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Q1 FY2009

Revenues increase 59% to Rs. 6,589 million

Operating profits enhance 47% to Rs. 660 million

PAT at Rs. 260 million, up by 52%

EPS at Rs. 6.02

Mumbai, July 15, 2008: PSL Limited (PSL), a global leader in manufacturing and coating of pipes for transporting hydrocarbon products, water products, and steel structural applications, and the largest manufacturer of high-grade large diameter Helical Submerged Arc Welded (HSAW) pipes in India, today announced its results for the first quarter ended 30 June 2008.

Order book position

- Buoyant consolidated order book at approximately Rs. 60,000 million as on 15 July 2008

Key highlights

- U.S. subsidiary, PSL North America LLC's 300,000 facility located in the state of Mississippi set to be commissioned in Q2 FY2009
    - This would be the maiden Two-Step HSAW capacity in North America
    - Facility has already received a USD 418 million order for 543 miles of pipes and associated coating from Florida Gas Transmission Company
        - Signifying the high demand for pipes in the region – Considerable imbalance with the domestic U.S.

demand far exceeding domestic supply of Large Diameter Line Pipe for Natural Gas Transportation requirements

- Robust outlook for FY2009
    - High level of revenues and earnings visibility as a result of strong unexecuted order book position for FY2009
    - Prospects of new order flow point to building of an exceptional order pipeline from both domestic and international markets

Commenting on the performance for Q1 FY2009, Mr. Ashok Punj, Managing Director, PSL Limited, said:

"Q1 FY2009 has proven to be a fruitful quarter for the Company where we have successful executed past orders in a timely manner. We have also been successful in receiving large orders during the quarter from the domestic and international markets driving our order book position to approximately Rs. 60 billion as on 30 June 2008.

Our order book position provides substantial revenue and earning visibility for FY2009. Demand for pipes at present is also buoyant both domestically and internationally and we are determined to further enhance our order book position and execute it in a timely manner given our large capacity preparedness

Work on our U.S. facility – the maiden Two-Step HSAW plant in North America – has been progressing smoothly and we expect this unit to be commissioned soon. PSL's UAE facility has already commenced operations and we will see healthy revenue contribution to consolidated numbers in FY2009. As mentioned earlier, these facilities are in line with our strategy to be located close to high demand areas. We see this as a significant cost saving advantage over our peers as PSL will be one of the few pipe companies in the world to have a presence across three geographies."

Q1 FY 2009 financial performance (compared with Q1 FY 2008)

- Revenues improve 58.9% to Rs. 6,588.6 million from Rs. 4,145.6 million
- PBIDT better by 46.5% to Rs. 660.1 million from Rs. 450.6 million
- PAT up to Rs. 260.4 million versus Rs. 171.3 million, an increase of 52.0%
- EPS improves by 52.0% to Rs. 6.02 from Rs. 3.96

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.
Q1 2009	**6,588.6**
Q1 2008	4,145.6
Shift %	*58.9*

In Q1 FY2009, the Company registered a 59% growth in revenues to Rs. 6,589 million compared to Rs. 4,146 million in the corresponding period least year. This was assisted by 33% growth in pipe sales to 75,240 MT compared to 56,642 MT in Q1 FY2008.

PSL expects to deliver a robust performance in the remainder of the year driven mainly by the execution schedule of the recent large orders. The Company expects to achieve pipe production of over 500,000 MT in FY2009 from the Indian operations which should enable PSL to deliver overall strong performance.

Further, the North American facility, which is set to be commissioned soon, and UAE unit should provide impetus to consolidated revenues towards the end of this year.

PBIDT

Particulars	Rs.
Q1 2009	**660.1**
Q1 2008	450.6
Shift %	*46.5*

Operating profits for the quarter increased by 47% to Rs. 660 million compared to Rs. 451 million in the corresponding period last year as a result of volume expansion. Expected high realizations in FY2009 combined with increasing volumes should help the Company to enhance its operation earnings going forward.

The Company follows an operating policy where it books/ procures its steel requirement at time of bidding/ receiving orders. This largely insulates PSL from any major fluctuation in steel prices. On account of the policy, the Company has booked majority of steel required for the recent large domestic orders which should enable it to sail through any volatility in steel prices.

As a result of large orders bagged in Q1 FY2009, the Company expects to enhance utilization levels thus providing strong earnings visibility for the year.

Earnings overview

Particulars	PBT	PAT	EPS
Q1 FY2009	**388.4**	**260.4**	**6.02**
Q1 FY2008	226.3	171.3	3.96
Shift %	*71.6*	*52.0*	*52.02*

Net profits during the quarter registered healthy growth of 52% to Rs. 260 million compared to Rs. 171 million in the corresponding quarter last year. In Q1 FY2009, the interest cost increased by 34% to Rs. 127 million compared to Rs. 94 million. Long term debt on the books of the Company as on 30 June 2008 stood at Rs. 1,410 million and working capital at Rs. 4,860 million.

Depreciation increased by 12% to Rs. 145 million compared to Rs. 130 million in Q1 FY2008. Tax expense increased by 133% to Rs. 128 million compared to Rs. 55 million in the corresponding quarter last year.

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