

WELSPUN



Dare to Commit



WELSPUN Corp Ltd

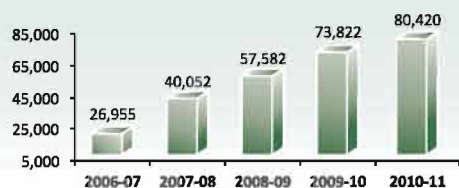
16th Annual Report 2010 - 11

PROGRESS lies not in enhancing what is,
but in advancing toward what will be.

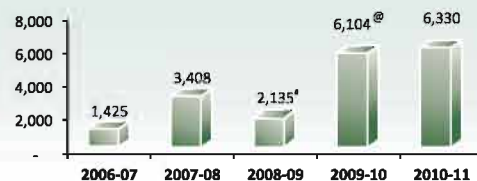
- Khalil Gibran

Financial Highlights (Consolidated)

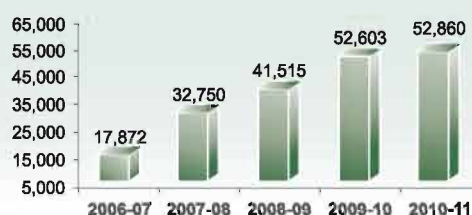
Revenue (including other income) (Rs. Mn)



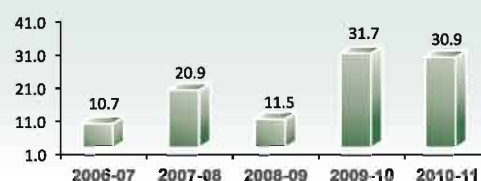
PAT (Rs. Mn)



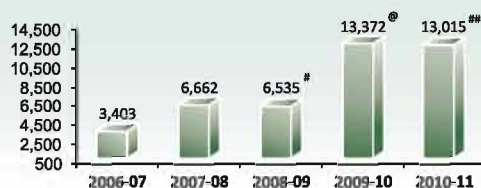
Exports/Overseas Revenue* (Rs. Mn)



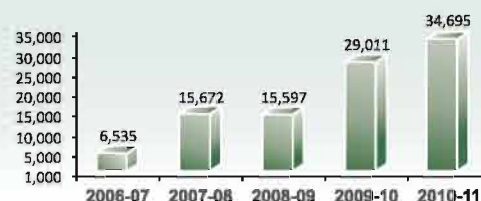
EPS (Rs/ Share.)



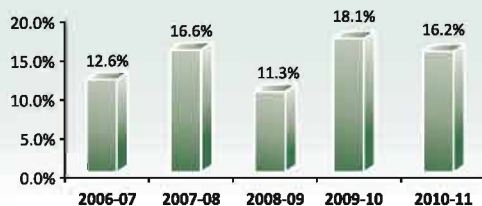
Reported EBITDA (Rs. Mn)



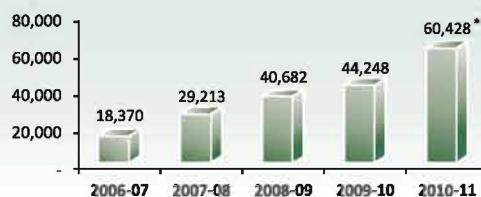
Networth (Rs. Mn)



EBITDA Margin (%)



Fixed Asset (Gross Block including CWIP & DRE) (Rs. Mn)



FY 2010-11: includes export rebate of Rs. 734 mn on receipt of favourable judgement from Honorable Supreme Court and provision of Rs. 2,007 mn on account of settlement with one of the customers thereby ending long pending litigation

@ FY 10 : Forex Provisioning made in the previous year were recovered during the year

* Includes Deemed Exports

FY 09 : Figures are excluding the extraordinary item :Forex provision of Rs.1,256 mn, Provision on ECB of Rs.178 mn and Inventory write down of Rs. 385 mn during FY 2008-09.

** includes expenditure on Build Operate & Transfer Projects

PROGRESS lies not in enhancing what is,
but in advancing toward what will be.

- Khalil Gibran

It starts with a plan, a project, a strategy or an idea.

Progress – a ubiquitous word in the corporate world and is often considered as one of the most important pre-requisite to ascertain the success of the organization. At Welspun too there was progress all round be it in terms of orders, expansion or growth.

The year began with the name change of erstwhile Welspun Gujarat Stahl Rohren Ltd to Welspun Corp Ltd. Despite tough economic and market conditions Welspun emerged stronger. The year closed with a healthy order book of Rs. 5,400 crores. The company successfully completed the investment in the Saudi plant, which has commenced production in Q4 FY11.

In September 2010, Welspun Group acquired 61% stake in MSK Projects (India) Ltd which was rechristened to Welspun Projects Ltd. Another significant feat was the successful acquisition of 35% stake in Leighton Contractors (India) Private Ltd. (renamed as Leighton Welspun Contractors Pvt. Ltd.) by Welspun Infra Projects Pvt Ltd. In the Pipes business, the Ruby order was completed on time which was a great achievement for the Little Rock plant.

At the same time some key initiatives were put in place for future growth. The Mandya plant in Karnataka has started production and is ramping up to achieve desired level of production. Implementation of L-SAW plant at Anjar is on schedule, and is likely to be commissioned by the end of Q2 FY12. Welspun Middle East is all set to serve the buoyant markets of Middle East and Africa.

With the all round progress and world wide presence Welspun Corp is well poised to take the big leap and become the most respectable Company in the world.



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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, Coils and Plates

Registered Capital : Rs. 2500 million

Paid Up Capital : Rs. 1023.67 million divided into 204,668,910 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, Executive)

Mr. Rajesh R. Mandawewala
(Managing Director)

Mr. Murarilal Mittal
(Executive Director Finance)

Mr. Mukul Sarkar
(Nominee Director of Exim Bank Ltd.)

Mr. Asim Chakraborty
(Director -Whole time)

Mr. Raj Kumar Jain
(Director)

Mr. K.H. Viswanathan
(Director)

Mr. Ram Gopal Sharma
(Director)

Mr. Nirmal Gangwal
(Director)

Chief Financial Officer

Mr. Brijgopal Jaju

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

Welspun House, 5th 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.welspuncorp.com>

Stock exchanges where the Company's securities are listed

Bombay Stock Exchange Ltd.

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

Singapore Exchange Securities Trading Limited (the "SGX-ST")
2 Shenton Way, #19-00 SGX Centre 1, Singapore - 068804

Bankers

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Citibank N.A.
Corporation Bank
Dena 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 India
State Bank of Travancore
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India

Manufacturing Units

- i. Village Jolva & Vadadla, Near Dahej, Taluka : Vagra, Dist. Bharuch, Gujarat - 392 130.
- ii. Village Versamedi, Tal - Anjar, Dist.- Kutch, Gujarat - 370110
- iii. KIADB Industrial Area, Gejjalagere, Taluka Maddur, Dist. Mandya, Karnataka -571428

Subsidiary

- iv. 9301, Frazier Pike, Little Rock , Arkansas 72205, USA
- v. 2nd Ind City Dammam, Kingdom of Saudi Arabia, P. O. Box 12943, Postal Code 31483

Important Changes and Developments

YEAR

- 2011**
 - Saudi plant commenced production.
 - L-SAW plant at Anjar commissioned.
 - Welspun Middle East established its presence in Dubai to cater to the bouyant markets of Middle East and Africa.
 - Aquired 35% stake in Leighton Contractors (India) Private Limited (renamed as Leighton Welspun Contractors Pvt. Ltd.)
- 2010**
 - Awarded "EEPC India National Award" for Export Excellence.
 - Initiated capacity expansion in India of LSAW by 350 KMT in Anjar, Gujarat, HSAW by 100 KMT in Mandya near Bangalore.
 - Fund raising of US\$ 250 mn of which US\$ 150 mn was raised through FCCB (Foreign Convertible Currency Bonds) in Oct 2009 and \$ 100 mn through QIP (Qualified Institutional Placement) in Nov 2009.
 - Foray into the world of infrastructure by way of investment in Welspun Projects Limited (formerly known as MSK Projects India Ltd.)
 - Completed investment in Middle East company with 300,000 MTPA HSAW facility in Saudi Arabia.
 - Change in name of Welspun Gujarat Stahl Rohren Ltd to "Welspun Corp Ltd" w.e.f 27/04/2010.
- 2009**
 - Commissioning of the US Pipe Mill in Little Rock Arkansas, with the capacity of 350,000 tons of HSAW pipes.
 - Commissioning of the Coil Mill at Anjar, Gujarat.
- 2008**
 - Recognized as 2nd Largest (Large Diameter) Pipe producer in the World by The Financial Times, UK.
 - Plate Mill got operational from 28th March 2008. Achieved Level II automation, Rolled X-70 API Grade of 4.5 mtrs wide.
 - Double Jointing & Coating facility commissioned at the Little Rock facility in 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.
- 2007**
 - Trail run of Plate Mill producing X 70 grade with widest plate of 4.5 mts and 45 mm thickness.
 - 43 MW captive Power Plant Commercially Operational from Sept 2007.
 - Initiated HSAW pipe facility at the Little Rock, Arkansas US.
 - Largest Ever Order Received by any pipe company i.e. Order from TransCanada Pipelines Ltd. US.
 - 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 Construction World NICMAR.
- 2006**
 - Setting up of 2 New HSAW Plants with a total capacity of 350,000 MTPA at Anjar, Gujarat, India.
 - Setting up of the Bending Facility at Anjar, Gujarat.
 - Additional Coating Plants at Anjar, Gujarat.
- 2005**
 - The Joint Venture with Eupec Pipe Coatings GmBH got merged with the Company to provide complete pipe solutions under one roof.
 - Commissioning of ERW mill at the new location in Anjar with a capacity of 200,000 MTPA.
 - Initiated Backward Integration project of Plate-Cum-Coil stackel Mill at Anjar to meet internal requirements and external sale for critical applications.
- 2004**
 - Recognised as "Fastest Growing Steel Companies" by the Construction World Magazine.
- 2002**
 - First Company from India to supply Pipes for the offshore Projects in the US.
- 2000**
 - Joint Venture with world's largest pipe Coating company Eupec Pipe Coatings GmBH, Germany to provide Pipe Coating solutions at Dahej, Gujarat, India.

FINANCIALS AT A GLANCE

(Rs. in Million)

Particulars	Year ended 31 March (Consolidated)			
	2011	2010	2009	2008
Income Statement Data				
Income from Operations	80,420	73,822	57,582	40,052
Operating Expenses (COGS, Mfg and Other Expenses)	67,406	60,450	51,048	33,389
Reported EBITDA	13,015**	13,372[†]	6,535*	6,662
Depreciation	2,439	2,061	1,433	609
Gross Profit (EBITDA - Interest Expenses (Net))	11,544	11,301	4,768	5,844
EBIT	10,575	11,311	5,102	6,054
Interest Expenses (Net)	1,471	2,071	1,766	818
PAT (After Minority Interest)	6,330**	6,104[†]	2,135*	3,408
Balance Sheet Data				
Current Assets	44,439	51,471	45,848	26,121
Current Liabilities	31,240	33,510	39,555	18,092
Net Current Assets	13,199	17,961	6,293	8,029
Fixed Assets**	51,518	38,283	37,190	26,807
Investments	14,405	1,596	1,140	3,250
Gross Debt	38,060	25,476	26,538	20,676
Cash and Bank Balance	7,532	17,028	9,470	2,703
Liquid Investments	14,403	1,595	1,139	3,250
Cash and Liquid Investments	21,935	18,623	10,609	5,954
Net Debt	16,125	6,853	15,929	14,722
Shareholders Fund	34,695	29,011	15,597	15,672
Minority Interest	2,024	0	-	-
Average Shareholders Fund	31,853	22,304	15,635	11,103
Deffered Tax Liability	4,344	3,352	2,488	1,738
Capital Employed	79,123	57,839	44,623	38,086
Capital Employed (Net of Cash and Liquid Investments)	57,188	39,217	34,013	32,132
Average Capital Employed (Net of Cash and Liquid Investments)	48,202	36,615	33,073	25,389
Cash Flow Data				
Net Cash Flows by Operating Activities	6,746	3,843	13,195	2,855
Net Cash Flows by Investing Activities	(22,574)	(3,885)	(7,438)	(14,998)
Net Cash Flows by Financing Activities	5,526	2,767	1,010	11,273
Financial Ratios				
EPS - Basic (Rs/share)	30.95	31.69	11.5	20.9
EPS - Diluted (Rs/share)	28.66	28.40	11.4	18.3
EBITDA Margin (%)	16.18%	18.11%	11.35%	16.63%
PAT Margin (%)	7.87%	8.27%	3.71%	8.51%
Net Debt to Shareholders Fund	0.46	0.24	1.02	0.94
Net Debt to EBITDA	1.24	0.51	2.44	2.21
Return on Shareholders Fund	19.87%	27.37%	13.66%	30.69%
ROCE [EBIT/ (Average Capital Employed (Net of Cash and Liquid Investments))]	21.94%	30.89%	15.43%	23.84%

* FY 2008-09 : EBITDA would have been higher at Rs.8,167 million which was impacted by Forex provision at Rs.1,256 million, Provision on ECB of Rs.178 million and Inventory write down of Rs. 385 million during the year and Net Income would have been higher at Rs.3,336 million.

** includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item translation difference account

FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year

FY 2010-11 : includes export rebate of Rs. 734 mn on receipt of favourable judgement from Honorable Supreme Court and provision of Rs. 2,007 mn on account of settlement with one of the customers thereby ending long pending litigation"

FINANCIALS AT A GLANCE

(USD in Million)

Particulars	Year ended 31 March (Consolidated)			
	2011	2010	2009	2008
Income Statement Data				
Income from Operations	1,766	1,555	1,254	994
Operating Expenses (COGS, Mfg and Other Expenses)	1,481	1,273	1,112	829
Reported EBITDA	286 ^{##}	282 [†]	142 [*]	165
Depreciation	54	43	31	15
Gross Profit {EBITDA - Interest Expenses (Net)}	254	238	104	145
EBIT	232	238	111	150
Interest Expenses (Net)	32	44	38	20
PAT (After Minority Interest)	139 ^{##}	129 [†]	47 [*]	85
Balance Sheet Data				
Current Assets	997	1,146	904	652
Current Liabilities	701	746	780	451
Net Current Assets	296	400	124	200
Fixed Assets**	1,155	853	733	669
Investments	323	36	22	81
Gross Debt	853	567	523	516
Cash and Bank Balance	169	379	187	67
Liquid Investments	284	31	22	81
Cash and Liquid Investments	432	367	209	117
Net Debt	362	153	314	367
Shareholders Fund	778	646	308	391
Minority Interest	45	0	-	-
Average Shareholders Fund	709	497	348	247
Deferred Tax Liability	97	75	49	43
Capital Employed	1,774	1,288	880	950
Capital Employed (Net of Cash and Liquid Investments)	1,282	873	671	802
Average Capital Employed (Net of Cash and Liquid Investments)	1,081	815	652	633
Cash Flow Data				
Net Cash Flows by Operating Activities	148	80	287	71
Net Cash Flows by Investing Activities	(496)	(82)	(162)	(372)
Net Cash Flows by Financing Activities	121	58	22	280

Financial Ratios

EPS - Basic (Rs/share)	0.68	0.67	0.25	0.52
EPS - Diluted (Rs/share)	0.63	0.60	0.25	0.45
EBITDA Margin (%)	16.18%	18.11%	11.35%	16.63%
PAT Margin (%)	7.87%	8.27%	3.71%	8.51%
Net Debt to Shareholders Fund	0.46	0.24	1.02	0.94
Net Debt to EBITDA	1.24	0.51	2.44	2.21
Return on Shareholders Fund	19.87%	27.37%	13.66%	30.69%
ROCE [EBIT/ (Average Capital Employed (Net of Cash and Liquid Investments))]	21.94%	30.89%	15.43%	23.84%

* FY 2008-09: EBITDA would have been higher at US \$ 177.89 million which was impacted by Forex provision at US \$ 27.35 million, Provision on ECB of US \$ 3.51 million and Inventory write down of US \$ 7.59 million during the year and Net Income would have been higher at US \$ 72.66 million.

** includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item translation difference account

FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year

FY 2010-11 : includes export rebate of USD 16.12 mn on receipt of favourable judgement from Honorable Supreme Court and provision of USD 44.08 mn on account of settlement with one of the customers thereby ending long pending litigation"

Exchange rates used for Balance Sheet Items is Closing rate as on 31 March	44.60	44.90	50.72	40.08	43.59
Exchange rates used for Profit & Loss Items is Average rate for the year	45.53	47.47	45.91	40.29	45.29



“In line with our journey to become a Global Company with regional production facilities we have expanded our foot prints in Middle East.”

Message from Chairman

My dear fellow stakeholders,

The year 2010-11 was a year of mixed opportunities with the economy across the globe showing signs of revival, though with some occasional hiccups, after the unprecedented financial meltdown. Against such backdrop, Welspun emerged stronger. Our existing businesses achieved superlative performances and all our production facilities helped us to consolidate our global leadership position.

Ushering in a new chapter

The last year saw some significant changes within our company. Foremost among them was the name change from Welspun Gujarat Stahl Rohren Ltd to Welspun Corp Ltd (WCL). The new identity embodies Welspun's global reach and reiterates the commitment of the company to achieve utmost customer satisfaction by understanding the needs of the global markets that it operates in. Despite volatile raw material prices we were able to close the year with a healthy order book of Rs 5,400 crore thus maintaining our reputation of being one of the largest large diameter line pipe companies in the world.

Global Presence

After successfully establishing our foot prints in the US, we made inroads into the buoyant markets of Middle East. We acquired majority interest in Aziz European Pipe Factory, one of the largest spiral pipe manufacturing facilities in the area that can produce upto 300,000 MTPA of spiral pipes. It also has a state-of-the-art coating mill. Thus cementing our presence in two of the largest Oil & Gas markets in the world, i.e. US and Saudi Arabia. To specifically cater to the Middle East and Northern African markets a separate marketing office has been set up in Dubai. In order to get big orders from international clients it is very important to be closer to them. By having a presence in the USA and Middle East we have not only become a local player but have gained higher cost efficiencies as well, in terms of transportation.

Growth Drivers

Oil and Natural Gas are expected to remain the primary sources of energy. With the revival in the domestic and global economy, oil

prices are picking up resulting into increase of exploration activities, which in turn has led to the demand for Pipes. This increase in demand led us to embark upon an expansion plan. We have increased our HSAW capacity to 1.1 mn tonnes and are currently underway to increase our LSAW capacity to 0.70 mn tonnes. Similarly, to cater to the domestic market we have started a pipe facility in Mandya near Bangalore in Southern India, which will cater largely to the needs of the water segment. With the increased capacities, we are well poised to tap the opportunities arising from the domestic market as well as the international markets.

In our infrastructure business, we completed the acquisition of 35% shareholding in Leighton Contractors (India) Pvt. Ltd., (Leighton International's Indian operations). The new company is known as Leighton Welspun Contractors Private Limited. Leighton specialises in high-end engineering, procurement and construction (EPC) contracting as well as development of projects across an extensive range of disciplines including infrastructure, oil and gas, mining and building. With this initiative, we anticipate a new dimension in our growth trajectory with a multi-dimensional presence.

Another significant development during the year was the consolidation of the infrastructure business under one umbrella i.e. Welspun Infra Tech Ltd (WIL), a subsidiary of Welspun Corp. It was unanimously decided by the Board of Directors of WCL and WIL to merge Welspun Infra Developers Pvt Ltd (a closely held company) with WIL. To tap the burgeoning infrastructure space in India it was very crucial that we align ourselves and have a clear corporate structure that will enable us to participate and capitalise on the future opportunities in the world of infrastructure.

Earlier during the year, we acquired a majority stake in MSK Projects India Ltd, which was rechristened as Welspun Projects Ltd. Now with the combination of Leighton and Welspun Projects we are fully geared to take our infrastructure business to the next level.

Finally, our dream to become an integrated player (iron ore to pipes) has come true. It has opened a host of opportunities for WCL and Welspun Maxsteel. Furthermore, this will augment Welspun's already impressive capabilities to compete in the global oil and gas line-pipe market. With this step, the business will be able to withstand the underlying volatility in steel prices and deliver predictable business and optimal solutions to customers.

People Excellence

A successful company is often made of hard working and diligent people. We believe inspired employees are the key to taking an organisation to greater heights.

Taking a step further in this regard we did an employee engagement survey as a part of our quest to become a respected organisation. We partnered with the Indian arm of 'The Great Place to Work® Institute' to conduct this survey which would help us to gather relevant feedback. I want to take this opportunity to thank all of you who participated in the survey and gave us your valuable opinion. The actual journey of becoming a respected organisation should begin with us. By building on our strengths and addressing concerns, we will achieve our goal of being one of the most respected organisations across the globe.

The Road Ahead

The Government's efforts in taming inflation have brought positive results for the country and for Welspun Corp Ltd. The year 2010-11 has been a good year for us with all-round growth in sales and profits. What is even more encouraging is the sector outlook which is looking stronger.

With the demand picking up and new projects coming up in Middle East and Asian markets there are tremendous business potentials. Similarly, large projects are being planned in various other parts of the world for the period 2011-2015 which will provide huge impetus. As per Simdex the total pipe requirement globally is of the magnitude of 102 Mn tons which is equivalent to approximately \$123 billion worth of business (source: Simdex, future Pipeline Projects, March 2011, Updated). Another area which will create vast opportunities is the huge replacement market in North America, which is having huge network of pipelines which are more than 30 to 40 years old. This is a strong market for pipe replacement.

With the oil & gas sector witnessing an upswing we are once again witnessing huge capex programs by most of the large oil and gas companies. Rising oil and gas exploration will provide impetus to the business, across Middle East, Africa, South America, Asia and Australia. The recent Shale Gas development in North America and Europe shall enable energy security in the region. India is also preparing for construction of pipelines (both in Government as well in private sector) as the domestic gas availability is poised to increase over the years. Welspun is very well positioned to capitalise on the emerging opportunities since it has enhanced global footprint and is now present in some of the most promising markets. With all such initiatives, we are confident of retaining our leadership positions in all our key markets to ensure profitable growth.

Yours sincerely,



B. K. Goenka
Chairman



PROGRESS THROUGH **EMPLOYEES**

With a worldwide presence in 35 countries Welspun employees cut across regions, races, ethnicity and cultures. Having a diverse employee base help the company understand their customers and geographies and represents the Global nature of the company.