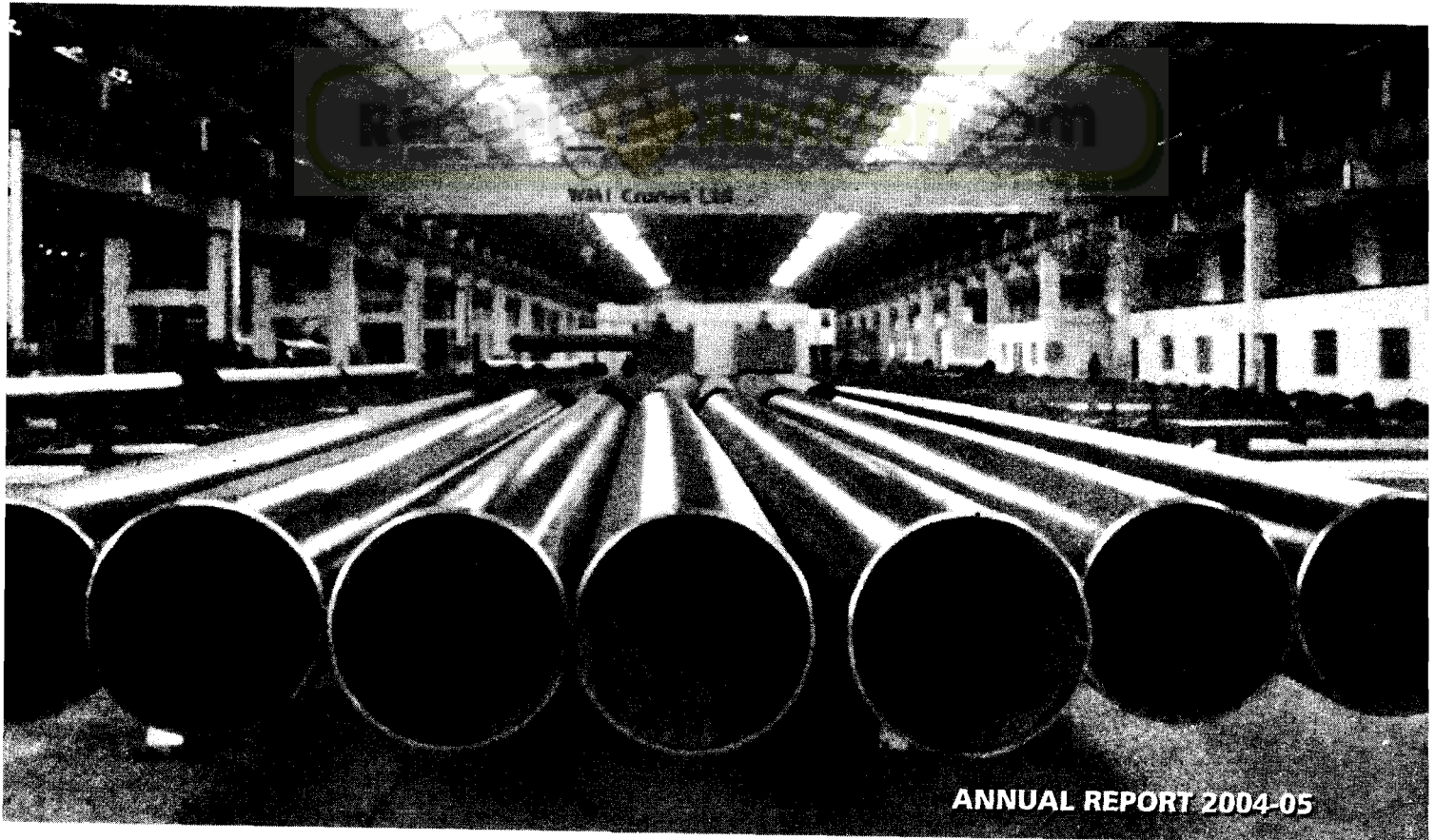


WELSPUN



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ANNUAL REPORT 2004-05

WELSPUN GUJARAT STAHL ROHREN LIMITED

Corporate Information

Board of Directors

G.R. Goenka
 B.K. Goenka
 R.R. Mandawewala
 M.L. Mittal
 Rajkumar Jain
 Sanjoy Chowdhury
 K.H. Viswanathan
 Braja K. Mishra
 R.G. Sharma

WELSPUN GUJARAT STAHL ROHREN LTD.

Chairman
 Vice Chairman & Managing Director
 Director
 Director (Finance)
 Director
 Nominee Director of IFCI Ltd.
 Director
 Chief Executive Officer & Board Member
 Director

Auditors

M/s. MGB & Co. (Chartered Accountants)

Company Secretary

R. Ganesh

Bankers

Bank of Baroda
 Punjab National Bank
 Canara Bank
 Oriental Bank of Commerce
 Syndicate Bank
 Bank of India
 State Bank of India
 Andhra Bank
 State Bank of Bikaner & Jaipur
 ICICI Bank Ltd.
 State Bank of Travancore

Corporate Office

Trade World, B-wing, 9th Floor,
 Kamala Mills Compound,
 Senapati Bapat Marg,
 Lower Parel, Mumbai - 400 013.
 Tel: +91-22-5650 3000 /5650 3333 /2490 8000
 Fax: +91-22 2490 8020/ 2490 8021
 E-mail: sales_wgsrl@welspun.com

Registered Office

Village Jolva & Vadadla Near Dahej, Taluka: Vagra,
 Dist. Bharuch, Gujarat - 392 130.
 Tel: 91-2641-256011/256281, Fax: 91-2641-256285

Plant Locations.

Village Jolva and Vadadla, Near Dahej, Tal: Vagra,
 Dist: Bharuch, Gujarat; and
 Village Versameddi, Tal - Anjar, Dist. - Kutch, Gujarat (both in India)

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FORWARD-LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Full year numbers of 2004-05 are not comparable on year on year basis due to the merger of EUPEC Welspun PipeCoatings India Limited (EPCIL), with Welspun Gujarat Stahl Rohren Limited (WGSRL).



Statement of the Vice Chairman & Managing Director

Dear fellow investor,

The year 2004-05 was a year of transition and dynamic growth for your Company. The rapid price escalation in the global oil and steel markets affected many industries, including ours. Yet, your Company met the challenge, to deliver on a strong global need for its products. As we move forward, we are building strategic associations and long-lasting relationships with our customers and vendors, to alleviate your Company to enhanced strength to face fresh challenges.

As the global appetite for energy grows stronger, so will the demand for our products. As an ideal means for transporting oil, gas and water across land and seas, we are a vital link in the endeavour of growing economies that are adding to their transportation and distribution infrastructure. The standards of our high-end pipes and engineering skills are receiving pervasive recognition globally and as a result, we are witnessing a quantum increase in demand for our products.

Now is the time to fuel the expansion of our business through bold ideas, solid investment and rigorous execution. With confidence in our potential, we are committed towards enhancement of wealth creation for our stakeholders. Guided by our belief that well-timed actions lead to valiant results, we are prepared for a bright future. We are ready for growth.

FINANCIAL OVERVIEW

Given the unforeseen conditions faced by our industry as a whole, your Company's performance for the year 2004-05 was satisfying. While our turnover increased by 25% to Rs. 10.39 bn (approximately US \$238 mn) the profit after tax dipped by 53% to Rs. 338.30 mn (approximately US \$ 7.76 mn). This decline in profits resulted primarily from the sudden rise in freight costs and partly due to unexpected and quick rise in cost of steel, the key raw material input for the Company. Consequently, earnings per share decreased from Rs. 5.11 to Rs. 3.10. The network of the Company advanced by 35.75% to Rs. 2.93 bn. In line with the long term goals of the Company to capitalise on the ensuing growth opportunities, the Board recommended to direct our resources on funding the Company's new state-of-the-art in Anjar, Gujarat, investing Rs. 4.22 bn. For this investment and to partly restructure our secured and unsecured debts, the Company issued foreign currency convertible bonds of US \$40 mn. To integrate our production process further, we decided to merge Eupec Welspun PipeCoatings India Limited with the Company. These endeavours are part of our vision to provide your Company with dynamic growth drivers for the foreseeable future.



B. K. Goenka
Vice Chairman & Managing Director

*Now is the time
to fuel the expansion of our business
through bold ideas, solid investment
and rigorous execution.
With confidence in our potential,
we are committed towards enhancement of
wealth creation for our stakeholders.*

SIGNIFICANT ORDERS EXECUTED

In 2004-05, your Company executed several significant orders successfully. Some of these orders were 105 kms of pipeline from Hyundai Heavy Industries Co. Ltd., meant ONGC's "Mumbai High Uran Trunkline (MUTP)" offshore project; and AGIP Oil Company Limited, Libya for 400 kms of pipeline and 220 kms for PEDCO, Iran. Your Company has also partially supplied pipes for the deep offshore pipeline project for Enterprise, USA for 230 kms of pipeline.

Statement of the Vice Chairman & Managing Director

I am proud to inform that your Company has successfully established itself in the supply of heaviest and largest 56" diameter pipes and is the first in India and very few in the world to supply these pipes.

In 2004-05, we earned approvals from oil, gas and energy majors, BRITISH PETROLEUM, SAUDI ARAMCO, TOTAL, CHEVRON, CLOUGH ENGG., PGN, MITCO, ACHILLES and FPAL. With these approvals, your Company has been accepted by almost all the oil and gas majors.

GROWTH THROUGH CAPACITY EXPANSION

We live in an era where we are witnessing changes in various aspects of man's energy needs. Growing wants of advanced and thriving nations; the limited global supply position of crude oil; soaring prices for oil and its impact on economies; migration from oil to gas which is abundantly available; alternative forms of energy generation through cutting edge technologies; are just some of the issues we are all grappling with. One thing is clear. We will continue to be mostly organic fuel dependant for quite sometime, with gas becoming the predominant fuel for tomorrow. In contemplating these basic questions, the topic of energy transportation and distribution are central to the strategies of industry players and governments. Given the bloated cost of energy, the need for cost effective transportation and distribution of oil and gas is vital. Considering all alternatives, the pipeline method is an undisputed choice due to its safety, loss-free, environment friendly and non-recurring cost features. Given this scenario, your Company is at a cross-road where our products are facing energetic global demand at levels never witnessed before.

Your Company's products are globally well recognised to be amongst the best in terms of quality and standards. It enjoys a cost advantage given India's geo-local proximity to all major oil hub countries. Our cost of production is substantially better than our competitors in Europe and Japan. Given the robust demand, I am confident that your Company is well poised for quantum growth.

With this confidence, we are certain that the key to sustain an edge in this market is through approval from oil and gas majors and sheer world class capacity. Your Company's financial strength gives it the ability to empower its growth and we have viewed this economic cycle as a time to invest. Your Company has expanded its overall capability by making a significant investment in its brand new plant in Anjar, Gujarat. After completion, your Company will be able to produce a total of 850,000 mtpa of LSAW pipes; 280,000 mtpa of Spiral pipes; and 250,000 mtpa of HFIW/ERW pipes. and 10 mn meters of coating

The HFIW and Spiral of 100,000 mtpa plant has already been commissioned by 30th June 2005. The LSAW pipes plant and balance 150,000 mtpa of Spiral plant are expected to be commissioned by 30th November 2005. I am pleased to inform you that the project team is working at break neck speed to make the new plant fully operational in record time. Once completed, your Company will be amongst the largest manufacturer of LSAW pipes in India. The entrance into the ERW segment of pipes, as a natural extension of our product line, will further allow us to participate into branch, intra-city and spur pipelines applications. Through the joint production forces of our plants in Dahej and Anjar, I am hopeful to see your Company grow its business significantly.

ENGINEERING EXCELLENCE

Foraying into foreign markets implies dealing with dynamic regulations, intellectual property laws and technology issues specific to each country. Today the world is racing towards a harmonised quality bar. This has huge commercial implications. For Welspun, it spells the opportunity to raise the bar in terms of operation, quality and delivery. An imperative matched by our own very high standards in manufacturing.

We raise our performance level year after year, meeting the most stringent quality standards and continuously expanding our line of products and services. Your Company's speedy growth and ability to produce voluminous amounts of quality pipes with certification from oil majors has made a creditable entity in the market place.

I am pleased to inform you that our excellence in engineering is driving our growth. Our ability to deliver and perform brings us the abundant opportunities to give our best to the customers, who have put complete confidence in us. Your Company's strong focus on achieving defined goals and providing quality products has created reliability among its customers and boosted employees morale and performance. During the year we have continued to strengthen the business through developing our products and production processes. Your Company has supplied the largest and heaviest 56" diameter pipes that very few companies in the world can make. Your Company also supplied the highest quality pipes for the world's deepest gas pipeline in the Gulf of Mexico (USA). Despite transportation costs, your Company's products are being sought after for critical projects in far and distant markets.

FUTURE ACTIONS

During 2004-05, the world witnessed an unprecedented increase in the cost of crude prices impacting the freight charges of logistic companies worldwide. It also felt the brunt of escalating steel prices, which affected all steel based industries globally. Both these trends greatly curtailed the margins of the entire global pipe industry adversely. Learning from this experience your Company has established means and ways to mitigate risks arising from these trends. We have established long term arrangements with vendors and logistics companies to cushion any sudden spike in prices. We have entered into deeper understandings with our customers to insulate us from factors such as rising raw material costs over which we have no control. Wherever possible, we enter into back to back arrangements. Our actions for the future are well calculated to take these aspects into account.

Through our growth endeavour, we aspire to be present amongst the top three pipe industry players in the world. To achieve this, we aim to implement many action plans. We continue to place more attention on less penetrated markets such as North America through high value-added products. We expect to carefully plan our resources and production infrastructure to scale even higher volumes. We mean to continue managing our finances prudently to fund our capacity expansions. Through these initiatives, our vision is to emerge as one of the most respected companies in the global pipe industry.

OUTLOOK

We live and operate in a dynamic and ever-changing market place, but we believe that we are well placed to take advantage of the opportunities that these markets offer. We are witnessing unprecedented demand for our products and have entered 2005-06 with self-confidence for good reasons. We are winning significant new business across all markets, allowing us to cater to specific and special demands of customers. Much of our existing and new commissioned capacity is already booked against orders for the year 2005-06. Our new capacity has partly come on stream and is ramping up production steadily. With the support of our suppliers, employees, shareholders, bankers, institutions and customers helping us translate our growth aspirations into reality, we are stronger than ever. The progress that we have made in the financial year 2004-05 has set us on course to enhance our growth in the subsequent years.

While pursuing growth, we must maintain our priority on prudent risk management and maintain our rigorous management process. The Board is focused on ensuring that your Company's established business is managed effectively and that investment opportunities are well-founded. Above all we must always remember the pre-eminent importance of producing the best products and providing excellent customer service, thereby creating substantial shareholder value.

Given the high quality senior management team that is in place to deliver on our strategies, the prospects for sustainable long term growth in our business and consequently shareholder value are tremendous.

BOARD

I would like to place on record, my sincere appreciation of the services rendered and contribution made by Shri P. D. Vaghela and Shri A. B. Shah and welcome Shri R. G. Sharma on the Board of the Company.

PEOPLE

Our endeavour to grow stronger stems from the focus and efforts our people put in their work and responsibilities. The engineering excellence displayed by our people is the essence behind the differentiated business performance your Company has been able to demonstrate. Our people have achieved much this year and I sense a teeming pride amongst the entire workforce. The speed at which our project team is setting up the new plant in Anjar is inspiring for all of us. More so, there exists a sense of tradition and culture that is unique to Welspun, propelling the management and workers to excel in every sphere of operations of the Company.

If we have to attain a premier position in the marketplace, we must constantly develop our people, maximise productivity through the implementation of systems and processes and nurture our culture so that we remain the employer of choice in our industry. We have initiated tailor made MBA programs for fast trackers and increased the intake of post graduates from premier institutions. We have well defined set of values revolving around integrity, clear work ethics, collaborative spirit and entrepreneurial behaviour. Throughout the organisation, we have focused on building teams, confronting challenges and implementing constructive change.

APPRECIATION

For all that your Company has accomplished, I deeply appreciate the support and trust placed by our stakeholders, banks, financial institutions, private equity partners and employees.



Mr. B. K. Goenka

Vice Chairman & Managing Director

Directors' Report

To,
The Members,
Welspun Gujarat Stahl Rohren Limited.

Your Directors have pleasure in presenting the 10th Annual Report on the business, operations and financial performance of the Company during the financial year ended 31st March, 2005.

FINANCIAL RESULTS

Particulars	Rs. in million	
	For the year ended	
	31st March, 2005	31st March, 2004*
Income from operations	10458.60	8896.47
Profit before interest, depreciation & tax	945.67	1570.58
Less : Interest / Finance costs	203.39	230.03
Gross Profit / (Loss)	742.28	1340.55
Less: Depreciation	240.98	183.17
Profit for the year	510.30	1157.38
Less: Provisions for current taxation	45.50	51.50
Provisions for deferred taxation	124.35	350.29
Previous Years	(6.84)	(0.01)
Add: balance brought forward from previous year	736.19	16.42
Add: balance transferred from Amalgamated Company	39.86	-
Less: Preference Dividend and tax	6.51	-
Balance carried forward to next year	1107.83	736.19

*Previous year's figures do not include financials of Eupec-Welspun PipeCoatings (India) Limited.

DIVIDEND

The Board has proposed dividend @ 8% per annum pro-rata on the Optionally Convertible Preference Capital amounting to Rs. 5.72 mn (excluding Corporate Dividend Tax). Considering the growth needs of the Company, the Board of Directors are unable to recommend any dividend on Equity Capital for the year.

PERFORMANCE

The year 2004-05 witnessed consolidation of Company's position in the international market. Exports were higher at Rs. 7,050.11 mn as compared to Rs. 3,957.31 mn in the previous year. Key orders executed by the Company included supplies to Agip Oil Co. Ltd., Libya, Hundai Heavy Industries Ltd., Korea for ONGC MUT Project, Iranian customers and lastly to USA.

While production for the year was 241,832 MT compared to 261,817 MT in the previous year, turnover for the year improved to Rs. 10,459 mn from Rs. 8,896 mn in the previous year. Profit after tax was lower at Rs. 331.45 mn due to adverse impact of steel supplies/ prices coupled with steep rise in the freight costs.

PROSPECTS

The Company is currently executing a major export order to the USA valued at US\$ 112 mn. The spiral plants are operating at optimum capacity backed by adequate orders. The outstanding order book position at Rs. 17,000 mn reflects comfortable picture for the current year.

With the commencement of ERW mill, the spiral mill and the pipe coating facilities at Anjar, the Company expects to more than double the turnover for the year 2005-06. with the commencement of the LSAW facilities at Anjar in the second half of the current year, the position is expected to improve further.



M. L. Mittal
Director (Finance)

By being able to finance our growth at the most optimal rates of interest, the Company is almost at par with its global competitors in terms of its cost of funds.

KEY ACHIEVEMENTS

- Manufacture of over 1000 kms of line pipes per annum for the first time in the history of the Company.
- Registration as approved vendor with TOTAL of France would enable the Company to participate in their upcoming projects globally.
- The Company has for the first time catered to the requirements of world's deepest off-shore pipe line.

MANUFACTURING FACILITIES

The substantial expansion programme taken up by the Company at Anjar has progressed well as per schedule. Your management has redrawn the scope of the project to increase the capacity to 1 MTPA at less than proportionate increase in the cost of project. This would help your Company to tap the potential growth in demand in the country and the region. Commercial production of spiral welded pipes, HFIW (higher dia) pipes and part of coating facilities have commenced and the products have been well received by the customers. The Company effected the export order of HFIW pipes of Rs. 144.25 mn right in the first month of production. It would also benefit from the fiscal benefits / incentives provided for the region for the enhanced capacities. Your management has tied up the necessary resources for meeting the increase in project cost.

The Company has also invested at regular intervals to meet the needs of process resources tools and other production solution for improving the cost effectiveness of the manufacturing process at Dahej.

The Company is also envisaging strategically important backward integration projects looking at the volume of captive consumption.

SCHEME OF ARRANGEMENT

During the year under review, the Hon'ble High Court of Gujarat at Ahmedabad sanctioned the Scheme of Arrangement between Eupec-Welspun PipeCoatings (India) Ltd. and Welspun Gujarat Stahl Rohren Ltd. and their respective creditors and members vide its order dated 15th March, 2005. The Scheme became operative on 28th March, 2005 with the effective date being 1st April, 2003. The salient features of the Scheme are:

- Merger of Eupec-Welspun PipeCoatings (India) Ltd. with the Company;
- Allotment of 10 equity shares of Rs.10/- each fully paid-up of the Company to the shareholders of Eupec-Welspun PipeCoatings (India) Ltd. for every 15 equity shares of Rs. 10/- each fully paid-up held by them in Eupec-Welspun PipeCoatings (India) Ltd.;
- Re-organisation of share capital by reducing the paid-up value of equity and consolidation of the shares in to equity shares of face & paid-up value of Rs. 5/- each fully paid-up resulting in every shareholder getting 7 equity shares of Rs. 5/- each fully paid-up for every 10 equity shares of Rs. 10/- each fully paid-up held by them in the Company.

DETAILS OF UTILISATION OF FUNDS RAISED THROUGH ISSUE OF SECURITIES

During the year under review, the Company raised US\$ 40 mn (equivalent to Rs. 1.76 bn) through issue of Foreign Currency Convertible Bonds (FCCB's) and Rs. 221 mn through issue of Optionally Convertible Cumulative Preference Shares (OCCP's) to part finance its expansion project at Anjar. The amount of FCCB's and OCCP's are utilized for the purpose for which the same were raised.

DIRECTORS

Since our last Report, the changes in the Board of Directors of the Company were as under:

- Shri P.D.Vaghela, IAS, ceased to be director w.e.f. 20th October, 2004;
- Shri A.B.Shah ceased to be director w.e.f. 20th October, 2004;
- Shri R.G.Sharma was appointed as director of the Company w.e.f. 30th October, 2004 to fill the casual vacancy of Shri P.D.Vaghela;
- Shri Satish Bansal, who was appointed as an additional director of the Company w.e.f. 29th November, 2004 resigned w.e.f. 24th December, 2004 on personal grounds.

Your Directors welcome the new members on the board of the Company and place on record its appreciation for the services rendered and contributions made by Shri P.D.Vaghela, Shri A.B.Shah and Shri Satish Bansal during their tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri G. R. Goenka, Shri R.R.Mandawewala and Shri M. L. Mittal retire by rotation at the forthcoming Annual General Meeting. They are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a going concern basis.

AUDITORS

Your Company's Auditors M/s. MGB & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as Auditors of the Company. Members are requested to consider their re-appointment as the Auditors of the Company and to fix their remuneration by passing an Ordinary Resolution under Section 224 of the Companies Act, 1956.

Directors' Report

AUDITORS' REPORT

The Auditors' observations on revenue recognition as per Accounting Standard AS-9 does not require any additional comments. Other observations read with notes to the accounts are self explanatory and therefore, do not call for any comments.

AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD DIRECTORS) RULES, 1988

In terms of the above Rules, your Directors are pleased to give the particulars as prescribed therein in the Annexures, which forms part of the Directors' Report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

PUBLIC DEPOSITS

The Company does not accept any deposit from public within the meaning of Section 58-A of the Companies Act, 1956 read with The Companies (Acceptance of Deposit) Rules, 1975.

LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd., (BSE) and the National Stock Exchange of India Ltd. (NSE). Pursuant to the resolution of the shareholders passed on 30th September, 2004, the equity shares of the Company has been de-listed from The Stock Exchange, Ahmedabad w.e.f. 18th February, 2005. Further, the Company's application for de-listing of its equity shares is pending at the Calcutta Stock Exchange.

The Foreign Currency Convertible Bonds (FCCB's) issued by the Company are listed on the Luxembourg Stock Exchange (LSE).

Annual listing fees for the year 2005-06 have been paid to BSE, NSE and LSE.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this Report. A separate report on Management Discussion & Analysis is enclosed as part of the Annual Report.

ACKNOWLEDGMENT

The Board wishes to express and place on record its gratitude for the faith reposed in and co-operation extended to the Company by the IFCI Limited, Banks, Government Authorities, Customers, Suppliers and Shareholders of the Company. Your Directors wish to place on record their deep sense of appreciation for the devoted and sincere services of the Executives, Staff and Workers of the Company for its success.

For and on behalf of the Board

Report Junction.com
B. K. Goenka
Vice Chairman &
Managing Director

R. R. Mandawewala
Director

Place: Mumbai

Date: 30th June 2005

Annexures to Directors' Report

Form - A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Period 2004-2005	Previous Period 2003-2004
--	--------------------------------	---------------------------------

A. Power And Fuel Consumption

1 Electricity

(a) Purchased

Unit (in '000s)	1156.42	605.94
Total Amount (Rs. In Lacs)	58.08	36.70
Rate/unit (Rs.)	5.02	6.06

(b) Own Generation

(i) Though D.G. Set(CPP)

Generator Unit (in '000s)	19,937.85	14,792.78
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Units Generator per Units of Fuel

The Captive Power Plant is dual fuel operated and Diesel is used as pilot and Gas as main fuel. Consumption ratio varies according to load. Therefore individual output fuel wise can not be worked out.

Cost/unit (Rs.)	1.56	1.53
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(ii) Though Steam Turbine / Generator	Nil	Nil
---------------------------------------	-----	-----

2 Coal (specify quality and where used)

Nil Nil

3 Furnace Oil

Quantity (K. Ltrs.)	Nil	Nil
Total Amount (Rs. In Lacs)	Nil	Nil
Average Rate Cost/unit (Rs.)	Nil	Nil

4 Others/Internal Generation

Nil Nil

B. Consumption per unit of Production

Products	Standard	Current Year	Previous Year
Name Of Product: Welded Pipes			
Electricity		87.22	58.81
Furnace Oil	-	-	-
Coal (specify Quality)	-	-	-
Others (specify)	-	-	-

Form - B

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION.

Research and Development (R&D)

01 Specific areas in which R&D is carried out by the Company	None
02 Benefits derived as a result of the above R&D.	Not Applicable.
03 Future plan of action	The Company has regular system of plans / efforts for constant improvement in the operational process and products as part of R&D activities.

04 Expenditure on R&D

(a) Capital	Nil
(b) Recurring	Nil
(c) Total	Nil
(d) Total R&D expenditure as a percentage of total turnover.	N.A.

Technology absorption, adaptation and innovation

01 Efforts, in brief, made towards technology absorption, adaptation and innovation.

- Upgradation of facilities for manufacture of high thickness pipes for executing World's deepest pipeline (8300') project for USA.
- Enhancing hydrotester pressure capacity upto 500 Bar.
- In-house development of weld bead chamfering machine for OD bead grinding.
Enhanced operational capability / capacity. Cost reduction and import substitution. Enhanced customer confidence.

02 Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.

03 In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

(a) Technology imported	Basic engineering consultancy, process engineering and technical know how from INTERTEC GmbH, and EUPEC GmbH Germany. Commenced in 1996-97, and for coating 1999-2000.
(b) Year of import	Yes
(c) Has technology been fully absorbed ?	Not Applicable
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

Foreign exchange earnings and outgo

Activities relating to exports;

The efforts and investments put in by the Company in the previous years for expanding the market reach has yielded tremendous results. The Export turnover for the year has increased to Rs. 7,050.11 mn from Rs. 3,957.31 mn in the previous year. The outstanding order book position at Rs. 12,000 mn is testimony of the same. Upgradation and investment in quality enhancing equipments like Plate Ultrasonic Testing and upgradation of Weld UT etc for meeting the very high global standards;

Initiatives taken to increase exports;

Development of new export markets for products and services and export plans;

Approvals with new customers like TOTAL of France, British Petroleum of UK and the like for their worldwide projects. The year witnessed the execution of maiden export orders to new territories of Libya and Russia. Used: Rs. 7.57 bn
Earned : Rs. 6.18 bn

Total foreign exchange used and earned.

Corporate Governance Report

I. PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors of the Company acts as a trustee and assumes fiduciary responsibility of protecting the interests of the shareholders and other stakeholders of the Company. The Board supports the broad principles of Corporate Governance. In order to attain the highest level good Corporate Governance practice, the Board lays strong emphasis on transparency, accountability and integrity.

II. BOARD OF DIRECTORS

The Company's Board comprises individuals with considerable experience and expertise across a range of field such as finance & accounts, general management, business strategy.

Composition and category of directors; attendance of each director at the board meetings and the last AGM; number of other public companies on the Board or Committees of which, a director is a Director, Member or Chairperson; and number of board meetings, dates on which held, are as under:

Name of the Director	Category	Board Meeting Attended during the Year 2004-05	Attendance at the Last AGM	No. of other Directorship (as last declared to the Company)	Member/Chairperson in No. of Board Committees including other Companies (as last declared to the Company)
Shri G. R. Goenka - Chairman	P, NE	Nil	No	2	Nil
Shri B. K. Goenka - Vice Chairman & Managing Director	P, E	7	No	12	6M
Shri R. R. Mandawewala	P, NE	5	No	8	5M, 1C
Shri M. L. Mittal - Director (Finance)	E, I	8	Yes	3	4M, 1C
Shri K. H. Viswanathan	NE, I	8	No	Nil	2C, 1M
Shri Sanjoy Chowdhury (Nominee)	NE, I, L	5	No	2	2M
Shri Braja K. Mishra	E, I	5	No	1	Nil
Shri Rajkumar Jain	NE, I	8	Yes	1	1M, 2C
Shri R. G. Sharma	NE, I	2	No	Nil	Nil
Shri Satish Bansal [#]	NE, I	1	No	1	Nil
Shri S. V. Joglekar - Director (Operations) [@]	E, I	Nil	No	Nil	Nil
Shri A. B. Shah (Nominee) [*]	NE, I	2	No	3	Nil
Shri P. D. Vaghela (Nominee) [§]	NE, I	3	No	10	Nil

@ Finance / Demerger Committee memberships not included as the same are not considered with reference to the limit of the Committees on which a Director can serve.

Abbreviations:

P = Promoter, I = Independent, E = Executive Director, NE = Non-Executive Director, L = Lenders, C = Chairperson, M = Member.

@ Resigned w.e.f. 30.04.2004

Resigned w.e.f. 20.10.2004

\$ Resigned w.e.f. 20.10.2004

& Resigned w.e.f. 24.12.2004

9 meetings of the Board of Directors were held during the financial year 2004-05 on the following dates:

30th April 2004, 17th May 2004, 31st May 2004, 28th June 2004, 31st July 2004, 20th October 2004, 30th October 2004, 29th November 2004 and 29th January 2005.

Directors Seeking Appointment / Re-appointment

Brief resume of the Directors being appointed, re-appointed at the ensuing Annual General Meeting, nature of expertise in specific areas and directorship / membership of committees of the Board in other companies are furnished hereunder

Directors being re-appointed :

A. Shri G. R. Goenka

Shri G. R. Goenka aged 62 years is the Chairman of the Company. He has more than 4 decades of experience in the field of pipe, textile and cotton industry.

He is on the Board of Welspun Syntex Ltd. and Welspun India Ltd.

B. Shri R. R. Mandawewala

Shri R. R. Mandawewala aged 43 years, is a qualified Chartered Accountant. He has been associated as promoter with Shri B. K. Goenka from the group's first project in 1985. He has more than 20 years of experience in the field of finance and