

WELSPUN



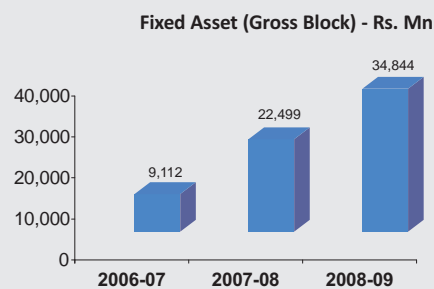
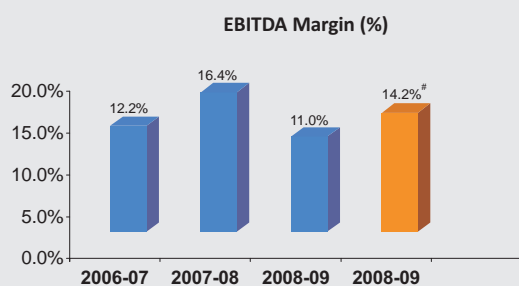
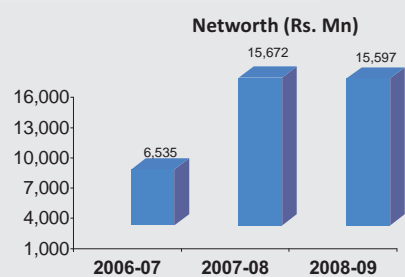
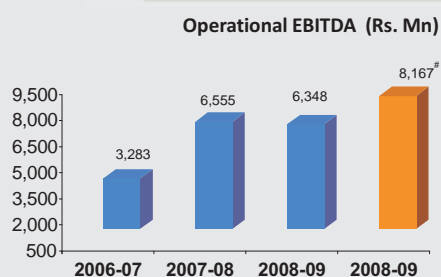
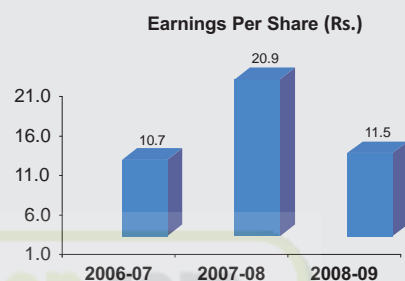
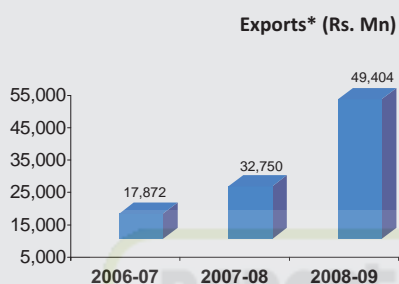
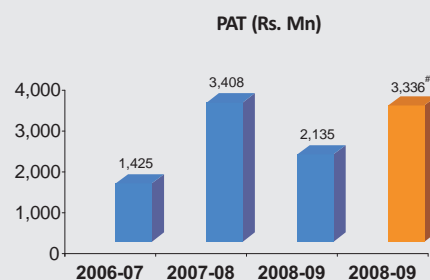
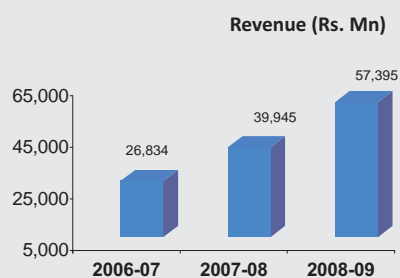
Dare to Commit

WELSPUN GUJARAT STAHL ROHREN LIMITED



14th
Annual Report 2008-09

Financial Highlights (Consolidated)



* Includes Deemed Exports

Excluding Extraordinary Items;

Forex provision of Rs.1,256 mn, Provision on ECB of Rs.178 mn and Inventory write down of Rs. 385 mn during the year.

WE TRANSPORT 'TRUST'

The Theme of this Annual Report is 'TRUST'
Meaning: Confidence; Reliance; Assured resting of the mind on the integrity, veracity, justice, friendship, or other sound principle, of another person.

For Welspun, Trust is the basic value in all our businesses. The Trust of thousands of stakeholders enable us to march ahead with strength and confidence. Welspun leaves no stone unturned to earn the Trust of its stakeholders and bring them closer to the company for longer and sustainable relationships. This in turn has opened the gates of opportunities for Welspun and has enabled the Company to emerge as a Global Player in Line Pipe business.

The high degree of Trust our customers repose on us reflects our competency in delivering superior quality products, services as well as experiences. It is Welspun's consistent and committed endeavor to strengthen the relationship based on trust with all its stakeholders and make positive contributions at each stage.



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WELSPUN City entrance, Anjar.

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Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. We have tried, wherever possible, to identify such statements by using words as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of the future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. Should known or unknown risks or uncertainties materialize, 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.



Corporate Information

Company Identification Number : L27100GJ1995PLC025609

Date of Incorporation: 26th April 1995

Date of Being Listed in Stock Exchange : BSE: 27th March 1997
NSE: 4th December 2003

Type of Business : Manufacturing of Steel Pipes and Steel Plates

Registered Capital : Rs. 2500 million

Paid Up Capital : Rs. 932.46 million divided into 186,491,192 equity shares of Rs.5/- each fully paid-up

Par Value / Share : Rs.5/- each

Securities Registrar & Transfer Agent

Link Intime India Private Ltd.

C- 13, Pannalal Silk Mills

Compound, LBS Marg,

Bhandup (west),

Mumbai - 400078

Board of Directors

Mr. Balkrishan Goenka
(Chairman & Managing Director)

Mr. Murarilal Mittal
(Executive Director Finance)

Mr. N. Shankar
(Nominee Director of Exim Bank Ltd.)

Mr. Asim Chakraborty
(Director -Whole time)

Mr. Braja K. Mishra
(Director)

Mr. Rajesh R. Mandawewala
(Director)

Mr. Raj Kumar Jain
(Director)

Mr. K.H. Viswanathan
(Director)

Mr. Ram Gopal Sharma
(Director)

Mr. Nirmal Gangwal
(Director)

Company Secretary

Mr. Pradeep Joshi

Auditors

MGB & Co., Chartered Accountants

Registered Office

"Welspun City",
Village Versamedi, Tal. Anjar, Dist Kutch,
Gujarat - 370110

Tel: +91-2836-661111

Fax: +91-2836-279060

Corporate Office

Trade World, B-Wing, 9th Floor
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013, INDIA

Tel: +91-22-6613 6000/ 2490 8000

Fax. +91-22-2490 8020/21

E-mail: CompanySecretary_WGSRL@welspun.com

Website: <http://www.welspunpipes.com>

Stock exchanges where the Company's securities are listed

Bombay Stock Exchange Ltd.
(Formerly Known as The Stock Exchange, Mumbai)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 051

The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 001

Bankers

Andhra Bank

Bank of Baroda

Bank of India

Canara Bank

Citibank N.A.

Corporation Bank

Export Import Bank of India

ICICI Bank Limited

Industrial Development Bank of India Limited

Oriental Bank of Commerce

Punjab National Bank

Standard Chartered Bank

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Indore

State Bank of Patiala

State Bank of Travancore

The Hongkong and Shanghai Banking Corporation Limited

Union Bank of India

United Bank of India

Factories

INDIA

i. Village Jolva & Vadadla, Near
Dahej, Taluka : Vagra, Dist.
Bharuch, Gujarat - 392 130.

ii. Village Versamedi, Tal - Anjar,
Dist.- Kutch, Gujarat - 370110

USA

iii. 9301, Frazier Pike
Little Rock , Arkansas 72205, USA

Important Changes and Developments

YEAR

- 1997**
 - Forayed into the Steel Business in SAW pipes with the Commissioning of the first HSAW mill at Dahej, Gujarat, India
 - Capacity 30,000 MTPA, enhanced to 50,000 MTPA.
- 1999**
 - Commissioning of state-of-art LSAW Mill at Dahej, Gujarat, India
 - Capacity 350,000 MTPA
- 2000**
 - Joint Venture with world's largest pipe coating company 'Eupec Pipe Coatings GmbH', Germany to provide 'Pipe Coating' solutions at Dahej, Gujarat, India
- 2002**
 - First Company from India to supply pipes for the Offshore Projects in the U S.
- 2004**
 - Recognition as "Fastest Growing Steel Companies" by the Construction World Magazine
- 2005**
 - The Joint Venture with Eupec Pipe Coatings got merged with the Company to provide complete pipe solutions under one roof.
 - Commissioning of ERW mill at the new location, Anjar, Gujarat, India with a capacity 250,000 MTPA
 - Commissioning of ERW mill at the new location, Anjar, Gujarat, India with a capacity 250,000 MTPA
 - Initiated Backward Integration project of Plate-Cum-Coil stackel Mill at Anjar to meet internal requirements and outside sale for critical applications.
- 2006**
 - Setting up of 2 new HSAW Plants totaling to 350,000 MTPA , at Anjar, Gujarat, India
 - Setting up of the Bending Facility, at Anjar
 - Additional Coating Plants, at Anjar
- 2007**
 - Trial run of Plate mill producing the X 70 grade, widest plate of 4.5 mts wide and 45 mm thickness.
 - 43 MW captive Power Plant commercially operational in Sept' 07
 - Initiated HSAW Pipe mill at the Little Rock, Arkansas U.S.
 - Largest ever order received by any of the pipe company i.e. Order from TransCanada Pipelines Ltd. U.S.
 - Ranked amongst India's Top 100 Corporate 2007 by S&P and CRISIL
 - Recognized as the "Fastest Growing Company" by Business Today.
 - Amongst the top 20 companies to watch out for in 2008 by Business Today.
 - Recognized as the top 3 SAW Pipe companies in the World by CLSA Asia Pacific Markets
 - Recognition as "Fastest Growing Steel Products Company" by the Construction World NICMAR.
- 2008**
 - Recognized as 2nd Largest (Large Diameter) Pipe producer in the World by Financial Times, UK
 - Plate Mill Operational, 28th March 2008; achieved Level II automation, Rolled X-70 API Grade, 4.5 mtrs. wide.
 - Double Jointing & Coating facility commissioned at the facility in Little Rock, Arkansas, U.S.
 - Awarded "Emerging Company of the Year " for Corporate Excellence 2008 by Economic Times.
 - Commissioning of Additional HSAW Mill with the capacity of 150,000 MTPA at Anjar, Gujarat
- 2009**
 - Initiated De-merger of 1.5 Mn MTPA Plate cum Coil Mill at Anjar, Gujarat into a 100% subsidiary to achieve greater focus in the business.
 - Commissioning of the Pipe Mill in Little Rock, Arkansas, U.S. with the capacity of 350,000 tons of HSAW pipes.
 - Commissioning of the Coil Mill at Anjar, Gujarat.



	Year ended 31st March (Consolidated)		
	2009	2008	2007
	(In Rs. Million except share, per share data and Ratios)		
Income Statement Data			
Income from Operations	57,395	39,945	26,834
Other Income	187	107	121
Total Revenues	57,582	40,052	26,955
Total Operating Expenses (Mfg Exp + COGS)	51,048	33,389	23,552
Manufacturing and Other Expenses	11,021	7,100	3,232
Depreciation & Amortization	1,433	609	476
Interest Expenses (Net)	1,766	818	738
Operational EBITDA #	6,348	6,555	3,283
Net Income *	2,135	3,408	1,425
Per Share Data			
EPS - Basic	11.5	20.9	10.7
EPS - Diluted	11.4	18.3	8.7
Balance Sheet Data			
Cash at Bank	9,470	2,703	3,573
Short Term Investments	1,069	3,249	256
Net Block	30,996	20,094	7,235
Capital Work in Progress (CWIP)	5,839	6,713	9,258
Total Assets	44,623	38,087	22,544
Total Debt	26,538	20,677	15,146
Issued Share Capital	932	889	699
Total Shareholder's Equity	15,597	15,672	6,535
Other Financial Data			
Net Cash Flows by Operating Activities	13,195	2,855	(265)
Net Cash Flows by Investing Activities	(7,438)	(14,998)	(6,503)
Net Cash Flows by Financing Activities	1,010	11,273	7,274
Financial Ratios			
Return on Shareholders Equity	13.7%	21.7%	21.8%
Return on Total Assets	4.8%	8.9%	6.3%
Operational EBITDA Margin (%)	11.0%	16.4%	12.2%
Net Profit Margin (%)	3.7%	8.5%	5.3%
Total Debt to Equity	1.7	1.3	2.3
Net Debt to Equity	1.0	0.9	1.7

Note :

Operational EBITDA would have been higher at Rs.8,167 mn which was impacted by Forex provision at Rs.1,256 mn, Provision on ECB of Rs.178 mn and Inventory write down of Rs. 385 mn during the year.

* Net Income would have been higher at Rs.3,336 mn during the year. But for exceptional item as explained above(#).

Message from Chairman and Managing Director

My dear fellow stakeholders,

We have chosen "Trust" as central theme for our 14th Annual Report. The literal meaning of Trust as per the Oxford English dictionary is reproduced below - to depict what trust portrays for our customers, employees, lenders, investors, suppliers and every other stake holder.

This financial year (FY 2008-09) has been an unprecedented year for the World at large. Too much has changed too fast and too sudden, without allowing enough time for corporate houses to recalibrate in the new world order.

"Trust is probably the most basic human value," said Fred Rogers. In these testing times, we believe that trust only can take the world out of this financial maize. Let me use this forum to provide an insight on what trust has meant to us and how its various contours will enable us to emerge stronger to be the most-respected pipe company in the World.

Confidence of Customers

This year Welspun bagged numerous projects taking the Order-Book to an unprecedented Rs. 7,740 Crores (Rs. 77 billion) largely from international Oil and Gas giants, reaffirming Welspun's premium position in the International

Trust (Oxford English Dictionary)

trust (noun): 'confidence, reliability of something or somebody', strong believe in the goodness, strength, 'responsibility' have trust in (verb): 'believe in the honesty and reliability of someone of something', 'have confidence in', 'earnestly hope'



pipe market. Welspun additionally won some high-profile and significant orders for our recently commissioned Plate Mill, from large international clients. We believe that strong customer confidence towards our products and services will remain an important differentiator for Welspun to continuously remain in demand.

Reliability of Products and Processes

In FY 2009, our company achieved record turnover of Rs. 5,740 Crores (Rs. 57 billion). Not a mean achievement for a company which effectively got christened just over a decade back. It is our world-class products, be it Pipes, Plates or Coating that has created a niche position in the world of Pipes and Plates. Continuing our promise to invest into best technology, we completed three state-of-art projects within this year. The most significant being the Pipe facility in Little Rock, Arkansas, U.S. When the whole world was talking about recession and job cuts, Welspun has created undoubtedly one of the best pipe facilities in the World employing over 300 local American people. During the opening ceremony in Little Rock, honorable Governor of Arkansas, Mike Beebe lauded the facility as a new chapter in Indo-U.S. relationship. Similarly, the Coil facility at Anjar was installed and the commissioning is in process. This Plate-cum-Coil facility is amongst a very few other mills in the World, which is capable to produce the highest range of Plates and the widest range of Coils. The completion of the 150,000 ton Spiral Mill in Anjar (fondly known as Spiral 3) also provided economies of scale to Welspun to execute large projects in the shortest possible time.

With the completion of these projects, Welspun arguably can be hailed as the largest Large Diameter Pipe Producer in the World with a total capacity of 1.5 million tons per annum.

Strong belief in Goodness

Our employees continue to be our biggest assets. We additionally hired services of HAY Group, (a leading UK based change management consultant) to channelize our employee's strength and capabilities to achieve superlative performance through project 'Nipun' (meaning 'Excellence').

Strength of Corporate Governance

While challenging times tempts companies to take the easy route and dilute their corporate beliefs, our Company steadfastly continued to adhere to its ethics and corporate governance at the highest level. Our belief further strengthened when India's largest business newspaper The Economic Times (ET) bestowed the ET Award for Corporate Excellence as **The Emerging Company of the Year 2007-2008**. A write-up which appeared in ET mentions Welspun was chosen for this prestigious award "for successfully executing a backward integration model, managing to sustain growth over a period of time and building a client roster which includes some of the World's best blue-chip names".

Besides the ET Award, Welspun was additionally recognized by Dun & Bradstreet as the **Most Valuable Company in Metal Pipes** segment. Friends, these awards / recognitions further strengthens our determination to delight all our stakeholders in every possible manner.

Responsibility towards Community

As a vibrant and active corporate citizen, we believe Corporate Social Responsibility (CSR) is core to our business. Touching more and more lives, making meaningful contributions towards wellbeing, empowerment and sustaining the environment are the pillars of our CSR program. As a unique effort of making these programs more focused and self reliant, all our group companies have announced a voluntary contribution of 1 % of their annual net profit (PAT) to Welspun Foundation for Health and Knowledge, the torch bearer of our CSR activities.

Honesty

We have always believed in transparent, timely and effective communication to all our stakeholders. In the same spirit, we followed strict accounting principles, without financial deviations to suit specific requirements. One live demonstration is our accounting treatment of volatile foreign currency movements throughout the year. We believe that many of these provisions may get reversed in the coming quarters given the current movement of the currency with the strengthening of the Rupee against the green buck.

Earnest hope

Last but not the least; Trust is the eternal nucleus of Earnest Hope. While the World is looming over multiple crisis be it the global economic slowdown, commodity price-crash, shareholder's wealth erosion and threat to security, we at Welspun believe that stability will prevail. We are already witnessing such positive corrections in and around us be it the stock market, customer enquiries, business confidence, employee morale etc. etc.

We at Welspun trust, that the need of the hour is to believe and spread hope and continue to sharpen competitive edge, which will enable us to capitalize at the appropriate time.

Friends, finally, I take this opportunity to thank every one of you for your continued support. With promise to steer Welspun unscathed through this testing time...

Yours sincerely



B. K. Goenka
Chairman & Managing Director