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Maharashtra Seamless in Joint Venture with US-based Hydril Company LP

Maharashtra Seamless Ltd, a D.P. Jindal group company – engaged in the manufacturing of seamless and welded pipe, has entered into a 50:50 joint venture with US-based Hydril Company LP to manufacture premium connections.

The JV – Hydril Jindal International Pvt. Ltd products have a wide application in the high-pressure Oil & Gas wells. The plant is strategically located at Nagothane, about 120 kms. from the Mumbai port near the factory unit of Maharashtra Seamless Ltd (MSL).

While Hydril will provide the joint venture company with threading technology and marketing support for exports as well as the Indian markets, MSL will exclusively provide the JV the full range of its seamless pipes.

D P Jindal, Chairman, MSL, said, “The joint venture will bring tremendous strategic benefits to both the partners. While MSL is an expert in seamless pipe, Hydril is the acknowledged leader in Premium Connection technology.”

“Maharashtra Seamless Ltd and Hydril will play a complementary role and tap the rising opportunity in the Oil and Gas Drilling sector. There is a tremendous demand for these products with the recent discoveries in India in the Krishna-Godavari basin, in Rajasthan and in the Bombay High,” Mr Jindal added.

Christopher T. Seaver, President & CEO of Hydril Company LP, said, “We are delighted to have partnered with Maharashtra Seamless in this joint venture. Even before the formation of this JV, we have had a long association with MSL as the company has been marketing our CRA connections for quite some time. We have a great deal of trust and confidence in each other, which is the basic building block of any new joint venture company.”

“Let me add that the company’s products are expected to witness a huge demand from the Global Oil & Gas Drilling sector. Outlook for commodity prices is favourable as demand continues to squeeze supplies,” he added.

The joint venture has a project outlay of \$6 million – \$2 million by way of equity from the promoters (\$1 million by each of the promoters) and \$4 million through debt.

About Maharashtra Seamless Ltd

Maharashtra Seamless Ltd. (MSL) is a part of the Rs 2,000 crore D P Jindal group, which was promoted in 1952. MSL was conceived in May 1988 after noticing a huge demand and supply gap in the seamless pipe market that was met mostly through imports.

This import substitute project was set up in 1991 about 130 kms from Mumbai at Nagothane (Maharashtra), to manufacture seamless pipes & tubes with the finest quality and wide product range using the world renowned CPE technology acquired through technical collaboration with Mannesmann Demag Huttentechnik GmbH (MDH), Germany at a capital cost of Rs 69 crore. Mannesmann Demag is a world leader in steel and seamless pipe industry.

The state-of-the-art plant is only the third of its kind in the world. The plant was commissioned in February 1992. The main plant and machinery was imported from USA based on MDH design. The plant has an aggregate installed capacity of 2,25,000 TPA (including recently commissioned 1,00,000 TPA 14" OD mill) of Carbon & Alloy Steel Hot finished and cold finished Seamless Pipes and size range is from 10.3 mm to 370 mm O.D. (1mm to 40 MM W.T.). In addition, facilities are also available for heat treatment of sizes ranging from 2 3/8" to 13 3/8" O.D.

To augment its presence in the pipe industry, MSL made a foray in the ERW pipe category in 2000. It has put up a plant at Raigad, Maharashtra, capable of producing ERW pipes having OD range between 168.3 mm to 530 mm OD and wall thickness of 3.2 mm to 12.7 mm with present installed capacity of 200000 TPA, making India's first par excellence largest outer diameter pipe manufacturer using ERW technology. This plant is catering for requirement of large diameter ERW pipes for applications in the field of natural gas, crude oil, refineries and other core sector industry like fertilizers etc.

Further, the company has also diversified into wind power generation both for reaping fiscal benefits, including 100% income tax depreciation, 100% sale tax incentives, capital subsidy and to neutralize the rising power cost in Maharashtra. It would meet approx. 25% of the total present power consumption. This Wind Power Project having 7 MW capacity has been successfully commissioned in December 2001 at district Satara, Maharashtra with a total cost of Rs 36 crore. The entire project has been financed by the company through internal accruals.

MSL, a company listed on the Bombay Stock Exchange and National Stock Exchange, has a market capitalisation of \$330 million against annual sales of \$200 million.

About Hydril Company LP, USA

Hydril Company LP, USA, incorporated in 1933, is engaged worldwide in engineering, manufacturing and marketing premium connection and pressure control products used for oil and gas drilling and production. The company's premium connections are used in drilling environments where extreme pressure, temperature, corrosion and mechanical stress are encountered, as well as in environmentally sensitive drilling. These harsh drilling conditions are typical for deep-formation, deepwater and horizontal or extended reach wells.

Hydril manufactures a wide variety of products for petroleum drilling and production. Standard products include premium tubular connections for casing and tubing, high torque tool joints, blowout preventers, diverters, pressure control systems, drill stem valves and actuators, subsea drilling systems, high performance chokes and oilfield and custom rubber products.

Today, Hydril's wide range of advanced-design casing and tubing connections ensure the integrity of some of the world's deepest wells and prevent potential economic and environmental disaster. These connections are specifically designed to safely contain very high pressure and high temperature in the tubing and casing strings that conduct oil or gas to the surface from deep in the earth.

The company's ISO 9001 certification indicates that it adheres to world-class requirements for marine and offshore products; structural and mechanical metal products, and pressure vessels. Other certifications include API 16A (the latest, most exacting specification on drill through equipment), Det Norske Veritas (DNV), American Bureau of Shipping

(ABS), and Lloyds of London as well as the ASME Boiler and Pressure Vessel Code, Section VIII, Division 1.

Hydril's unique Tool and Gauge Facility provides centralized coordination to ensure worldwide uniformity and consistent quality of tubular connections. Threading inserts are 100% inspected and certified prior to distribution to Hydril plants. Computer programmes for threading are transmitted electronically between Hydril's central data bank and individual plants. Electronic coordinate measuring machines contact critical gauge surfaces with precision probes to check dimensions within 1/100,000 of an inch

The company's sales and service offices and manufacturing plants are located worldwide to respond to regional needs. Outside the US, Hydril has major facilities for manufacturing in Canada, Scotland, Nigeria, Batam and Mexico. In addition, Hydril has sales offices, authorized independent repair facilities, and manufacturer's representatives throughout the world.

Hydril, a company listed on the NASDAQ, has a market capitalisation of \$1.5 billion against annual sales of \$335 million.