Director said, "Due to the sheer effort and focus on 'Engineering Excellence', we have left no stone unturned to add new orders, new clients, new markets and most importantly, margin expansion. This is a reflection of all the hard work, team Welspun has done in the last few years. We shall double our efforts to take Welspun to the unparalleled level."

Analysis of FY 2007-08 & Fourth Quarter Results

FY 07-08, a landmark year:

Last year was a momentous year for Welspun with many new initiatives & developments which will have strong bearing on the future, some of these developments are:

- **June 2007:** Announcement of the 300,000 HSAW pipe facility in the city of Little Rock, Arkansas, USA at a 740 acre site adjacent to the Little Rock port.
- **September 2007:** Announcement to increase LSAW Pipe capacity by 300,000 tons at SEZ, Gujarat, and 150,000 tons of HSAW (Spiral) pipes at Anjar. On completion of above facilities, Welspun shall have annual capacity of 1.75 Million Tons making it one of the largest Line Pipe Companies in the World.
- **September 2007:** Commencement of 43 Megawatt Lignite based power project
- **September 2007:** Booked single largest order ever by an Indian company from Transcanada Pipelines Inc. at Rs. 1835 Crs (US\$ 459 million)
- **October-Dec 2007:** Rolled 4.5 Mtrs wide, X – 70 grade plates during trial run
- **March 2008:** Commencement of the one-of-its-kind Plate Mill with a capacity to produce 1.5 million tons/annum.
- New Order booked totaling to Rs. 55000 million during FY 08, taking outstanding order-book to approx Rs 46000 million

Status of Project

In FY 08, Welspun completed its State of art, 1.5 million tons/annum Plate mill. This mill which has already produced 4.5 wide, API, X 70 Grade Plate shall substantially secure the raw material requirement of Welspun for high end niche pipe making.

300,000 tons of HSAW project at Little Rock, US is likely to be commissioned in Q3- FY09. The project is facing unprecedented extreme weather condition and due to extra ordinary increase in civil cost and Euro appreciation against USD, the project cost has gone up to \$ 150 mn.

300,000 tons of LSAW project in Anjar, India shall be completed by Q1- FY10 at an estimated cost of Rs 4590 million. Welspun has already received in-principle clearance for SEZ and the final approval is expected shortly.

150,000 tons of HSAW project is likely to be commissioned in Q2- FY09 at an estimated cost of Rs 1000 million.

To meet these funding requirements, the Company has recently raised Foreign Currency Loan of \$ 150 mn (Rs 6000 mn) at Libor plus 125 bp in addition to Non Convertible Debenture of Rs 3000 million.

Breakdown of Sales

Product wise (in tons)

SALES	Q4-08	Q4-07	FY 08	FY 07
LSAW	90,674	72,126	261,667	173,261
HSAW	85,952	57,119	323,088	264,361
ERW	9,715	17,540	50,448	88,395
Total	186,341	146,785	635,203	525,017

Region wise (in Rs Million)

SALES	FY 08	FY 07	Change
American Continents	25,342	6,892	267%
South East	1,016	3,902	-74%
Middle East	5,285	4,990	6%
North Africa	-	2,084	-100%
Domestic	8,462	8,653	-2%
Total	40,641	26,520	53%

Market background

- As global demand for Oil and Gas (O&G) continues to rise, companies are increasing their level of spending and drilling activity.
- To offset declining rates of production from mature fields and to explore and develop new reserves, exploration today is carried out at the most challenging depths and most inaccessible and dense regions.
- These vigorous activities have led to substantial increase in demand for line pipes over the next five years.
- Simultaneously, environment-driven replacement demand in North America and the nascent, but strong, demand in Asia mainly fuelled by the growing economies of China and India are poised to boost line pipe requirements.
- The projected market over the next five years is over 2.56 lakh kilometers worth USD 96.12 billion from 496 projects (*According to Simdex – A US based tracking agency*).
- Indian market for larger diameter pipes is 6465 kms (1.675 mn tonne) and smaller diameter is 1700 kms (3.32 lakh tonne) - A potential of over USD 6 bn.
- The opportunity from the replacement of pipes (Mostly in the developed countries) works out to roughly USD 624 billion. Globally, line pipes' annual sales amount to USD 20-25 bn, thus replacement demand itself could keep the industry busy for next 20 years.

**WGSRL - Ahead in the Opportunity**

- The supply by WGSRL to critical projects like - the world's deepest offshore gas pipeline project in the Gulf of Mexico - acts as a strong reference for O&G Industry that is looking to source critical application pipes.
- Welspun already enjoys strong relationship with established O&G majors, additionally it has entered into long term agreements with esteemed clients like Transcanada, Saudi Aramco and Chevron.
- On the domestic front, WGSRL has become a key supplier to India's largest O&G companies such as GAIL, IOCL, ONGC and BPCL and Reliance.

Some of the statements contained in this press 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.


INCOME STATEMENT

Particulars	Quarter ended	Quarter ended	FY-08	FY-07
	31-03-2008	31-03-2007	31-03-08	31-03-07
Sales/Income from Operations	12,724	8,085	41,730	28,572
Less: Excise Duty	449	685	1,626	1,738
Net Sales/ Income from Operations	12,275	7,400	40,104	26,834
Total Expenditure				
(Increase)/ Decrease in stock in trade	370	668	(1,379)	41
Consumption of Raw Materials	7,753	5,083	27,818	20,279
Staff Cost	200	152	743	595
Other Expenditure	1,989	606	6,393	2,634
Total	10,312	6,509	33,575	23,549
EBIDTA	1,963	891	6,529	3,285
Other Income	108	47	186	121
Interest/Finance Charges-(Net)	346	178	801	739
Depreciation	180	122	572	476
Profit before Tax	1,545	638	5,342	2,191
Cash Tax	(85)	163	965	672
Deferred Tax	608	60	863	93
Total Tax	523	223	1,828	765
Profit After Tax	1,022	415	3,514	1,426
Cash PAT	1,810	597	4,949	1,995
EPS Diluted	5.49	2.53	18.89	8.66