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H1 FY2007 PAT at Rs. 284 million, up 42%
Q2 FY2007 PAT increases by 70% to Rs. 135 million
Order book at Rs. 13,750 million

Mumbai, October 26, 2006: PSL Limited (PSL), the largest manufacturer of high-grade large diameter Helical Submerged Arc Welded (HSAW) pipes in India, announced its results for the half year and second quarter ended September 30, 2006.

Key developments

- HSAW pipe and coating facility setup by the Company for JSC Nefte-Gastruba at Aktau, Kazakhstan inaugurated
  - Capability to develop equipment for pipe manufacturing and coating in-house – One of the few companies globally to have such technological ability

Order book position

- Strong order book of Rs. 13,750 million as on September 30, 2006 driven by buoyant activity in the oil & gas and water sector – Continued emphasis being given to develop infrastructure for oil & gas and water transportation

<u>Recent key orders</u>

- US$17.5 million contact for supply of 48" x 20.6 mm HSAW Pipes for high pressure gas pipeline project from UAE
- Awarded a contract for anti-corrosion & weight concrete pipe coating from Reliance Ports & Terminal Ltd worth US$ 21 million

Commenting on the performance for H1 & Q2 FY2007, Ashok Punj, Managing Director, PSL Limited, said:

"We have been able to deliver steady growth due to ongoing execution of our projects in H1 & Q2 FY2007. We are hopeful to complete and book most of our major projects in FY2007 ahead of schedules. This should translate into healthy performance in H2 FY2007.

PSL continues to bid aggressively for major local and international pipeline projects and given our competitive strengths we are optimistic about maintaining a healthy order book position going forward.

With increased capacities, better order prospects we continue to remain positive about the performance outlook for this year and the next year."

H1 FY 2007 financial performance (compared with H1 FY 2006)

- Revenues up to Rs. 6,918.6 million from Rs. 6,689.7 million, up 3.4%
- PBIDT improves by 10.8% to Rs. 799.8 million from Rs. 721.6 million
- PAT grows by 42.2% to Rs. 283.9 million from Rs. 199.7 million
- EPS improves to Rs. 8.89 from Rs. 6.87
- Cash EPS at Rs. 15.57 as compared to Rs. 13.81

Q2 FY 2007 financial performance (compared with Q2 FY 2006)

- Revenues up by 35.9% to Rs. 3,152.2 million from Rs. 2,319.3 million
- PBIDT better by 13.0% to Rs. 413.1 million from Rs. 365.7 million
- PAT increases by 69.8% to Rs. 135.2 million from Rs. 79.6 million
- EPS improves to Rs. 4.23 from Rs. 2.74
- Cash EPS at Rs. 7.55 as compared to Rs. 7.47

Note on quarterly results:

The Company operates in a sector where the major revenues and profit are booked on completion of projects or on completion of specific milestones, which may lead to uneven revenue and profit reporting on a quarter to quarter basis. The performance of the Company is therefore best monitored on an annual basis and the health of the business can be determined more from the order book position / order profile / sector developments, and the Company's ability and capacity to execute large orders.

Business outlook

Robust order book combined with expanded capacities should facilitate strong growth going forward.

Moving ahead, the Company is specifically optimistic about the demand scenario for large diameter pipes. The Company expects strong order pull for large diameter pipes both in Indian as well as global markets. These pipes are more economical as they allow large volume movements reducing cost of transportation.

PSL is appropriately positioned to benefit from this development as it is the foremost manufacturer of HSAW pipes in India which can produce large diameter pipes efficiently and deliver it to clients in the most cost effective manner owing to various competitive advantages.

Perspectives on competitive advantage

Multi-locational and re-locatable facilities

The Company has 11 mills located at several locations across India with most mills strategically situated in proximity to ports. Moreover, PSL has a competitive advantage of re-locating / re-assembling its facilities closer to major projects leading to benefits like huge cost savings in-terms of transport and resourceful delivery of services to its clients.

Technological edge

PSL is the largest manufacturer of HSAW pipes in India which are based on a technology that employs Hot – rolled coils (HR Coils) and can produce pipes of varying sizes (16inch to 12inch) and wall thickness (5 mm – 25mm). HSAW pipes are globally used to transport high pressure energy products like oil & gas and water.

HR coils compared to HR steel plates (utilized in alternate technology) are priced substantially lower and are readily available from a range of domestic and global steel producers.

Further, PSL is one of the few companies globally to have the capability to develop equipments required to make HSAW pipe mills in-house.

Overseas operations

PSL is in the process of developing significant presence in the Middle Eastern / North-East African markets by establishing an overseas 75,000 MT HSAW mill in Sharjah, U.A.E at Hamariyah Free Trade Zone. The Company expects to commission it by FY 2008.

The Company is constantly examining proposals to setup operations in other countries.

– ENDS –

Attached: Details to announcement and results table

About PSL Limited

PSL Limited (PSL) is the largest manufacturer of high-grade large diameter Helical Submerged Arc Welded (HSAW) pipes in India. The Company manufactures and supplies pipes certified to API (American Petroleum Institute) standards for oil, gas and water transmission as well as structural and piling applications for both onshore and offshore sector.

PSL is one of the largest pipe manufacturers in India with 11 Pipe Mills at multiple and strategically coast based locations in Chennai, Kandla, Visakhapatnam and Daman with an annual capacity of 1,100,000 MT.

Other business segments that PSL caters to, include pipes coating, induction pipe bending and sacrificial anode manufacturing. PSL has over the years successfully demonstrated its ability to simultaneously manage multiple assignments in a qualitatively and timely manner, both within and outside the country.

For further information please contact:

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Details to announcement

Financial Overview and Discussions

(All comparisons on a corresponding period basis)
(All rupee figures in Rs. million unless stated otherwise)

Financial overview

Revenues

Particulars	Rs.
H1 FY2007	**6,918.6**
H1 FY2006	6,689.7
Shift %	*3.4*
Q2 FY2007	**3,152.2**
Q2 FY2006	2,319.3
Shift %	*35.9*

As mentioned earlier, PSL operates in an environment where revenues are accounted for books post completion of projects or milestones. While the order book remains strong the Company accrued revenues of Rs. 6,919 million for H1 FY2007.

During Q2 FY2007, the Company achieved a notable 36% expansion in revenues to Rs. 3,152 million.

Further, with expanded capacities on stream PSL aims to complete a large proportion of its order book ahead of schedules in FY2007 itself which should result in a better revenue performance for the whole year.

PBIDT

Particulars	Rs.
H1 FY2007	**799.8**
H1 FY2006	721.6
Shift %	*10.8*
Q2 FY2007	**413.1**
Q2 FY2006	365.7
Shift %	*13.0*

In H1 FY2007, PBIDT increased by 11% to Rs. 800 million from Rs. 722 million in the corresponding period. Margins during H1 FY2007 strengthened to 11.6% from 10.8%. In the future, the Company expects to sustain expansion of margins through appropriate management of key raw materials.

Earnings overview

Particulars	PBT	PAT
H1 FY2007	**393.7**	**283.9**
H1 FY2006	294.5	199.7
Shift %	*33.7*	*41.2*
Q2 FY2007	**205.0**	**135.2**
Q2 FY2006	117.4	79.6
Shift %	*74.6*	*69.8*

PBT margins increased to 5.7% from 4.4% during H1 FY2007 owing to lower interest and higher depreciation charge.

Depreciation during H1 FY2007 was higher by 8.1% to Rs. 212 million. Interest expenditure in H1 & Q2 FY2007 was lower by 16.0% and 7.8% to Rs. 194 million and Rs. 102 million respectively mainly due to repayments of loans.

The Company registered strong growth in the bottom-line in Q2 FY2007 enhancing it by 70% to Rs. 135 million, although provision for tax increased by 85% to Rs. 70 million.

Particulars	**EPS**	**CEPS**
H1 FY2007	**8.89**	**15.57**
H1 FY2006	6.87	13.81
Shift %	*29.4*	*12.7*
Q2 FY2007	**4.23**	**7.55**
Q2 FY2006	2.74	7.47
Shift %	*54.4*	*1.1*

On an expanded capital base, the Company delivered a noticeable growth in EPS during both periods under review.

– ENDS –

PSL LIMITED

Regd. Office: Kachigam, Daman, U.T. of Daman & Diu -396210

UNAUDITED FINANCIAL RESULTS FOR QUARTER ENDED 30TH SEPTEMBER, 2006

(Rs. in Crores)

SN	PARTICULARS	QUARTER ENDED		HALF YEAR ENDED		Year Ended
		30.9.2006	30.9.2005	30.9.2006	30.9.2005	31.3.2006
		(Unaudited)		(Unaudited)		(Audited)]
1	Net Sales	308.62	228.30	683.08	662.17	1539.06
2	Other Income	6.60	3.63	8.78	6.80	17.61
3	**Total Income**	**315.22**	**231.93**	**691.86**	**668.97**	**1556.67**
4	**Total Expenditure**	**273.91**	**195.36**	**611.88**	**596.81**	**1404.62**
	(a) Increase/Decrease in Stock in Trade	-26.36	-49.09	19.04	-59.00	-6.71
	(b) Consumption of Raw Material	211.59	185.71	421.73	503.10	1055.52
	(C) Staff Cost	9.46	8.95	18.59	15.29	31.84
	(d) Other Expenditure including transport	79.22	49.79	152.52	137.42	323.97
	& Ocean Freight.					
5	Interest	10.22	11.08	19.43	23.12	48.53
6	Depreciation	10.59	13.75	21.18	19.59	33.86
7	Extraordinary Item(Provision for bad debts)	0.00	0.00	0.00	0.00	2.76
8	**Profit before Tax incl. Fringe Benefits**	**20.50**	**11.74**	**39.37**	**29.45**	**66.90**
	(3-4-5-6-7)					
9	Provisions for Taxation net of deferred tax	6.98	3.78	10.98	9.48	17.71
10	**Net Profit (8-9)**	**13.52**	**7.96**	**28.39**	**19.97**	**49.19**
11	Paid - Up equity share capital	31.95	28.92	31.95	28.92	31.95
	(Face Value Rs.10/- per share)					
12	Reserves Excld. Revaluation reserves	0.00	0.00	0.00	0.00	230.52
13	EPS (In Rs) (Basic)	4.21	2.74	8.84	6.87	16.44
14	EPS (in Rs) (Diluted)	3.28	2.74	6.89	6.87	13.22
15	Aggregate of Non -Promotors shareholding					
	Number of Shares	11448432	8424690	11448432	8424690	11448432
	Percentage of Shareholding	35.66%	28.97%	35.66%	28.97%	35.66%

Notes:

1. The above results after their review by the Audit Committee were taken on record by the Board of Directors in their meeting held on Thursday, the 26th October, 2006. These shall be now subjected to limited review by the Statutory Auditors of the Company
2. The provision for deferred tax has been made in accordance with the requirement of Accounting Standard (AS-22) issued by the Institute of Chartered Accountants of India, Deferred Tax liability for the period upto 31.3.2006.
3. During the quarter under review the company had received 20 investors complaints all of which were disposed off within the quarter itself.

By Order of the Board
For PSL LIMITED

Place : Mumbai
Date : 26th October, 2006

(ASHOK PUNJ)
MANAGING DIRECTOR