



## Welspun Gujarat Stahl Rohren Ltd.

- **13% Revenue growth to Rs. 16,395 Million**
- **144% EBITDA growth to Rs 3,486 Million**
- **268% PAT growth to Rs. 1,668 Million**
- **Order book at Rs. 66 Billion**

**Mumbai, January 21, 2010:** Welspun Gujarat Stahl Rohren Ltd., (Welspun) the flagship Company of the \$ 3 billion Welspun Group today announced its results for the 3<sup>rd</sup> quarter of FY 09-10.

### Consolidated Summary of Q3 - FY10

(Figures in Rs. Million)

Particulars	Q3 FY10	Q3 FY09#	Growth	9M FY10	9M FY09#	Growth
Sales	16,395	14,566	13%	57,528	40,465	42%
EBITDA	3,486	1,429	144%	10,126	4,738	114%
Interest	428	480	-11%	1,789	1,234	45%
Depreciation	511	316	62%	1,541	910	69%
PAT	1,668	453	268%	4,439	1,818	144%

Note: Includes recovery of past forex provisioning , which is reflected in better realization and cost of material

# Represents stand alone numbers of the company.

### Salient features of Consolidated Quarter Results

- Sales growth of 13%, backed by
  - Higher Plate volumes
  - US plant contribution by way of Pipe sales and Coating & Double jointing revenues
- LSAW Mill had two week planned maintenance shutdown
- EBITDA growth of 144% primarily due to additional contribution from higher Plates volume and US Plant
- Lower Interest cost due to pre-payment of approximately Rs. 5 billion high cost debt during the quarter
- Higher depreciation with respect to Q3 FY10 due to commissioning of 150K MT Spiral III Plant in Anjar and 350K MT Spiral Plant in US post 2<sup>nd</sup> half of the previous year
- Resultant PAT growth of 268%
- The current order book stands at Rs. 66 billion

### Breakdown of Sales and Production in Metric Tonne

Sales Volume (in tons)	Q3 FY10	Q3 FY09#	Change %	9M FY10	9M FY09#	Change %	FY2009
<b>Total Pipes Consolidated</b>	<b>170,216</b>	<b>155,144</b>	<b>10%</b>	<b>610,319</b>	<b>504,668</b>	<b>21%</b>	<b>695,063</b>
Plates External	103,151	13,110	687%	225,778	33,935	565%	42,073
Plates Internal	9,178	31,280	-71%	62,500	58,082	8%	112,043
<b>Plates Total</b>	<b>112,329</b>	<b>44,390</b>	<b>153%</b>	<b>288,279</b>	<b>92,017</b>	<b>213%</b>	<b>154,116</b>

Production Volume (in tons)	Q3 FY10	Q3 FY09#	Change %	9M FY10	9M FY09#	Change %	FY2009
Total Pipes Consolidated	156,679	179,980	-13%	613,544	509,192	20%	717,837
Plates	93,586	56,796	65%	276,749	147,115	88%	192,569

# Represents stand alone numbers of the company.

**Status of Projects / New Initiatives**

- 100,000 MTPA (Including fabrication) Spiral Pipe mill project in Bangalore, India, to cater to pipe demand in water segment shall be ready in the first half of FY 2011. Another 200,000 MTPA (Including fabrication) Spiral Pipe mill projects in other parts of India are being planned to cater to pipe demand in Oil and water segments, which will be ready over next 15 months and shall entail an investment of about Rs.1500 million.
- 300,000 MTPA LSAW Pipe mill project at Anjar, India is likely to be completed in second half of FY 2011.
- Coil mill in Anjar, India, likely to be commissioned in Q4 FY 2010.

**Fund raising and its utilisation:**

The Company completed fund raising worth \$250 million through Foreign Currency Convertible Bonds (FCCB) and Qualified Institutional Placements (QIP) issues. QIP proceeds have been primarily utilized for retiring high cost rupee loans, thereby de-leveraging the balance-sheet considerably. Balance funds out of FCCB issue shall be utilized to invest for capital expenditure, investments in growth opportunities and other usage in accordance with applicable statutory / regulatory requirements.

**Management comments**

Speaking on the results, Mr. B. K. Goenka, Chairman and Managing Director of Welspun said, "A strong order-book position gives me great confidence about the future prospects of our Company. Our recently concluded fund-raising has further strengthened the capital structure and will help us to pursue organic initiatives and inorganic opportunities. Welspun is now extensively well positioned to capitalize on multi-billion dollar opportunities in the Global pipe market", he adds.

**Outlook**

Oil prices have been range bound around \$70-80 / barrel. This is giving a lot of strength and confidence to industry players. In recent days various orders are being placed by Oil and Gas companies and sentiments are becoming stronger day after day. Similarly vigorous activities are on in the domestic pipe market as well.

The Company continues to operate within stated policy of booking raw material, hedging foreign currency and tying up long term shipping contracts almost immediately on receiving the confirmed orders.

**About W.G.S.R.L.:**

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 other critical projects across the globe. Welspun's state- of-the- art Plate and Pipe Plants are located in Dahej and Anjar in Gujarat, India. The Company has recently commissioned 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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<b>WELSPUN-GUJARAT STAHL ROHREN LIMITED</b> Regd: Welspun City, Village Versamedi Taluka Anjar, Dist.Kutch Gujarat 370110 Corp Office: Welspun House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013.						
<b>UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31 DECEMBER, 2009</b>						
					(Rs Lakhs)	
Particulars	(Unaudited)				(Audited)	
	Quarter ended	Quarter ended	Nine Months ended	Nine Months ended	Year ended	
	31 December	31 December	31 December	31 December	31 March	
	2009	2008	2009	2008	2009	
	(I)	(II)	(III)	(IV)	(V)	
1	Sales/Income from Operations	156,693	154,573	537,896	423,617	610,968
	Less: Excise Duty	4,655	8,910	16,561	18,970	23,137
	<b>Net Sales/ Income from Operations</b>	<b>152,038</b>	<b>145,663</b>	<b>521,335</b>	<b>404,647</b>	<b>587,831</b>
2	Total Expenditure					
a.	(Increase)/ Decrease in stock in trade	5,346	(24,465)	33,252	(32,894)	(41,130)
b.	Consumption of Raw Materials	84,186	126,246	301,836	299,256	434,632
c.	Purchase of Traded Goods	13,282	5,016	22,622	6,500	27,637
d.	Employees Cost	3,478	3,016	10,243	8,755	11,529
e.	Depreciation	3,744	3,156	11,121	9,097	12,542
f.	Other Expenditure	19,943	21,562	67,937	75,651	91,699
	<b>Total</b>	<b>129,979</b>	<b>134,531</b>	<b>447,011</b>	<b>366,365</b>	<b>536,909</b>
3	<b>Profit from Operations before other income and Interest (1-2)</b>	<b>22,059</b>	<b>11,132</b>	<b>74,324</b>	<b>38,282</b>	<b>50,922</b>
4	Other Income	425	503	1,143	1,531	1,788
5	<b>Profit before Interest and Tax (3+4)</b>	<b>22,484</b>	<b>11,635</b>	<b>75,467</b>	<b>39,813</b>	<b>52,710</b>
6	Interest/Finance Charges-(Net)	3,234	4,796	14,205	12,337	17,350
7	<b>Profit before Tax (5-6)</b>	<b>19,250</b>	<b>6,839</b>	<b>61,262</b>	<b>27,476</b>	<b>35,360</b>
8	Provision for Taxation (Current & Deferred Tax etc)	6,479	2,308	20,648	9,300	12,004
9	<b>Profit After Tax (7-8)</b>	<b>12,771</b>	<b>4,531</b>	<b>40,614</b>	<b>18,176</b>	<b>23,356</b>
10	Paid up Equity Capital (Face Value of Rs.5/- each)	10,195	9,325	10,195	9,325	9,325
11	Reserves excluding Revaluation Reserve					148,655
12	<b>Basic and Diluted EPS</b>					
	-Basic	6.60*	2.43*	21.50*	9.81*	12.59
	-Diluted	6.05*	2.41*	19.15*	9.67*	12.50
13	<b>Public Shareholding</b>					
	a) Number of shares	121,386,249	104,599,989	121,386,249	104,599,989	104,549,989
	b) Percentage of shareholding	59.53%	56.09%	59.53%	56.09%	56.06%
14	<b>Promoters &amp; Promoters Group Shareholding as on 31 December 2009</b>					
	<b>a. Pledged/Encumbered</b>					
	No of Shares	NIL		NIL		NIL
	Percentage of Shares (as a % of the total Shareholding of Promoters & Promoter Group)	NIL		NIL		NIL
	Percentage of Shares (as a % of the total Share capital of the Company)	NIL		NIL		NIL
	<b>b. Non-Encumbered</b>					
	No of Shares	82,504,536		82,504,536		81,941,203
	Percentage of Shares (as a % of the total Shareholding of Promoters & Promoter Group)	100.00%		100.00%		100.00%
	Percentage of Shares (as a % of the total Share capital of the Company)	40.47%		40.47%		43.94%

\* Not Annualised.

**Notes:**

- During the quarter ended 31 December 2009, the Company has allotted 381,875 Equity Shares of Rs.5 each fully paid up pursuant to the exercise of stock options by employees under Welspun Employee Stock Option Plan.
- The Company has mobilised USD 150 million by issue of 4.5% Foreign Currency Convertible Bonds (FCCB) on 16 October 2009. The Bonds are redeemable after 5 years or are convertible into equity shares at a conversion price of Rs. 300 per share.
- During the quarter ended 31 December 2009, the Company has allotted 16,694,718 Equity Shares of Rs.5 each fully paid at a price of Rs.279.25 to Qualified Institutional Buyers under Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
- The Company has adopted amended provision of AS-11 as per Companies (Accounting Standards) Amendment Rules 2009 related to "Effects of the changes in Foreign Exchange Rate" in the quarter ended 31 March 2009, therefore the results for the current quarter/nine months ended are not comparable with the results of corresponding period.
- Previous year's/Period's figures have been regrouped and reclassified wherever considered necessary.
- There were no investor complaints outstanding at the beginning of the quarter. During the quarter, 39 complaints were received and resolved.
- Segment Reporting as required under Accounting Standard 17 is not applicable as the Company operates only in one segment.
- The above results were reviewed and recommended by the Audit Committee and approved by the Board of Directors in its meeting held on 21 January, 2010 in terms of Clause 41 of the Listing Agreement.
- The Statutory Auditors have carried out a Limited Review of the above results for the Quarter/Nine Months ended 31 December, 2009.

For Welspun-Gujarat Stahl Rohren Limited

Place: Mumbai  
Date: 21 January 2010

B.K.Goenka  
Chairman & Managing Director