

## Message from Vice Chairman and Managing Director

### My Dear Fellow Stakeholder,

Every day is an opportunity to work towards our Customers, Employees, Environment, Quality and many more aspects including of course 'You' our Shareholders.

The first few words to the inside panels of this Annual Report reflect our unadulterated focus on the various stakeholders we serve. When I look around I am overwhelmed by the opportunities all around me.

Firstly, to be an Indian Company is the greatest opportunity - India today is in midst of unprecedented developments and working towards becoming an economic Super Power. Secondly, the Oil and Gas industry where we operate is full of opportunities with Oil and Gas at this unparalleled level for such a long time. Last but not the least, Welspun, due to its sheer effort and focus has arrived strongly in the global arena to capitalize and create wealth on every opportunity coming its way. I take pride to mention here that very recently, we have been ranked as the 2nd largest (Large Diameter) Pipe Company in the World by Financial Times, UK. To simply state - We are the Right Company at a Right Time in the Right Place. My vision is to make this Company the Worlds most respected Pipe Company. This year, we have taken a quantum leap in that direction by adding new projects, new clients, new markets and most importantly, margin expansion, which is a reflection of all the hard work that our team invested in the last few years.

Let me use this forum to reflect on 2007-08, a year of unmatched accomplishments, on our operational excellence, our commitment to create value and our road map and investments in the future.

### Expanding Global Reach

Besides reinstating the well deserved reputation of being a technological innovator and an expert in operational excellence, the market positioning of Welspun improved significantly. This has been guided by our deep commitment towards relentless focus on our valued customer and is aptly demonstrated when Welspun received arguably the single largest line pipe order in the World from one of the largest Energy Companies TransCanada Pipelines Ltd. One single order of \$457 million which is higher than the annual revenue of 2006 reflects the distance the Company has covered in such a short span of time. Not only this pipeline is of paramount importance to Transcanada's 'Keystone Project', but also to Welspun as it strengthens our leadership position in the Northern American market (one of the largest Oil and Gas markets in the World). In conjunction with many other landmark orders from newer territories and markets, Welspun has a strong Order Book position of Rs. 46,000 million in a market which is expanding at a tremendous pace and thus the current order book position is just a tip of the iceberg. The opportunity is much larger, the last estimate being \$100 billion pipe requirement over the next 3-5 years which would be reflected in times to come in our business growth.

### Securing our future

Another significant development which will go a long way in securing our Company's future is the commissioning of the Plate-cum-Coil Mill. This 1.5 million tonne state-of-art Stackel Mill - one of the only three Mills of its kind in the World - achieved its commercial operation. Not only will this Mill improve our internal flexibility to book short gestation orders, it will also contribute immensely towards the top and bottom line growth of the Company. It will be relevant to mention here that the size range which it can offer of Up to 4.5 meter wide and Up to 2.8 meter wide Coils - will be an added advantage. This will provide giving Welspun further unique positioning to cater to larger diameter, stringent quality projects. Needless to mention that these products will provide solutions to the market that helps our customers manage the growing challenge. Welspun is incidentally amongst the few companies in the world which has filed patents in the United States for the new welding processes and has also attained level 3 automation in the Plate Mill supported by digital controls.

### Achieving Global Scales

We took another step towards becoming one of the largest line pipe companies in the world by embarking on 450,000 tonnes

## Every day is an opportunity and what better time my stakeholders, than today - when opportunities virtually surrounds us.

of new capacity in India in addition to 300,000 tonnes of our ongoing pipe project in the US. These additions will enhance our operational capacities to 1.75 million tonne by March 2009 there by leveraging our scale and service capabilities to expand our position as a preferred supplier for strategic customers to meet their global requirements.

### Strong Financial Performance

Our efforts delivered solid financial results and restored our commitment to create wealth for our share holders besides positioning Welspun towards a sustainable growth. We achieved nearly a billion dollar turnover with exports contributing 60 to 70 percent. Secondly, our strategic tie up with our business partners and relentless efforts to keep our costs under control, enabled Welspun to break the glass ceiling and achieve close to 17 percent EBIDTA margin which is 4 percent higher than our last years margin of 12.5 percent.

Likewise our bottom line has grown from 4.5 percent last year to nearly 9 percent making this year a year of constant 'Progress' and 'Change'. Progress, in nearly all key financial plus business matrix indices and Change, in our market stature. We will continuously strive to create more and more shareholders' wealth by enhancing our performance level which will be backed by concrete steps that we took in the last few years of expanding capacities and becoming self secured on our raw material requirements. We will also remain focused on achieving operational excellence and continuous improvement on all financial indices i.e. ROCE, RONW etc.

### Sustainability

While we are on this relentless path of achieving success, we have doubled our efforts towards our communities, our society and our employees. We strive to create more leaders within our organization to spearhead multi-country operations and business opportunities. We continue to contribute more and more towards our community and inculcate the strong value system amongst our young brigade in *Welspun Vidya Mandir*, which is now offering education upto Standard X under CBSE (Central Board of Secondary Education) curriculum and Welspun *Anganwadi*, the pre-primary school for tiny tots.

### Acknowledgement

My dear stakeholders, all this would not have been possible without your un-flinching support and therefore from the deepest core of my heart I would like to convey my appreciation and gratitude to all of you, our customers, financial institutions, business partners, employees and many many more important "Cogs in the Wheel". I assure you that we will incessantly progress on spectrum of growing need that presents new and additional growth opportunities for the Company. Our global positioning and team make me extremely confident that Welspun's growth momentum will continue this year and well into the future.



Yours Sincerely,  
B. K. Goenka  
Vice Chairman & Managing Director

