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H1 FY2009

Revenues improve 44% to Rs. 13,202 million

PAT at Rs. 477 million, up 31%

Diluted EPS stands at Rs. 11.01

Mumbai, October 24, 2008: PSL Limited (PSL), the largest manufacturer of high-grade large diameter Helical Submerged Arc Welded (HSAW) pipes in India and a leader in pipe coating solutions, announced its results for the quarter and half year ended September 30, 2008.

Key developments

- U.S. subsidiary, PSL NA commissions state-of-the-art 300,000 TPA pipe manufacturing facility at Port Bienville Industrial Park in Bay St. Louis, Mississippi USA
  - Only new generation Two Step H-SAW Pipe Mill in USA – to commence commercial production by Q4 FY2009; Effectively gained “first mover” advantage
  - PSL NA to commence execution of USD 418 million order for supply of 543 miles of pipes and related coating from Florida Gas Transmission Company once the facility receives API Accreditation
- Execution of the large orders received recently (GAIL, HPCL-Mittal and USA) has commenced during the quarter; Majority of these orders are to be executed in H2 FY2009
  - This should boost Q3 & Q4 FY2009 performance significantly

Order book position

- Strong order book of Rs. 60,000 million as on 30 September 2008

Recent orders:

- 1,024 km Mundra-Bhatinda pipeline project worth Rs. 9,170 million awarded by HPCL-Mittal Pipelines Limited
- 5th successive GAIL order totalling a sum of Rs. 19,280 million for supply of pipes to the 470 km Vijaipur-Dadari-Bawana pipeline project
- US$ 418 million order received from Florida Gas Transmission Company for supplying pipes and related coating for a 543 miles long pipeline project

Business Outlook

The order book as on 30 September, 2008 stands at Rs. 60,000 million which is projected to be executed over the next 12 months demonstrating significant revenue visibility in the near future. A majority of the orders received by the Company recently including the GAIL, HPCL-Mittal and USA order will be executed in second half of FY2009. This should provide a substantial boost to its financial and operational performance going forward.

Domestic oil and gas majors including GAIL, GSPL and HPCL amongst others have announced plans worth over Rs. 200 billion for building oil and gas pipeline networks across the Indian sub-continent. PSL is ideally placed to land a significant chunk of these domestic orders as it has 11 pipe mills located strategically near key order zones. International demand for pipes remains buoyant. PSL already has a facility each in the Middle East and North America to cater to demand in these areas. Other than facilitating low freight costs, having a global presence also protects PSL from forex losses that are rampant in the industry today.

With a total production capacity of 1,475,000 TPA distributed across three continents and one of the largest unexecuted order books in the domestic industry, the Company is well placed to execute its current orders in a timely manner while scouting for potential orders at the same time.

Commenting on the performance for Q2 & H1 FY2009, Mr. Ashok Punj, Managing Director of PSL Limited, said:

"I am pleased to announce that we have been successful in delivering healthy result during the period under review. Our order book remains strong at Rs. 60,000 million as on 30 September 2008 and the potential to land new orders both domestically and internationally seems extremely encouraging.

In line with corporate strategy of having manufacturing facilities stationed near demand zones, our U.S. subsidiary PSL NA has successfully commissioned a state-of-the-art 300,000 TPA two step spiral pipe mill. Ours is the only new generation 2 step H-SAW pipe mill in the United States which will commence commercial production by Q4 FY2009 giving us a unique first mover advantage.

The demand for HSAW pipes both domestically and internationally remains buoyant and we are optimistic about bagging significant orders going forward. With a notably large un-executed order book in place and a number of orders in the pipeline, our outlook for the foreseeable future remains positive and we believe that we can sustainably add value to all our stakeholders going forward."

Q2 FY 2009 financial performance (compared with Q2 FY 2008)

- Revenues stand at Rs. 6,612.9 from Rs. 5,031.7 million, up by 31.4%
- PBIDT improves 16.9% to Rs. 662.5 million from Rs. 566.5 million
- PAT up 13.0% to Rs. 216.1 million from Rs. 191.3 million
- Diluted EPS at Rs. 4.99 from Rs. 4.96

H1 FY 2009 financial performance (compared with H1 FY 2008)

- Revenues up 43.8% to Rs. 13,201.5 million from Rs. 9,177.3 million
- PBIDT at Rs. 1,322.60 million from Rs. 1,017.1 million an improvement of 30.0%
- PAT increases 31.4% to Rs. 476.5 million from Rs. 362.7 million
- Diluted EPS increases to Rs. 11.01 from Rs. 9.41

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.

– ENDS –

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.
Q2 FY2009	**6,612.9**
Q2 FY2008	**5,031.7**
Shift %	*31.4*
H1 FY2009	**13,201.5**
H1 FY2008	**9,177.3**
Shift %	*43.8*

During Q2 FY2009, revenues stood at Rs. 6,612.9 million compared to Rs. 5,031.7 million indicating an increase of 31.4% driven by better realisation and higher pipe sales which stood at 69,234 tonnes in the period under review. Production for the quarter stood at 100,589 tonnes indicating that a large chunk of inventory is set to be dispatched in Q3 FY2009 which should translate into higher revenues going forward.

In H1 FY2009, revenues increased 43.8% to Rs. 13,201.5 million versus Rs. 9,177.3 million in H1 FY2008. Pipe production in the first half of the current fiscal stood at 174,884 tonnes compared to 160,532 tonnes achieved in H1 FY2008.

The Company has a large unexecuted order book of 60,000 million as on 30 September 2008, a significant chunk of which is expected to be executed in H2 FY2009 demonstrating a projected enhancement in utilization and financials in the latter half of the year.

PBIDT

Particulars	Rs.
Q2 FY2009	**662.5**
Q2 FY2008	**566.5**
Shift %	*16.9*
H1 FY2009	**1,322.6**
H1 FY2008	**1,017.1**
Shift %	*30.0*

Operating earnings in Q2 FY2009 increased by 16.9% to Rs. 662.5 million from Rs. 566.5 million driven mainly by volume enhancement. PSL has in place a strong order book which has been booked at healthy realizations. This should enable the Company to increase operating profits significantly for the remaining half of FY2009.

Earnings overview

Particulars	PBT	PAT
Q2 FY2009	**322.1**	**216.1**
Q2 FY2008	274.9	191.3
Shift %	*17.2*	*13.0*
H1 FY2009	**710.5**	**476.5**
H1 FY2008	501.3	362.7
Shift %	*41.7*	*31.4*

Depreciation in Q2 & H1 FY2009 stood at Rs. 136.4 million and Rs. 281.6 million up 4.8% and 8.3% respectively. Interest expense during the quarter stood at Rs. 204.0 million up 26.3% over the corresponding period last year. In H1 FY2009, interest expense increased 29.2% to Rs. 330.5 million. Healthy overall performance has enabled PSL to deliver healthy Y-o-Y growth and the expected increase in volumes in Q3 & Q4 should enable the Company to deliver healthy performances going forward.

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