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# Welspun plans plant in US, raising domestic capacity

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Reuters

Mumbai: Pipe maker Welspun Corp will set up a new plant in the US and increase capacity of its plant in south India by 50%, despite "challenging" short-term global outlook, it said on Thursday.



Welspun employee works on pipes at the company's manufacturing facility in Little Rock, Arkansas.

The Mumbai-based company's Karnataka plant capacity will be increased to 150,000 million tonnes per annum (mtpa) at an investment of about Rs 100 crore, it said in a statement.

The US plant will be for electric resistance welded pipes with a capacity of 200,000 mtpa plant and entails an investment of \$76 million. The plant will cater to the company's oil and gas

clients there, it added.

The project is expected to be completed in 12 months and shall achieve optimal utilisation in FY14, the pipemaker said.

The company makes steel pipes and plates for infrastructure and oil and gas segments.

On the impact of global uncertainty, the company said the order flows to the pipe industry have been uneven due to the volatility.

"While demand for pipes continues to be robust globally, current deferment of orders by large oil and gas companies may result into lumpy order flows in the near future," it added.

Welspun added orders worth Rs 1,100 crore during the September quarter. As of September-end, its combined order book for pipes and plates was Rs 4,420 crore.

Earlier on Thursday, Welspun reported a 60% fall in its July-September net profit to Rs 710.8 million on net sales growth of 10% to Rs 2,035 crore.

The sharp decline in net profit has been despite good operational performance and on account of mark-to-market forex losses, higher costs for buying expensive gas for its plant and higher interest costs, Akhil Jindal, director, Welspun Corp, told Reuters.

"We are hoping to recover that (forex loss) as we go along," he said.

Shares in the firm, which the market currently value 427.84 million, have shed 38.3% so far in 2011, more than the benchmark's fall of 15% during the same period.

On Thursday, the stock ended 1.65% higher at Rs 104.65, in a Mumbai market that ended flat.

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