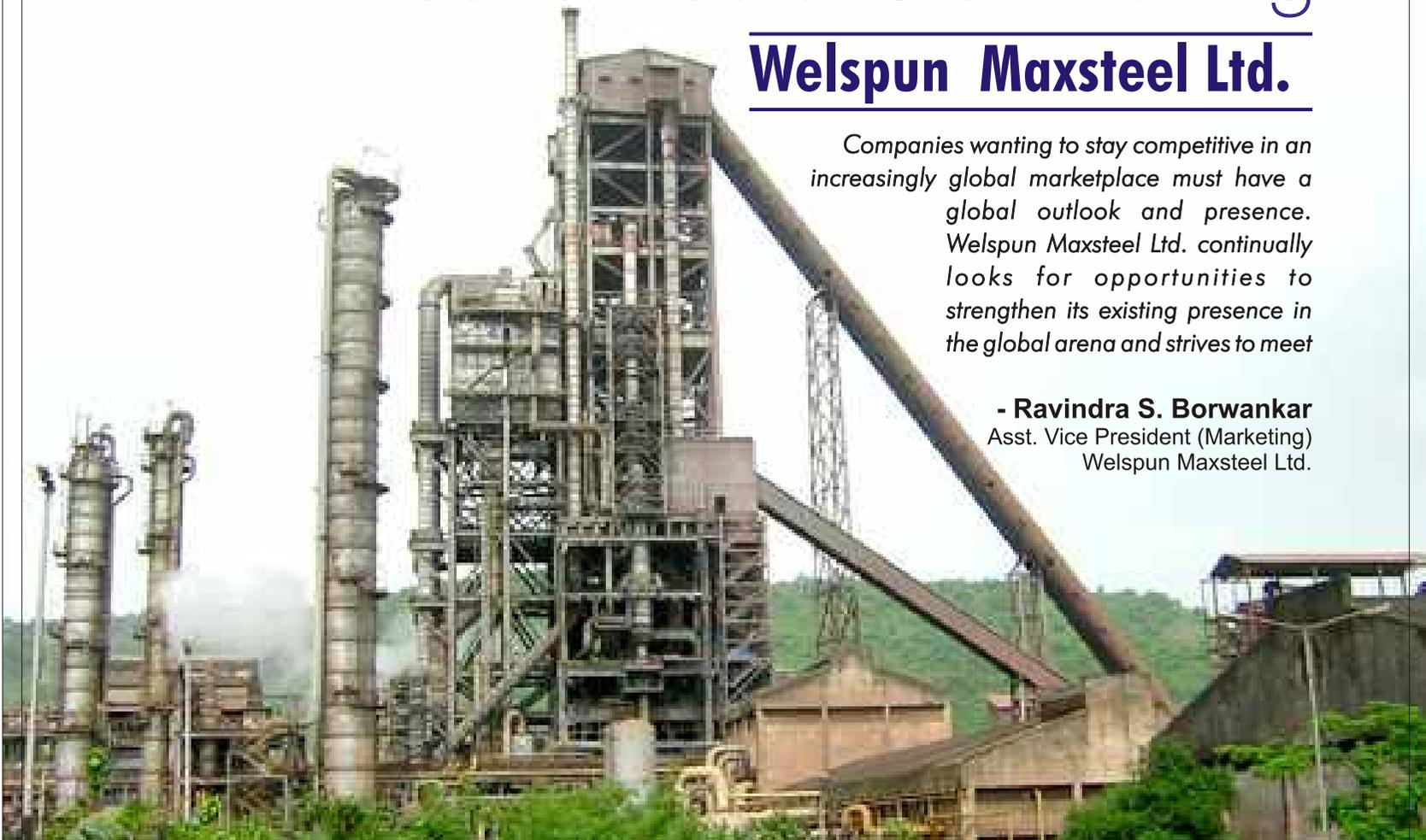


Advancing the Boundaries of Steelmaking

Welspun Maxsteel Ltd.

Companies wanting to stay competitive in an increasingly global marketplace must have a global outlook and presence. Welspun Maxsteel Ltd. continually looks for opportunities to strengthen its existing presence in the global arena and strives to meet

- Ravindra S. Borwankar
Asst. Vice President (Marketing)
Welspun Maxsteel Ltd.



Welspun Maxsteel Ltd (WMSL), formerly known as Vikram Ispat, is now a part of the US \$3 billion Welspun Group. The facility was set up in 1989 with design capacity of 0.75 million tons of gas based sponge Iron in the form of HBI (Hot Briquetted Iron), spread across 435 acres of land with a captive Port, the facility is located in the scenic beaches of Salav village in Raigad district of Maharashtra 130 KM south of Mumbai.

The facility today boasts of being the only natural gas-based DRI plant for merchant sale in India. The company currently has a work force of about 550 employees and has an

installed capacity of 1 million tons per annum.

Welspun Maxsteel Ltd. takes pride in being the first and the only one of its kind in the world to produce both HBI and DRI (Direct Reduced Iron) from the same Reactor using state of the art technology "HYL III" from HYLSA of MEXICO and engineering expertise of Davy Dravo of USA. The facility is today connected to the main natural gas grid of India with access to GAIL, ONGC, KG Basin, LNG Petronet and Shell Hazira. It has a long-term tie-up with world's top raw material suppliers, NMDC (for Iron-ore), GIIC Bahrain, Samarco & Vale - Brazil (for pellets) and GAIL and RIL (for natural gas).

State-of-the-Art Facility

WMSL has fully equipped laboratory with sophisticated and updated equipment as part of their strict quality control measures that carefully monitor the incoming raw materials, the entire process and the finished products. Extreme care is taken to observe the least damage done to the environment. The laboratory is also equipped for carrying out R&D activities on raw materials and process improvements. The company likewise is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.

It is worthy to mention that Welspun would invest approximately Rs 6,000 crore with 330 MW power project technology provided by HYLSA (now owned by Tenova) on this facility over the next 2-3 years. This expansion on gas-based DRI, Electric Arc Furnace and secondary metallurgy will boost high-end slab making. Welspun believes that this state-of-the-art facility marks a new level of excellence in product quality and will fulfill the Group's vision of being an integrated player from 'Iron ore to Pipes'.

Basic Reduction Mechanisms in HYL Process

Generation of Reduction Gas – Reforming reaction



Generation of Reduction Gas – Reforming reaction



Carburization



Welspun Maxsteel Ltd has well equipped Jetty and marine facilities, which give it a unique advantage and have enabled us to be cost competitive in freight cost for both raw materials procurement and product transportation by sea route to customers.

Products-End-Use: Advantages & Applications

The gas-based sponge iron is basic raw material for steel making through EAF/IF (Secondary route) and substitute of imported steel melting

scrap. It is considered as the virgin metallics by steel makers. As per the latest Market Survey 09-10 conducted by renowned External Agency, Welspun Maxsteel Ltd is considered as the most reliable supplier of premium quality of Gas Based sponge iron (both HBI & DRI).

Advantages of Gas Based Sponge Iron (DRI/HBI)

- Substitute of high quality scrap
- Source of premium pure iron units-suitable for critical grades of steel
- Known & uniform chemistry
- Improved Mech. properties of finished steel
- Improves productivity - continuous charging
- Easy handling & storage & difficult to adulterate
- Effective coolant - increased productivity (for BOF)
- Very Low tramp elements

The company's market segments include EAF, IF and Foundries.

Green Steel Making

Gas based Sponge iron (DRI/HBI) industry is a key to green steel making in future to come. Worldwide Iron & Steel industry is growing & so are its related environmental issues. This industry emits about 7 percent of global anthropogenic carbon dioxide and is under immense pressure to control it.

Globally, steel is manufactured by two routes namely Primary and Secondary Route steel making. Secondary route of steel making i.e Electric Arc Furnace (EAF) production continues to grow because of its economics, scale considerations, flexibility, and environmental effects. Scrap (used as input metallics in



secondary steel making) being generated commodity has limited availability thus gas-based sponge iron growth look promising in time to come considering environment issues.

The lowest carbon emissions result from the use of 100 percent scrap steel in an EAF, however scrap being generated commodity, has quality issues and scarcely available. The metallics to be used for steel making is gas-based sponge iron (DRI/HBI) in combination with steel scrap.

Welspun Maxsteel Ltd considers Environmental Protection crucial at all levels right from greenery in and around the plant and ambient air quality very near to residential area, recycling of effluent etc are the witness for the same.

- Maintains the pollution limits well below the norms set by MPCB
- Achieved near zero effluent discharge.
- Planted around 70000 trees in its campus, colony and surrounding villages
- Generates Power for its Plant, colony with waste heat generated in the process, thus curtailing Green House gases from entering to atmosphere.
- Continuous Water Spray on roads to curtail vehicular dust emission in the plant
- Value addition to the Unit through systematic collection and selling of waste fines generated during the process

- All employees have serious concern about environment and safety from the very beginning.

Human Resources

WMSL always believes that its success depends increasingly on the knowledge, skill and motivation of its talent. Towards this all efforts are aimed at maximizing the contribution of



Vijay Singh Bapna
Chairman-SIMA
ED & CEO-Welspun Maxsteel Ltd.

Year 2010 was so far more challenging than previous year. While 2008 was all about survival against the all odds, in 2009 the focus was on thriving, rising above all odds. The Indian growth story remained in tune with trends observed earlier – economic recovery paving the way for industrial recovery and notable growth in the areas of manufacturing, consumer durables and construction sector. Undoubtedly, the aspects of insulation together with timely and well framed policy packages by the Govt. have helped in achieving the targeted GDP.

For the global sponge iron industry, 2009 was a satisfactory year, approximately 62 Million Tons of sponge iron was produced globally in 2009 (Source: Midrex Technologies Inc). Despite harsh economic conditions that crippled most financial sectors, world sponge iron production only decreased about 9 percent from the previous year's record production of 68 million tons.

While the overall total production of DRI decreased, India did grow in this period. Once again, India led all nations, making 22 million tons. This significant growth was a remarkable

achievement in spite of after effects of global meltdown which had led to serious problems throughout the entire steel industry. Indian sponge iron industry is expected to grow at the rate of 10-15 percent consistently on higher base.

employees and directing them towards the achievement of individual as well as organizational goals. Human resources strategy is framed in line with business plan and also looking to the key business challenges. Unit objectives-linked performance management systems (Balance Score Card & Management by Objectives approach) are followed which clearly differentiates high performance and exceptional performance.

“Our vision is to be an integrated player from Iron ore to Pipes”

Steel industry being cyclical in nature, sudden problems do occur intermittently like over capacity, declining steel demand, increase of raw material prices etc, but the demand for sponge iron is likely to pick up in the near future in line with the set target of 124 million tons of crude steel production by 2012-13 and 276 million tons by 2020, by Steel Ministry of India.

However after announcing almost 90 percent increase in iron ore prices and introducing quarterly pricing mechanism by mining industry this year, the steel industry is really feeling the pinch across the globe including India. Currently there is complete mismatch in prices of raw materials (increasing) and finished steel (decreasing). Since Iron ore being the key raw material for sponge iron industry, this is adversely affecting the growth of this industry. However I am confident that looking at the overall metallics demand and supply situation, upsurge in secondary route of steel making with reducing availability of steel melting scrap in international and domestic markets and limited reserves

of coking coal for making steel though blast furnace route; steel industry has to depend heavily on sponge iron as a steady source of metallic.

Looking at the long-term growth prospects of the steel and its related industry globally and India being one of the major players, Welspun Maxsteel Ltd as a step forward has planned to increase its existing capacity of gas-based DRI from 0.9 million tons per annum to 1.7 million tons per annum by end 2012.

Welspun Maxsteel Ltd would forward integrate into steel making through EAF Route having a capacity of 1.7 million tons per annum liquid steel production by 2013 for making API (American Petroleum Institute) & NACE (National Association of Corrosion Engineers) grade steel pipes used specifically in oil & gas industry application. However, we will continue to be a major merchant supplier of gas-based sponge iron for domestic secondary steel industry.

This expansion at Welspun Maxsteel Ltd on gas-based DRI, Electric Arc Furnace and Secondary metallurgy will boost high-end slab making. Welspun believes that this state-of-the-art facility marks a new level of excellence in product quality and will fulfill the Group's vision of being an integrated player from 'Iron ore to Pipes' 5 years down the line.

Corporate Social Responsibility

Welspun is committed to conduct business in a socially responsible and ethical manner. Sustaining mutually accountable and responsible synergies, we serve with passion to our customers, shareholders, employees & society at large.