

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of Welspun India Limited will be held on Tuesday, September 24, 2013 at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110 at 10:00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the audited Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To confirm the payment of interim dividend, of 20% on equity shares, which was declared by the Board of Directors at its meeting held on November 8, 2012.
3. To consider declaration of final dividend, of 20% on equity shares, which was recommended by the Board of Directors at its meeting held on May 15, 2013.
4. To appoint a director in place of Mr. Rajesh R. Mandawewala, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. D.B. Engineer, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider and approve re-appointment of M/s. Price Waterhouse, Chartered Accountants having Firm Registration Number 012754N as Statutory Auditors, who retire at the meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company for making investments in equity shares and/or preference shares of Welspun Global Brands Limited up to a limit of Rs. 1 Crore (Rupees One Crore only) and that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things as may be required to give effect to this resolution.”

By Order of the Board

Place : Mumbai
Date : August 7, 2013

Shashikant Thorat
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting (Item No. 7 of the notice) is annexed hereto.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Mr. Rajesh R. Mandawewala and Mr. D.B. Engineer, directors retiring by rotation and seeking re-appointment under Item No. 2 and Item No. 3 of the Notice respectively, are annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 23, 2013 to Tuesday, September 24, 2013 (both days inclusive) for the purpose of the 28th Annual General Meeting of the Company and for the purpose of determination of shareholders entitled to final dividend for the year ended March 31, 2013.
5. Dividend on Equity Shares, if declared at the meeting, shall be paid on or after September 30, 2013 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, September 24, 2013. In case of shares held in dematerialized form, the dividend thereon shall be paid to the beneficial owners, as per list provided by the Depositories for the said purpose.
6. Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Registrar and Share Transfer Agent i.e. Link Intime India Private Limited, Unit: Welspun India Limited, at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai-400078. All the correspondence pertaining to shareholding, transfer of shares, transmission etc. should be lodged with the Company's Registrar and Share Transfer Agent.
7. As part of the circulars, on Green Initiative, issued by the Ministry of Corporate Affairs, the Notice and Annual Report of the Company are being sent to the shareholders on their respective e-mail addresses available with us or to their postal addresses registered with us, as may be applicable. However, shareholders, who have received these documents by e-mail and who require a physical copy of these documents may write to the Company at the Corporate Office at 6th Floor, Welspun House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. The Annual Report alongwith the Notice of the Annual General Meeting is also available on the website of the Company, www.welspunindia.com.



EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

Welspun Global Brands Limited (“WGBL”) is a 98.03% subsidiary of the Company. A third party is holding preference shares of WGBL. To enable WGBL to redeem those preference shares, it is proposed that the Board of Directors be authorised to invest an amount up to Rs. 1 Crore in Welspun Global Brands Limited to subscribe to 10,00,000, 1% Redeemable Cumulative Preference Shares of Rs. 10/- each of Welspun Global Brands Limited, proposed to be issued at face value, which would be redeemable after 13 years from the date of issue or in such other securities of WGBL as may be deemed fit by the Board of Directors of the Company.

Since the aggregate of the proposed investment, investments already made in, loans already given to, guarantees and securities already given on behalf of, other bodies corporate by the Company exceeds both, sixty per-cent of the paid-up share capital and free reserves and hundred per-cent of the free reserves of the Company, approval of the shareholders is required to be obtained by way of a special resolution.

Hence, the members are requested to approve the resolution at item no. 7 as a special resolution.

None of the directors of the Company is in any way concerned or interested in the said resolution.

By Order of the Board

Place : Mumbai

Date : August 7, 2013

**Shashikant Thorat
Company Secretary**

BRIEF RESUME OF DIRECTORS BEING RE-APPOINTED

| Brief Resume and Functional Expertise | Number of Shares held in the Company | Directorship held in other Companies | Committee positions in various Companies |
|--|--------------------------------------|---|---|
| ITEM NO. 2: Re-appointment of Mr. Rajesh R. Mandawewala | | | |
| Mr. Rajesh R. Mandawewala, aged 51 years, has been the Managing Director of the Company since April 01, 2011. He served as a Joint Managing Director of Welspun India Ltd., from July 1, 2006 to October 23, 2009. He is a qualified Chartered Accountant. | 103 | Welspun Corp Limited Welspun Mercantile Limited Welspun Fintrade Private Limited Welspun Wintex Limited Welspun Developers and Infrastructure Pvt. Ltd. Alspun Infrastructure Limited Welspun Steel Limited Welspun Syntex Limited Welspun Zucchi Textiles Limited Welspun Infratech Limited Welspun Maxsteel Limited Welspun Energy Limited Welspun Projects Limited Welspun Retail Limited MGN Agro Properties Private Limited Angel Power and Steel Private Limited Association of Synthetic Fibre Industry Welspun Pipes Inc., USA Welspun Tubular LLC., USA Welspun Global Trade LLC., USA Welspun Holdings Private Limited, Cyprus Welspun USA Inc., USA Welspun Home Textiles UK Limited, UK CHT Holdings Limited, UK Christy Home Textiles Limited, UK Welspun UK Limited, UK Christy 2004 Limited, UK E. R. Kingsley (Textiles) Limited, UK Christy UK Limited, UK | Welspun Corp Limited- Member of <ul style="list-style-type: none"> Share Transfer and Investor Grievance Committee Budget Committee International Trade Practices and Governance Committee Finance Committee QIP Issue Committee NCD Issue Committee Welspun India Limited: Member of <ul style="list-style-type: none"> Share Transfer and Investor Grievance Committee Finance and Administration Committee Welspun Syntex Limited- Member of <ul style="list-style-type: none"> Share Transfer and Investor Grievance Committee Finance Committee Remuneration Committee Welspun Infratech Limited-Member of <ul style="list-style-type: none"> Audit Committee Remuneration Committee Welspun Retail Limited: Member of Finance Committee Welspun Energy Limited: Member of Audit Committee |
| ITEM NO. 3 : Re-appointment of Mr. D.B. Engineer | | | |
| Mr. D. B. Engineer, aged 80 years, joined the Board of Directors in the year 1991. He is a senior partner at Crawford Bayley & Co., a reputed Law firm. | 989 | Zuari Global Limited Bombay Incorporated Law Society Protos Engineering Company Private Limited Forvol International Services Limited S P Sanghi Airconditioning Private Limited Foods and Inns Limited Forbes & Company Limited PCS Technology Limited Fiora Services Limited Zoroastrain Investment Corporation Private Limited The Indo-Italian Chambers of Commerce and Industry Nilkamal Limited | Welspun India Limited: Member of <ul style="list-style-type: none"> Audit Committee Remuneration Committee Zauri Industries Limited: <ul style="list-style-type: none"> Chairman of Audit Committee; Member of Shareholders' / Investor Grievance Committee and Share Transfer Committee Forbes & Company Limited: Member of Audit Committee Foods and Inns Limited: Member of Audit Committee Nilkamal Limited: Member of Audit Committee |



WELSPUN INDIA LIMITED

Regd. Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110

Corporate Office : Welspun House, 6th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

DP ID*

Folio

PROXY FORM

Client ID*

No. of Shares

I/We _____
of _____ in the district of _____ being a member/s
of the above named Company hereby appoint _____ of _____ in the district of
_____ or failing him _____ of _____ in the district of _____

as my / our proxy to vote for me / us on my/our behalf at the 28th Annual General Meeting of the Company at Regd. Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110, to be held on Tuesday, September 24, 2013, at 10:00 a.m. and any adjournment(s) thereof.

Affix
Re. 1
Revenue
Stamp

Signed this _____ day of _____

Note : The Proxy form duly signed across the stamp should reach the Company's Registered Office at least 48 hours before the Meeting. Proxy need not be a member of the Company.

**Applicable for members holding shares in electronic form only.*

..... (TEAR HERE).....



WELSPUN INDIA LIMITED

Regd. Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110

Corporate Office : Welspun House, 6th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

DP ID*

Folio

ATTENDANCE SLIP

Client ID*

No. of Shares

I hereby record my presence at the 28th Annual General Meeting of the Company at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110, to be held on Tuesday, September 24, 2013 at 10:00 a.m.

Signature of the Shareholder or Proxy _____

Shareholders/Proxy holders are requested to bring the attendance slip with them, when they come to the meeting and hand it over at the entrance after signing the same.

Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.

Shareholders intending to obtain additional information regarding accounts to be presented at the meeting are requested to inform the Company about the details thereof atleast 7 days in advance.

**Applicable for members holding shares in electronic form only.*



WELSPUN INDIA LTD.

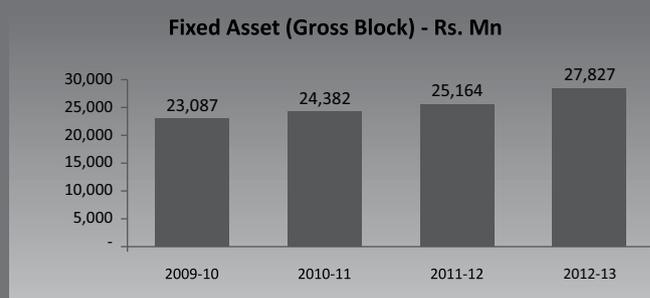
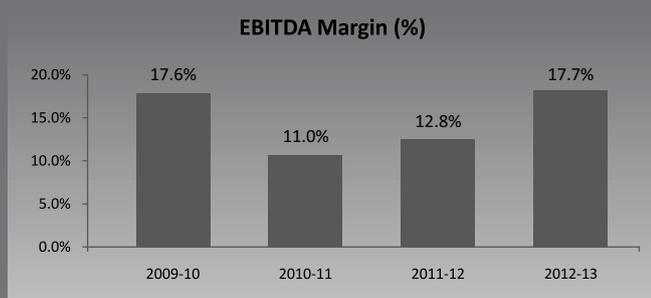
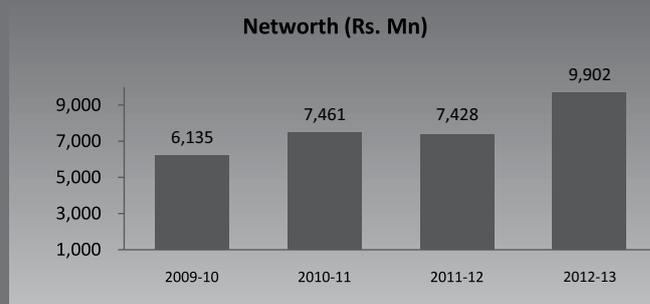
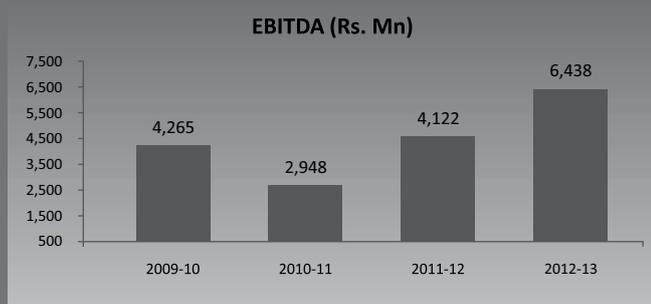
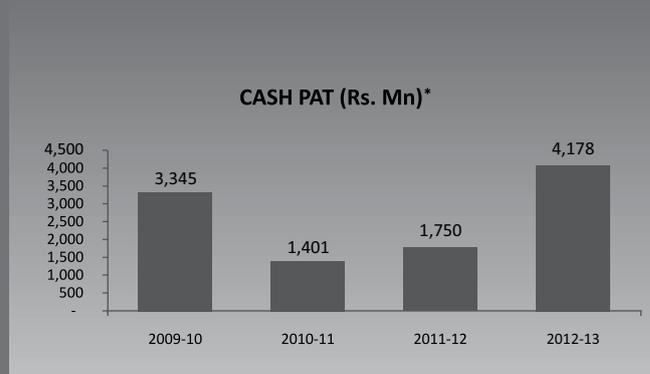
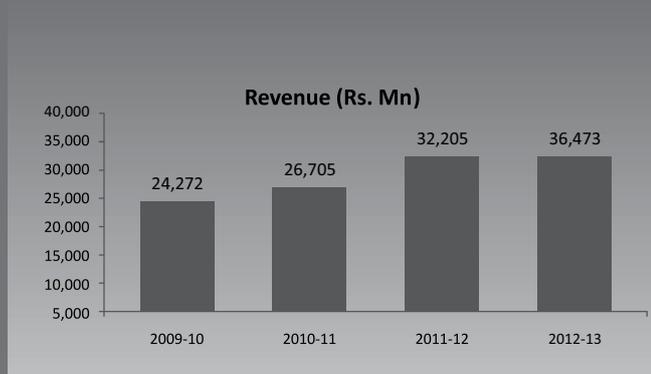
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Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that set out anticipated results based on the management's plans and assumptions. 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 future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in 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.

FINANCIAL HIGHLIGHTS (CONSOLIDATED)



* Cash PAT is calculated before exceptional Items

Note 1: FY 13 & FY 12 figures are after the Merger of company's marketing division namely "Welspun Global Brand Ltd" with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012.

Note 2: FY 11 and FY 10 figures are taken on the Consolidated basis with company's marketing division namely "Welspun Global Brand Ltd" and Welspun India Ltd. Note that these numbers are best estimates of the Company and are not Audited figures



CORPORATE INFORMATION

| Board of Directors | |
|------------------------------------|--|
| Mr. B. K. Goenka (Chairman) | Mr. Ajay Sharma (Nominee – IDBI Bank) |
| Mr. Dadi B. Engineer (Director) | Mr. Arun Tadarwal (Director) |
| Mr. A. K. Dasgupta (Director) | Mr. R. R. Mandawewala (Managing Director) |
| Mr. Ram Gopal Sharma (Director) | Ms. Dipali Goenka (Executive Director) |

| Company Secretary | Audit Committee |
|-----------------------|----------------------|
| Mr. Shashikant Thorat | Mr. Ram Gopal Sharma |
| | Mr. Dadi B. Engineer |
| Auditors | Mr. A. K. Dasgupta |
| Price Waterhouse | Mr. Arun Tadarwal |

| Remuneration Committee | Share Transfer and Investor Grievance Committee |
|------------------------|---|
| Mr. A. K. Dasgupta | Mr. A. K. Dasgupta |
| Mr. Dadi B. Engineer | Mr. B. K. Goenka |
| Mr. Ram Gopal Sharma | Mr. R. R. Mandawewala |

| Registered Office and Works | Bankers: |
|---|--------------------------------|
| Welspun City, Village Versamedi, Tal. Anjar, Dist. Kutch, Gujarat – 370 110, INDIA Tel: (02836) 661111, Fax: (02836) 279010 | State Bank of Bikaner & Jaipur |
| | State Bank of India |
| | Punjab National Bank |
| | Andhra Bank |
| | Canara Bank |
| Works: | Exim Bank Ltd. |
| Survey No. 76, Village Morai, Vapi, Dist. Valsad, Gujarat – 396 191, INDIA Tel: (0260) 2437437, Fax: (0260) 2437088, Email: wttvapi@welspun.com | Bank of India |
| | State Bank of Patiala |
| | Bank of Baroda |
| | Oriental Bank of Commerce |
| | IDBI Bank Ltd. |

| Corporate Office | Stock Exchanges where the Company's securities are listed |
|--|---|
| Welspun House, 6 th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, INDIA Tel: 022-66136000/ 2490 8000 Fax: 022-24908020 Website: http://www.welspunindia.com | Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 |
| | The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 |

Message from the Chairman

My dear fellow stakeholders,

This year has created history not only in terms of business but also in terms of various accolades. Our textile business has made us proud when it was ranked as the No 1 Home Textile Company in the US (Source: HTT, Jan 2013). This is a remarkable achievement as US is one of the biggest and most competitive markets. The recognition is a testimony to our dedication and innovation which has contributed to the Company's unprecedented growth.

Further, our efforts to bring the textile business under a single umbrella have already started showing results. After the merger, our profitability has significantly improved with EBITDA up by 56% and Cash PAT up by 139% y-o-y. Our strong customer relationships, efficient supply chain and innovative product development remain our key strengths. Our vision to become a fully integrated player will further improve performance and enable us to consolidate our position as one of the top home textile suppliers globally.

Market Dynamics

The Indian textile and apparel market size (domestic + exports) is currently at around US\$95 billion and is projected to reach US\$ 223 billion by 2021, implying a CAGR of ~10%. The textile industry is in a consolidation phase on account of buyer's concentration towards few suppliers with larger market shares and growth potentials. Other factors like China's new cotton and yarn policy, energy uncertainties in Pakistan and workers' safety issue in Bangladesh will put India at an advantage against these major competitors.

In addition to the competitive advantages on the production side, India is also benefitting from the increased access to various markets on the demand side. The proposed India-EU Free Trade Agreement (FTA) is in the final stages of discussion. This will open up the European market for Indian manufacturers. India has also signed FTAs with South Korea and Japan, which would provide better access to these markets. The Indian domestic market is also growing rapidly and is expected to become a large consumer over the next few years. Retail penetration in the Indian market is increasing with organised retailing expected to increase from ~5% in 2005 to ~24% by 2020. FDI in retail is further expected to boost textile consumption.

Business Scenario

With stable cotton prices, overall business situation appears to be improving. Domestic yarn prices have been moving up which may be a cause of concern in the short run. We have, however, decided to augment our spinning and weaving facilities in order to improve our vertical integration. This backward integration project (Phase 1) is expected to be completed by end-FY14. The debt for the project will receive 5-7% interest rebate from the Gujarat state government and 4-5% from the central government (under TUFs), resulting in an effective interest rate of 2-3%. Post this capex, our internal supply of yarn and greige fabric is expected to reach 75% from the current levels of 30-35%, thus reducing our dependence on external suppliers. Apart from ensuring quality and availability of key intermediate products, the backward integration will also contribute to improve the profitability of WIL significantly.

We also aim to improve our revenues to become the leader in home textile manufacturing in the world in the next couple of years. This growth will be majorly driven by increased sales from innovative product categories. The focus of our innovation covers the entire value chain from fibers to finished product. Currently, nearly 30% of our revenues have been contributed by innovative products in Bath, Bed and Rugs.

In the year 2012-13, more than 90% of our revenues have come from exports. While the US remains our biggest market, we have increased presence in newer markets. This has helped us in diversifying the geographical risks, so that we are not adversely affected by any one market where we operate. Once the proposed India-EU FTA comes into effect, we will be able to capture some of the newer high-end markets in Europe. Apart from this, we are gaining traction in new markets like Canada, South Africa, Japan, Korea and Australia.

In the domestic market, we have been able to capitalise on the Shop-in-Shop concept in large retail chains with our brand "Spaces". This model entails no capex and has minimal risk. We are also trying to boost our domestic presence through other channels like wholesale distributors, institutional clients and e-commerce.

Another significant development during the fiscal was the commissioning of the 80 MW Captive Power plant at Anjar. With this, we will be able to get 24 hours uninterrupted power supply at competitive rates, thus increasing our productivity and profitability.



Mr. B. K. Goenka

Chairman, Welspun Group

Corporate Social Responsibility

Apart from business, we dare to commit to our people who are our living assets. A substantial amount from the business proceeds is invested by the Group in building the infrastructure for a sustainable and progressive community. The combined human resources of Welspun have a very negligible difference ratio in terms of gender. Through Welspun, more than 600 women who were under the poverty line are working professionals today with sustainable incomes and supportive lifestyles; more than 3000 children have found their way into schools and education centers.

Keeping in line with the global standards and norms of manufacturing processes, all Welspun undertakings try to ensure highest efficiency and negligible wastage. The highly efficient "Effluent Water Treatment" plant & the Nisargruna Biogas Plant developed by BARC (Bhabha Atomic Research Centre) for Welspun, demonstrate our ecological commitment to a Green future. Our sustainability initiatives further got a boost in the arm when Wal-Mart recently honoured us with the Wal-Mart Responsibility Award for Excellence.

Accolades

Literally, it has been raining awards for our textile business! Altogether, we have won nine awards for our performance and sustainability. Some of the awards that we won are Golden Peacock Award for Eco-Innovation; Most Preferred Furnishing Brand – MAGPPIE; Gold Supplier Award – TESCO; Five Star Award – Macy's; Vendor of the Year Award - Sears / K-Mart amongst others

In conclusion, I would like to sincerely thank the Board, the management, and especially our dedicated employees for their consistent support and commitment to Welspun – and of course our esteemed customers for their confidence and loyalty.

Many thanks


B. K. Goenka

DIRECTORS' REPORT

To,
The Members,
WELSPUN INDIA LIMITED

Your directors have pleasure in presenting their 28th Annual Report on the standalone Audited Financial Statements of the Company for the financial year ended March 31, 2013.

I. FINANCIAL HIGHLIGHTS (Standalone)

(Rs. in Million)

| Particulars | Current year 31.03.2013 | % age to Total Income | Previous year 31.03.2012 | % age to Total Income |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue from Operations (Net) | 30,429.46 | 98.41 | 25909.95 | 98.57 |
| Other Income | 491.72 | 1.59 | 375.88 | 1.43 |
| Total Revenue (A) | 30,921.18 | 100.00 | 26285.83 | 100.00 |
| Cost of materials consumed | 16,944.25 | 54.80 | 13541.49 | 51.52 |
| Purchases of stock-in-trade | 81.14 | 0.26 | 153.46 | 0.58 |
| Changes in inventory of finished goods, work-in- progress and stock-in-trade | 44.73 | 0.14 | 240.18 | 0.91 |
| Employee benefits expenses | 1,817.71 | 5.88 | 1541.65 | 5.86 |
| Finance costs | 1,384.31 | 4.48 | 1438.51 | 5.47 |
| Depreciation and amortization expenses | 1,328.09 | 4.30 | 1187.43 | 4.52 |
| Other expenses | 7,049.31 | 22.80 | 5931.79 | 22.57 |
| Total expenses (B) | 28649.54 | 92.65 | 24034.51 | 91.43 |
| Profit Before Exceptional and extraordinary items and tax (A – B) | 2271.64 | 7.35 | 2251.32 | 8.56 |
| - Provision for diminution in value of Investments | 0 | 0.00 | 81.79 | 0.31 |
| Profit before extraordinary items and tax (PBT) | 2271.64 | 7.35 | 2169.53 | 8.25 |
| Extraordinary Items | | | | |
| - Provision for doubtful loans and advances | 83.85 | 0.27 | 284.35 | 1.08 |
| Profit before tax | 2187.79 | 7.08 | 1885.18 | 7.17 |
| Tax Expense | | | | |
| - Current Tax | 282.92 | - | 446.97 | - |
| Less : Minimum Alternative Tax Credit Availed | 0 | - | 16.42 | - |
| Total | 282.92 | - | 430.55 | - |
| - Short Provision for Tax in Earlier Years | 0 | - | 0.27 | - |
| - Deferred Tax | 190.82 | - | 283.26 | - |
| Profit/ (Loss) After Taxation | 1,714.05 | 5.54 | 1,171.10 | 4.46 |

During the year under report, your Company registered a growth of 17.44% in Revenue from Operations, 16.05% in PBT and 46.36% in PAT.

Your Company continued its growth in topline. Although western economies, particularly European economies, are not completely out of financial crisis, your Company could sustain growth over its performance in FY 12-13.

II. DIVIDEND

Considering your Company's performance during FY 2012-13, the Board of Directors recommends for approval of the members a final dividend of Rs. 2 per share for the financial year 2012-13. During FY 2012-13, your Company declared and paid an interim dividend of Rs. 2 per share resulting in total dividend of Rs. 4 per share. The final dividend, if approved by the shareholders, would result, together with the interim dividend already paid, in total cash outflow of Rs. 441.71 million including dividend distribution tax.

III. SCHEME OF ARRANGEMENT

Pursuant to the Composite Scheme of Arrangement between your Company, erstwhile Welspun Global Brands Limited and Welspun Retail Limited (now renamed as Welspun Global Brands Limited) which became effective from December 7, 2012 ("Scheme"), erstwhile Welspun Global Brands Limited was merged into your Company and as per the Scheme your Company allotted 10,475,496 equity shares of Rs. 10 each of the Company to the shareholders of erstwhile Welspun Global Brands Limited in the ratio of 1 equity share of your Company for every equity share held in erstwhile Welspun Global Brands Limited as on the record date of December 27, 2012.

IV. QUALITY AND RESEARCH & DEVELOPMENT

Your Company continues to emphasize on qualitative growth, and believes that quality of its products is its strength in the complex market environment. Your Company is committed to bring about positive change in each and every process and has a team of fully focused personnel on Research & Development. Particulars of activities relating thereto have been given in Annexure hereto.

V. DIRECTORS

Since the date of the last Directors' Report, Mrs. Dipali Goenka has been appointed as an executive director of the Company with effect from April 1, 2013.

In the ensuing Annual General Meeting, Mr. Rajesh Mandawewala, Managing Director and Mr. Dadi Engineer, an independent director, will be retiring by rotation, and being eligible, have offered themselves to be re-appointed. Further, details about them are given in the Notice of the ensuing Annual General Meeting, being sent to the members along with this report. The Board recommends their re-appointment.

VI. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure forming part of this report.

Your Company has been awarded Corporate Sustainability Stewardship Award for Resource Conservation Leadership in Manufacturing for implementing a comprehensive resource conservation plan over the last 2 years. Initiatives for energy conservation have led to saving of 15740 units of power and 11 MT coal per day. In addition, water savings to the tune of 403 KL/day have been achieved by your Company. Your Company's Anjar plant has installed a Bio-Gas Plant to generate biogas from all bio-degradable wastes like Biological Sludge, garden, kitchen and canteen waste. In addition, your Company has succeeded in harvesting approximately 2 billion litres of rain water.

VII. SUBSIDIARY COMPANIES

Pursuant to the Scheme, your Company became the holding company of 1) Welspun Global Brands Limited (earlier known as Welspun Retail Limited), 2) Welspun Mauritius Enterprises Limited (Mauritius), 3) Novelty Home Textiles S.A. de C.V. (Mexico), 4) Welspun Holdings Private Limited (Cyprus), 5) Welspun Home Textiles UK Limited (UK), 6) CHT Holdings Limited (UK), 7) Christy Home Textiles Limited (UK), 8) Welspun UK Limited (UK), 9) Christy 2004 Limited (UK), 10) Christy Welspun GmbH (Germany), 11) E. R. Kingsley (Textiles) Limited (UK), 12) Christy UK Limited (UK), 13) Welspun USA, Inc. (USA), 14) Welspun Decorative Hospitality LLC (USA), 15) Kojo Canada Inc. (Canada).

Your Company's 100% subsidiary, Besa Developers and Infrastructure Private Limited, continues to be 100% subsidiary. Subsequent to cessation of operations by Welspun Mexico S.A. de C.V., your Company sold its entire shareholding in Welspun Mexico S.A. de C.V. (Mexico) to an unrelated party on March 28, 2013. Welspun AG (Switzerland), an erstwhile subsidiary of your Company was liquidated on March 29, 2013.

The Ministry of Corporate Affairs vide its General Circular No. 2 / 2011 dated 8th February, 2011 granted general exemption to companies from attaching a copy of the Balance Sheet, the Profit and Loss Account and other documents of their subsidiary companies as required to be attached under Section 212 of the Companies Act, 1956 to the Balance Sheet of companies subject to fulfillment of conditions stipulated in the circular. Therefore, the said Reports of the subsidiary companies have not been attached herewith. However, a statement giving certain information as required by the Ministry is placed along with the Consolidated Accounts.

The Company shall provide a copy of Annual Report and other documents of its subsidiary companies as required under Section 212 of the Companies Act to the shareholders upon their request, free of cost.

VIII. FIXED DEPOSIT

During the year under review, your Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.



IX. EMPLOYEE STOCK OPTION SCHEME

On June 30, 2009, the Company issued 22,65,000 Employee Stock Options under the Employee Stock Options Scheme (the "Scheme") to employees of the Company and its subsidiaries with a right to subscribe to equity shares at a price of Rs. 35.60 per equity share (closing market price as on June 30, 2009). The stock option can be exercised during a period of 3 years from the date of vesting. The dates of vesting of options are June 30, 2010 (20%), June 30, 2011 (20%), June 30, 2012 (30%) and June 30, 2013 (30%).

The details of options granted to the employees are as under:

| | | |
|-----------------------------------|---|-----------|
| Total number of employees | : | 82 |
| Maximum number of options granted | : | 22,65,000 |
| Average number of options granted | : | 27,622 |

The particulars required to be disclosed pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on March 31, 2013, are as under:

- Options granted: 22,65,000
- The pricing formula: The exercise price is Rs. 35.60 per equity share i.e. the latest available closing market price of share at the time of grant i.e. June 30, 2009.
- Options vested but not exercised and not lapsed: 163,500
- Options exercised: 859,000
- The total number of shares arising as a result of exercise of Options: 859,000
- Options lapsed /surrendered: 766,000
- Variation of terms of Option: Not applicable
- Money realized by exercise of Options: Rs. 30,580,400
- Total number of Options in force: 552,000
- employee wise details of options granted to:

| | | |
|------|---|-----|
| i. | Senior Managerial Personnel (other than the ex- employees whose options have lapsed on resignation) | Nil |
| ii. | Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year | Nil |
| iii. | Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant | Nil |

- Earnings Per Share (EPS) of Option calculated in accordance with Accounting Standard AS-20:

| | |
|------------------------------------|-----------|
| Diluted before Extraordinary items | Rs. 17.96 |
| Basic after Extraordinary items | Rs. 17.19 |
| Diluted after Extraordinary items | Rs. 17.12 |

- The Company has adopted intrinsic value method for the valuation and accounting of the aforesaid stock options as per SEBI guidelines. Since the grants were made at an exercise price equal to the closing market price at the time of grant, no amount was required to be accounted as employee compensation cost. The fair value of the options as per the "Black Scholes" model comes to Rs. 17.49 per option. Had the company valued and accounted the aforesaid options as per the "Black Scholes" model, the employee compensation cost would have been higher by Rs. 0.96 million, the Profit After Tax for the year would have been lower by Rs. 0.65 million, the basic earnings per share would have been lower by Re. 0.01.
- Weighted average fair value of options: Rs. 17.49
- The "Black Scholes" model captures all the variables with their respective appropriateness which influences the fair value of stock options. The significant assumptions to estimate the fair value of options as per "Black Scholes" model are:

| | Vest 1 June 30, 2010 | Vest 2 June 30, 2011 | Vest 3 June 30, 2012 | Vest 4 June 30, 2013 |
|------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Variables | 20.00% | 20.00% | 30.00% | 30.00% |
| Stock Price | 34.85 | 34.85 | 34.85 | 34.85 |
| Volatility | 63.52% | 59.33% | 54.45% | 53.18% |
| Risk-free Rate | 6.15% | 6.31% | 6.46% | 6.61% |
| Exercise Price | 35.60 | 35.60 | 35.60 | 35.60 |
| Time to Maturity | 2.50 | 3.50 | 4.50 | 5.50 |
| Dividend Yield | 0.00% | 0.00% | 0.00% | 0.00% |

X. PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

XI. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended March 31, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

XII. AUDITORS

Your Company's Auditors M/s. Price Waterhouse, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as the Auditors of the Company for the forthcoming tenure. Members are requested to consider their re-appointment as the Auditors of the Company and to fix their remuneration by passing an ordinary resolution under Section 224 of the Companies Act, 1956.

XIII. AUDITORS' REPORT

The Auditors' observation read with Notes to Accounts are self-explanatory and therefore do not call for any comment.

XIV. COST AUDIT REPORT

The Company has appointed M/s Kiran J Mehta and Co., (FRN- 000025) Cost Accountants for conducting Cost Audit for the Company for the financial year 2012-13. The Cost Audit for the year is in progress and the report will be e-filed with Ministry of Corporate Affairs, Government of India, in due course. The Cost Audit Report for the financial year 2011-12 was e-filed on December 21, 2012. The extended due date for e-filing of the Cost Audit report for the financial year 2011-12 was February 28, 2013.

XV. CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is a voluntary code of self-discipline. Your Company continuously endeavors to follow healthy Corporate Governance practices to nurture interest of all stakeholders in the Company.

A separate report on Corporate Governance is annexed hereto as a part of this report. A certificate from a practicing company secretary regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report. Management Discussion and Analysis Report is separately given in the Annual Report.

XVI. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under Clause 32 of the Listing Agreement with the Stock Exchanges and Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by The ICAI. The Audited Consolidated Financial Statements together with Auditors' Report thereon forms a part of the Report.

XVII. ACKNOWLEDGEMENT

Your directors express deep sense of appreciation for the assistance and co-operation received from the Financial Institutions, Employees, Banks, Government Authorities, Creditors and Shareholders and for the devoted services rendered, by the Executives, Staff and Workers of the Company.

For and on behalf of the Board

Mumbai
May 15, 2013

B. K. Goenka
Chairman



Annexure

Form – A
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| | | 2012-13 | 2011-12 |
|--|---|-----------------|----------------------|
| A. POWER AND FUEL CONSUMPTION | | | |
| 1 | ELECTRICITY | | |
| | (A) PURCHASED | | |
| | KWH Units (in '000s) | 61,318.05 | 2,734.73 |
| | Total Amount (Rs in Lacs) | 4,890.71 | 189.58 |
| | Rate/Unit (Rs) | 7.98 | 6.93 |
| | (B) OWN GENERATION UNIT | | |
| | (I) Through Diesel Generator (Furnace Oil) | | |
| | KWH Units (in '000s) | 29746.82 | 51,995 |
| | Unit per Ltr of Furnace Oil | 4.46 | 4.37 |
| | Furnace Oil Consumption (Rs. in Lacs) | 2957.43 | 4,319.22 |
| | Cost / KWH Unit (Rs.) | 9.94 | 8.31 |
| | (II) Through Diesel Generator (Diesel Oil) | | |
| | KWH Units (in '000s) | 10.92 | 30.62 |
| | Unit per Ltr of Diesel Oil | 3.90 | 3.90 |
| | Diesel Consumption (Rs. in Lacs) | 0.99 | 2.77 |
| | Cost / KWH Unit (Rs.) | 9.05 | 9.05 |
| | (III) Through Gas Turbine / Generator | | |
| | KWH Units (in '000s) | 168,480 | 206,279 |
| | Giga Calorie Consumption | 360,161 | 461,987 |
| | KWH per Giga Calorie of Natural Gas | 467.79 | 446.50 |
| | Gas Cost (Rs. in Lacs) | 13679.65 | 14,017.84 |
| | Cost / KWH Unit (Rs.) | 8.12 | 6.80 |
| 2 | COAL | - | - |
| 3 | FURNACE OIL & HSD | | |
| | (i) Furnace Oil | | |
| | Quantity (K.Ltrs) | 6,679 | 11,914 |
| | Total Amount (Rs. in Lacs) | 2,961.11 | 4,332.67 |
| | Cost/ Unit of Furnace Oil (Rs.) | 44.33 | 36.37 |
| | (ii) Diesel Oil | | |
| | Quantity (K.Ltrs) | 2.80 | 7.85 |
| | Total Amount (Rs. in Lacs) | 0.99 | 2.77 |
| | Cost / Unit of Diesel Oil (Rs.) | 35.30 | 35.30 |
| 4 | NATURAL GAS | | |
| | Quantity (Giga Calorie) | 360160.60 | 461,987.38 |
| | Total Amount (Rs. in Lacs) | 13679.65 | 14,017.84 |
| | Cost / Giga Calorie of Natural Gas (Rs.) | 3,798.21 | 3,034.25 |
| 5 | OTHERS/INTERNAL GENERATION | - | - |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | | |
| PRODUCTS | | STANDARD | CURRENT YEAR |
| Cotton Yarn & Terry Towels and Bed Sheet | | Mt | 109,442 |
| Electricity | | Kwh | 2.37 |
| Furnace Oil | | Ltr | 0.06 |
| Coal | | - | - |
| Others | | - | - |
| | | | PREVIOUS YEAR |
| Cotton Yarn & Terry Towels and Bed Sheet | | | 101,020 |
| Electricity | | | 2.58 |
| Furnace Oil | | | 0.12 |
| Coal | | | - |
| Others | | | - |

FORM B
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

| Research and Development (R&D) | | (Vapi Plant) |
|---|--|---|
| 01 | Specific areas in which R&D is carried out by the Company | Design and development of following new products: TOWELS 1. Micro Slub Towel 2. Everlast Color Towel 3. Micro Slub Fashion Stripe and Jacq Towel 4. No More Lint Towel 5. Bleach Safe Beach Towel 6. Luxurious Turkish Towel 7. Cushlon Towel 8. Bleach Safe Kitchen Towel 9. Micro Slub Yarn Woven Rug 10. Developed new process route to improvise shearing quality 11. Luxury sheared towels 12. Reduced the cost of yarn dyed zero twist by developing new fiber. 13. Research is in process to reduce the cost of dyeing, water, chemicals, steam with different kind of new dyeing machines. 14. Research is in process to improve and develop new aesthetic value and feel by taking trials. |
| 02 | Benefits derived as a result of the above R&D | Developed a premium range of products to attract new business and customers and maintain leadership in innovation in market |
| 03 | Future plan of action | TOWELS Development of sports towel Development of cost effective and process friendly zero twist towel. Development of special tech poly towels Development of low gsm sheared towels Development of baby and children products RUGS Development of no lint cotton rug. Development of multi ply reversible rug Development of slub rug Development of new texture rug Development of printed carpet Development of wide range of area carpet |
| 04 | Expenditure on R&D a) Capital b) Recurring c) Total d) Total R&D expenditure as a percentage of total turnover | Rs. 80 million Nil Rs. 80 million 0.26% |

Technology absorption, adaptation and innovation

| | | |
|----|--|--|
| 01 | Efforts, in brief, made towards technology absorption, adaptation, and innovation. | TOWELS a. Added Micro Slub machines as a backward integration for inhouse yarn production for newly developed slub yarns. b. Added 2 machine of ROCOS (2272 spindles) in the spinning to improve the quality of the yarn for some of new developed products. c. Added jumbo TFO for cabling and doubling for towels and rugs. RUGS a. Micro fiber chenille changes the backing fabric construction and yarn construction. |
|----|--|--|



| | | |
|----|---|---|
| | | <p>b. Average TPM reduce in cabling machine.</p> <p>c. Automatic piece loading in paddle dyeing machine or dryer.</p> |
| 02 | Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc. | <p>TOWELS</p> <p>a. Quality in-house production with lower cost than outsourced products. Increase OTIF by reducing dependability of outsource.</p> <p>b. Developments of soft and bulkier product having less lint in low cost by using special spinning process in innovative yarns.</p> <p>c. Increase in house capability to meet customer times.</p> <p>RUGS</p> <p>a. Cost reduction of microfiber chenille rug.</p> <p>b. Production increase and cost reduction in cabling and heat setting.</p> <p>c. Reduced man power for loading and unloading.</p> |
| 03 | <p>In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:</p> <p>a) Technology imported</p> <p>b) Year of import</p> <p>c) Has technology been fully absorbed?</p> <p>d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</p> | - |

| Research and Development (R&D) | | (Anjar Plant) |
|---|---|---|
| 01 | Specific areas in which R&D is carried out by the Company | <p>Development of new products:</p> <p>TOWELS</p> <ol style="list-style-type: none"> 1. Lint No More Towel 2. Cushlon Towel 3. Turkish Towel 4. Soft Spun Towel 5. Soft Loft Towel 6. Ever Soft Towel 7. Multi Twist Towel 8. BPO Safe Towel 9. Multi Count Towel 10. Bleach Friendly Towel 11. Fade Resistance Towel 12. Cotton Lyocell Hygro Towel <p>SHEETS</p> <ol style="list-style-type: none"> 1. Cotton Lyocell Perfect Sheet: It is 60:40 Cotton Lyocell blended satin sheet with following attributes: <ul style="list-style-type: none"> • Vibrant, lustrous • Excellent handle 2. Hygro Sheets: Wide product range in sheets with Hygro cotton with following attributes: <ul style="list-style-type: none"> • Superior comfort for natural moisture management • Maintain all season body temperature • All season comfort • Excellent natural bulky cotton handle 3. Crowing Touch: It is an luxurious product range with following attributes: <ul style="list-style-type: none"> • Excellent handle • Vibrant, shiny and highly Lustrous 4. Cotton Lyocell Hygro sheets: Cotton Lyocell is excellent in smoothness, handle and in lusture. We have integrated smart Hygro concept along with cotton lyocell in weft to |

| | | |
|----|--|--|
| | | <p>make further advance product with following attributes:</p> <ul style="list-style-type: none"> • Excellent handle • Vibrant, Shiny, lustrous • Inherent moisture management • All season comfort <p>TOP OF THE BED</p> <ol style="list-style-type: none"> 1. Multi-tone cotton Poly Checks & Stripes for BTS Roomology through piece dyeing 2. SAVANNA: Cotton Poly Shadow Effect bedding collection. 3. VICTORIA: High end embroidery bedding <p>UTILITY BEDDING</p> <p>The following products are developed to highlight the capability of Anjar:</p> <ol style="list-style-type: none"> 1. Crowning Touch Cotton Iyocell JAQ comforter and mattress pad. 2. Velvet Touch Comforter and mattress Pad |
| 02 | Benefits derived as a result of the above R&D. | To provide our customers wide range of products to select and create a brand image for better penetration in market. |
| 03 | Future plan of action | <ul style="list-style-type: none"> • To create more ranges of Towel collections, sheets in future with innovations • Create unique product range with cost effective options to capture market |

Technology absorption, adaptation and innovation

| | | |
|----|---|---|
| 01 | Efforts, in brief, made towards technology absorption, adaptation and innovation. | <ol style="list-style-type: none"> 1. Developed 'Core Spun' Spinning Technology: Adopting "Cotton Lycra Core Spun Technology" in spinning with 2208 spindles. This technology will be used in for Patented "Flexifit" technology. 2. New Flex PLM (Product Lifecycle Management) system is being introduced to accomplish growing need of fast material tracking, data management, and ready access to useful information and ready access for information anywhere in the world with the plant for customer enquiries and tracking. 3. Designed processes to manufacture products made from special fibers, spinning, weaving, and processing to packing. 4. Designed Cut & Sew for making Marrowing and Fagotting without any guide stitch. |
| 02 | Benefits derived as a result of the above efforts, etc. product improvement, cost reduction, product development, import substitution, etc. | Wide Range of Product developed. Better penetration in competitive market. PLM ensures correct communication and correct record keeping of development. |
| 03 | In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: <ol style="list-style-type: none"> a) Technology imported b) Year of import c) Has technology been fully absorbed? d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | - |

Foreign exchange earnings and outgo

| | |
|---|--------------------------------|
| Activities relating to exports; | - |
| Initiatives taken to increase exports; | - |
| Development of new export markets for products and services and export plans; | - |
| Total foreign exchange used and earned. | Used: Rs. 24.77 Earned: NIL |

CORPORATE GOVERNANCE REPORT

I. PHILOSOPHY ON CORPORATE GOVERNANCE

Board of Directors of the Company acts as a trustee and assumes fiduciary responsibility of protecting the interests of the shareholders and other stakeholders of the Company. Board supports the broad principles of Corporate Governance. In order to attain the highest level of good Corporate Governance practice, Board lays strong emphasis on transparency, accountability and integrity.

II. BOARD OF DIRECTORS

The composition and category of directors; attendance of each director at the board meetings and at the last AGM; number of other companies on the Board or Committees of which a director is a Director/Member; and the number of board meetings and the date on which held, are as under:

| Name of Director | Category | Board Meetings Attended during the Year 2012-13 | Attendance at the Last AGM (attended) | No. of other Director-ships (As declared to the Company) | | | | Member (M)/ Chairperson (C) in No. of Board Committees including other Companies (as declared to the Company) |
|---|-------------|---|---------------------------------------|--|-----|-----------|-------|---|
| | | | | PLC | PTC | Over-seas | Other | |
| Mr. B. K. Goenka - Chairman & Director | P, NE, C, S | 4 | - | 13 | 5 | 7 | - | 7M, 1C |
| Mr. Rajesh R. Mandawewala – Managing Director | P, E, S | 6 | - | 13 | 4 | 13 | - | 5M |
| Mr. D. B. Engineer – Director | NE, I, S | 6 | - | 8 | 3 | - | 2 | 3M, 3C |
| Mr. A. K. Dasgupta – Director | NE, I, S | 6 | - | 4 | 1 | - | - | 3M, 1C |
| Mr. Arun Todarwal – Director* | NE, S | 5 | YES | 7 | 2 | - | - | 6M, 1C |
| Mr. Ram Gopal Sharma – Director | NE, I, S | 7 | YES | 4 | - | - | - | 1M, 2C |
| Mr. S G Nadkarni – Nominee – IDBI Bank [#] | NE, I | 0 | - | - | - | - | - | - |
| Mr. Krishnendu Banerjee – Nominee – IDBI Bank (w.e.f May 28, 2012) [^] | NE, I | 1 | - | - | - | - | - | - |
| Mr. Ajay Sharma – Nominee – IDBI Bank (w.e.f November 05, 2012) | NE, I | 5 | - | 1 | - | - | - | - |

PLC = Public Limited Company incorporated in India

PTC = Private Limited Company incorporated in India

Overseas = Bodies Corporate incorporated outside India

Other = Others including companies incorporated under Section 25 of the Companies Act

* Nomination withdrawn by Dunearn Investments (Mauritius) PTE Ltd. w.e.f August 22, 2012. Appointed as independent director w.e.f. December 07, 2012

Nomination withdrawn by IDBI Bank Ltd. w.e.f May 28, 2012

^ Nomination withdrawn by IDBI Bank Ltd. w.e.f November 05, 2012

@ For the purpose of reckoning the limit of the committees on which a director can serve, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone have been considered.

Abbreviations: P = Promoter, E = Executive, NE = Non-Executive, I = Independent, L = Lender, S = Shareholder, M = Member, C = Chairperson.

Seven meetings of the Board of Directors were held during the financial year 2012-13. Dates of those seven meetings were May 07, 2012, August 09, 2012, November 08, 2012, December 07, 2012, January 24, 2013, February 06, 2013 and March 25, 2013.

III. AUDIT COMMITTEE

a. Terms of Reference:

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Clause 49 of the z Listing Agreement and Section 292A of the Companies Act, 1956.

b. Composition:

The Audit Committee was constituted by the Board of Directors on September 27, 1996. The Chairman of the Committee is an independent director. Seven meetings of the Committee were held during the year under review. Dates of those seven meetings were May 07, 2012, May 15, 2012, August 09, 2012, September 18, 2012, November 08, 2012, December 07, 2012 and February 06, 2013. The composition of the Committee and attendance of the members are given hereunder:

| Name of Member | Member/ Chairman | Category | Number of Meetings Attended |
|--|---------------------|-----------------------------|-----------------------------------|
| Mr. Ram Gopal Sharma | Chairman | Non - Executive Independent | 7 |
| Mr. D. B. Engineer | Member | Non - Executive Independent | 6 |
| Mr. Arun Todarwal (resigned w.e.f August 22, 2012) | Member | Non - Executive Shareholder | 2 |
| Mr. A. K. Dasgupta | Member | Non - Executive Independent | 6 |

The Company Secretary of the Company, Mr. Shashikant Thorat is the Secretary of the Committee. President (Finance), Internal Auditors and Statutory Auditors attended each of the meetings as per the provisions of Section 292A of the Companies Act, 1956.

IV. REMUNERATION COMMITTEE:

The Remuneration Committee was constituted by the Board of Directors in its meeting held on June 22, 2002. Three meetings of the Committee were held during the year. Dates of those three meetings were August 09, 2012, December 07, 2012 and March 25, 2013. The terms of reference, compositions are as under:

a. **Terms of reference:** To recommend appointment of Managerial Personnel and consider the remuneration payable to them and review thereof from time to time.

b. Composition:

| Name of Member | Member/ Chairman |
|--|------------------|
| Mr. A. K. Dasgupta | Chairman |
| Mr. Arun Todarwal (resigned w.e.f August 22, 2012) | Member |
| Mr. Dadi B. Engineer | Member |
| Mr. Ram Gopal Sharma | Member |

c. Remuneration to Executive Directors:

The details of remuneration paid/ payable to Mr. Rajesh R. Mandawewala – Managing Director for the Financial Year 2012-13 are as under:

| | (Rs. in Million) |
|---------------------|----------------------|
| Salary & Allowances | 12.00 |
| Perquisites | 0.40 |
| Commission | 9.66 |
| Total | 22.06 |
| Tenure | Up to March 31, 2014 |

d. Remuneration to Non Executive Directors:

None of the Non-executive Directors received remuneration other than sitting fees except Mr. B. K. Goenka who is entitled to receive commission at the rate of 1% per annum of the net profits of the Company as per the provisions of Section 309(4) of the Companies Act, 1956 pursuant to shareholders' approval obtained in the 26th Annual General Meeting.

Mr. B. K. Goenka was paid a commission of Rs. 9.66 million for the Financial Year 2012-13.

Non Executive Directors (except Promoter Directors) were paid sitting fees as per the below fee structure:

| Sr. No. | Meeting | Sitting Fee per meeting (in Rs.) | |
|---------|---|--------------------------------------|--|
| | | From April 1, 2012 to August 9, 2012 | From August 10, 2012 to March 31, 2013 |
| 1. | Board Meeting | 12,000 | 20,000 |
| 2. | Audit Committee Meeting | 8,000 | 20,000 |
| 3. | Remuneration Committee Meeting | 8,000 | 12,000 |
| 4. | Share Transfer and Investor Grievance Committee Meeting | 3,000 | 5,000 |
| 5. | Finance and Administration Committee Meeting | 3,000 | 5,000 |
| 6. | Amalgamation Committee Meeting | - | 5,000 |
| 7. | Open Offer Committee Meeting | - | 5,000 |
| 8. | General Meeting | 10,000 | 15,000 |

Details of sitting fees payable to each director based on meetings attended are as given below:

| Sr. No. | Name of Director | Fees paid for attending Board and Committee Meetings |
|---------|-------------------------|--|
| 1. | Mr. D. B. Engineer | Rs. 235,000 |
| 2. | Mr. A. K. Dasgupta | Rs. 317,000 |
| 3. | Mr. Arun Todarwal | Rs. 145,000 |
| 4. | Mr. Ram Gopal Sharma | Rs. 340,000 |
| 5. | Mr. Krishnendu Banerjee | Rs. 12,000 |
| 6. | Mr. Ajay Sharma | Rs. 100,000 |

The above sitting fees paid to the non-executive directors is within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government and hence prior approval of the members as stipulated under Clause 49 (I) (B) is not required.

V. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

The Share Transfer Committee was constituted by the Board of Directors at its meeting held on February 5, 1992 and was later on renamed and re-constituted as Share Transfer and Investor Grievance Committee. The Chairman of the Committee Mr. A. K. Dasgupta is a non executive independent director. The Committee meets once in a fortnight.

Compliance Officer: Mr. Shashikant Thorat - Company Secretary

a. Constitution of the Share Transfer and Investor Grievance Committee and attendance in its meetings:

| Name of Member | Member/ Chairman | Meetings attended |
|---------------------------|------------------|-------------------|
| Mr. A. K. Dasgupta | Chairman | 25 |
| Mr. B. K. Goenka | Member | 17 |
| Mr. Rajesh R. Mandawewala | Member | 23 |

b. Number of Shareholders complaints received during the year:

During the year under review, total 82 investor complaints were received. Break-up of number of complaints received under different category is given hereunder:

| Sr. No. | Nature of Grievance | Nos. |
|---------|---|-----------|
| 1. | Non receipt of Share certificates after transfer | 19 |
| 2. | Non receipt of Dividend/Interest/Redemption warrant | 40 |
| 3. | Non receipt of Annual Report | 12 |
| 4. | Non receipt of exchange certificate | 2 |
| 5. | Others | 9 |
| | Total | 82 |

The complaints received during the year under review were solved within the time limit to the satisfaction of the investors/shareholders and only one complaint was pending as at March 31, 2013.

VI. MANAGEMENT**a. Management Discussion and Analysis**

Management Discussion and Analysis of various businesses of the Company is separately given in the Annual Report.

b. Disclosures by Management to the Board

All details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board, and the interested directors neither participated in the discussion, nor did they vote on such matters.

VII. GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given hereunder:

| Meeting | Day & Date of Meeting | Time | Place | Special Resolutions passed at the meeting |
|---|------------------------------|------------|---|---|
| 25 th Annual General Meeting | Tuesday, August 31, 2010 | 11.00 a.m. | Registered Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110 | <ul style="list-style-type: none"> • Resolution confirming appointment of M/s. Price Waterhouse & Co. as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting • Resolution confirming appointment of Mr. B.K. Goenka as Chairman and Managing Director of the Company for a period of three years w.e.f. October 11, 2010 • Resolution authorising Board of Directors of the Company for making investments including corporate guarantees / securities provided / loans / advances etc. not exceeding Rs. 60 Crore in Welspun Captive Power Generation Limited or any other entity in any form of business |
| 26 th Annual General Meeting | Thursday, September 08, 2011 | 11.00 a.m. | Registered Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110 | <ul style="list-style-type: none"> • Resolution confirming appointment of M/s. Price Waterhouse & Co. as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting • Resolution authorising Board for making investments including corporate guarantees / securities provided / loans / advances etc. not exceeding Rs. 520,000 in Wel-Treat Enviro Management Organisation • Resolution confirming appointment of Mr. Rajesh R. Mandawewala as the Managing Director of the Company for a period of three years w.e.f. April 1, 2011 • Resolution confirming re-appointment of Mr. M. L. Mittal as Executive Director (Finance) of the Company for a period of 3 years w.e.f. July 1, 2011 • Resolution confirming payment of commission of 1% per annum of the net profits of the Company to Mr. B.K. Goenka, a non executive director, for a period up to 5 years commencing from April 1, 2011 |
| 27 th Annual General Meeting | Monday, December 31, 2012 | 11.00 a.m. | Registered Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110 | <ul style="list-style-type: none"> • Resolution approving appointment of Ms. Kushboo Mandawewala as a Deputy general Manager w.e.f. October 01, 2012 • Resolution approving alteration of articles of association of the company for removing the references of the agreement entered |

| | | | | |
|--|--|--|--|--|
| | | | | <p>into between the Promoters of the Company and Dunearn Investments (Mauritius) Limited, which agreement now stands terminated.</p> <ul style="list-style-type: none"> • Resolution authorising Board for making investments not exceeding in aggregate up to Rs. 65 Crore in Welspun Captive Power Generation Limited or any of its subsidiary • Resolution authorising Board of Directors of the Company to invest its surplus funds, as a part of its treasury operations, to acquire by way of subscription, purchase or otherwise the securities, including, share, scrips, stocks, bonds, debentures, units of mutual funds, of anybody corporate mainly public sector undertakings, banks, financial institutions, etc., up to a limit not exceeding Rs. 3000 million. |
|--|--|--|--|--|

The following Special Resolutions, as set out in the Postal Ballot Notice dated February 06, 2013 and voted through Postal Ballot were assented to by the requisite majority as per the result declared by the Chairman on March 26, 2013 and therefore taken as approved by the shareholders:

- 1) Resolution confirming investment of Rs. 781703265 for acquisition of 30,65,503 equity shares of Welspun Retail Limited from Besa Developers and Infrastructure Private Limited;
- 2) Resolution confirming issue of guarantee in favour of Exim Bank, Mumbai to secure repayment of working capital facility of US\$ 15 million issued by the Bank to Welspun USA, Inc.;
- 3) Resolution confirming creation of security by way of first pari passu charge in favour of Exim Bank, Mumbai on movable and immovable fixed assets of the Company to secure repayment of working capital facilities of US\$ 15 million being availed by Welspun USA, Inc. from Exim Bank, Mumbai;
- 4) Resolution confirming issue of guarantee in favour of State Bank of Bikaner and Jaipur, to secure repayment of working capital facility of Rs. 25 Crore issued by the Bank to erstwhile Welspun Global Brands Limited

VIII. DISCLOSURE

a. Details of related party transactions

Refer Note No.48 (II) to the Standalone Accounts in the Annual Statement for list of related party transactions.

b. Brief resume of Director being appointed / re-appointed

A brief resume, nature of expertise in specific functional areas, name of companies in which the person already holds directorship and membership of committees of the Board and his shareholdings in the Company forms part of the Notice of General Meeting, annexed to this Annual Report.

c. Details of non-compliance

During the period under report, the Company had made investments aggregating to Rs. 1197.29 million without obtaining prior approval of shareholders as required under section 372A of the Companies Act. The company has filed an application for compounding of the offence with the Company Law Board in this regard.

Except the above, there was no non-compliance by the Company, nor there was any penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last 3 years.

d. Whistle Blower Policy

The Company has a Whistle Blower Policy and no personnel have been denied access to the Audit Committee.

e. Detail of compliance with mandatory requirement and adoption of the non-mandatory requirements of the Clause 49 of the Listing Agreement.

The Company is in compliance with the mandatory requirements mentioned under Clause 49(I) to 49(VII) of the Listing Agreement to the extent applicable and in addition the Company adopted non-mandatory requirement mentioned at (2) – Remuneration Committee, (4)- Audit Qualifications, and (7) – Whistle Blower Policy of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges.

f. Code of Conduct

The Company has Code of Conduct for Board members and senior management personnel. A copy of the Code has been put on the Company's website for information of all the members of the Board and management personnel.

All Board members and senior management personnel have affirmed compliance of the same.

A declaration signed by the Managing Director of the Company is given below:

"I hereby confirm that all Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company."

Sd/-

Rajesh R. Mandawewala

Managing Director

g. Certification by the Managing Director

A certificate obtained from Mr. Rajesh R. Mandawewala, the Managing Director on the Financial Statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board, who took note of it and took the same on record.

h. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out the Reconciliation of Share Capital Audit on quarterly basis to reconcile the share capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with total number of shares in physical forms and total number of demat shares held with NSDL and CDSL.

i. Accounting Standards

The Accounting Standards laid down by The Institute of Chartered Accountants of India and applicable to the Company were followed by the Company in preparation of accounts of the Company.

j. Details (in aggregate) of shares in the suspense account including freeze on their voting rights under Clause 5A of the Listing Agreement:

There are 140246 unclaimed equity shares lying in the Suspense Account, the details of which are as under. The voting rights on these shares will remain frozen till the rightful owner of such shares claims the shares.

| Particulars | No. of Shares | No. of Shareholders |
|--|---------------|---------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (as on April 1, 2012) | 129621 | 2702 |
| *Number of shareholders who approached issuer for transfer of shares from suspense account during the year | 542 | 13 |
| *Number of shareholders to whom shares were transferred from suspense account during the year | 542 | 13 |
| *Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (as on March 31, 2013) | 140246 | 3949 |

* This includes the number of shares and shareholders of Welspun Global Brands Limited (WGBL) as a result of merger of WGBL with your company.

IX. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent out to the Stock Exchanges immediately after they are approved by the Board. The Company published its un-audited quarterly results / audited annual financial results in one or more of the following newspapers:

- (i) Western Times (English and Gujarati Editions)
- (ii) Economic Times (English Edition)
- (iii) Fress Press Journal (English Edition)

These results are simultaneously posted on the website of the Company www.welspunindia.com The official press release is also available on the website of the Company.

Management Discussion and Analysis forms part of this Annual Report.

X. GENERAL SHAREHOLDER INFORMATION

AGM will be held on Friday, August 30, 2013 at 10:45 a.m. at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110.

Financial Year of the Company is from April 1 to March 31.

Date of Book Closure: Friday, August 23, 2013 to Friday, August 30, 2013 (Both days inclusive)

Dividend payment date: September 04, 2013.

Listing on Stock Exchanges: Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE).

The equity shares of the Company have been voluntarily delisted from Ahmedabad and Delhi Stock Exchanges and all the formalities for delisting of equity shares from Calcutta Stock Exchange have been completed and formal intimation is awaited.

Annual listing fees for the year 2013-14 has been paid to BSE and NSE

Stock Code/Symbol:

Bombay Stock Exchange (BSE) : 514162
National Stock Exchange (NSE) : WELSPUNIND (SERIES EQ)

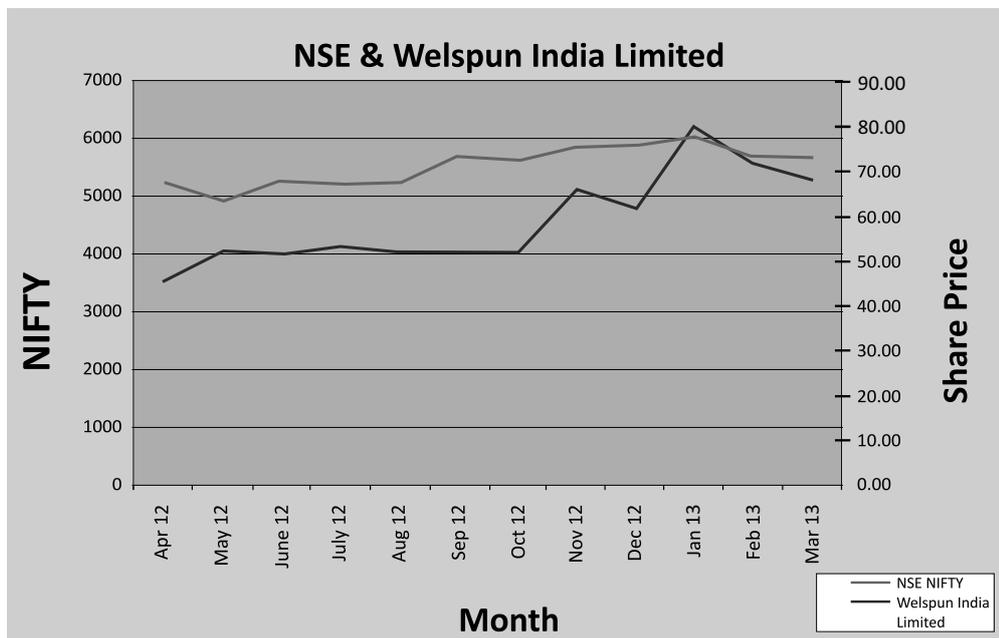
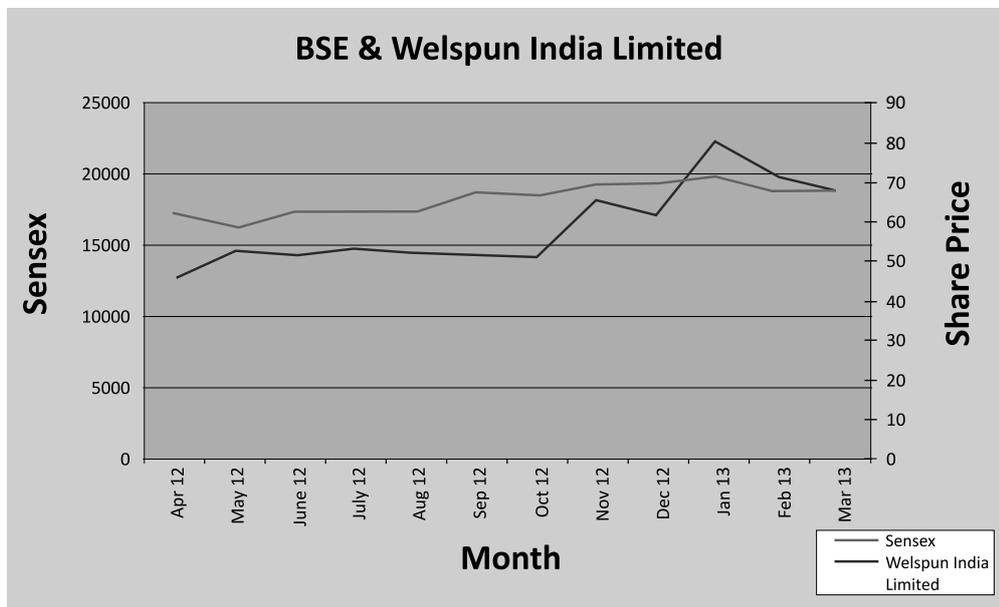
Market Price Data:

- High & Low price of equity shares on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) is as under:

| Month | BSE | | NSE | |
|----------|------------|-----------|------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| Apr-2012 | 48.30 | 38.20 | 48.95 | 38.55 |
| May-2012 | 54.50 | 41.35 | 53.70 | 40.75 |
| Jun-2012 | 53.15 | 50.55 | 53.45 | 50.05 |
| Jul-2012 | 55.50 | 50.60 | 55.35 | 50.00 |
| Aug-2012 | 61.35 | 50.55 | 61.50 | 51.00 |
| Sep-2012 | 56.20 | 50.00 | 56.90 | 49.60 |
| Oct-2012 | 58.75 | 50.55 | 60.00 | 50.25 |
| Nov-2012 | 69.60 | 51.50 | 69.80 | 50.40 |
| Dec-2012 | 68.00 | 56.00 | 68.80 | 53.95 |
| Jan-2013 | 82.10 | 60.65 | 83.00 | 60.60 |
| Feb-2013 | 82.80 | 64.00 | 83.00 | 64.10 |
| Mar-2013 | 73.50 | 54.00 | 73.45 | 54.40 |

- Performance in comparison to broad-based indices i.e. BSE Sensex and NSE S&P CNX is as under:

| Month | BSE Index | Closing price (Rs.) | NSE Nifty | Closing price (Rs.) |
|-----------|-----------|---------------------|-----------|---------------------|
| Apr -2012 | 17,318.81 | 45.60 | 5248.15 | 45.30 |
| May -2012 | 16,218.53 | 52.65 | 4924.25 | 52.50 |
| Jun -2012 | 17,429.98 | 51.60 | 5278.90 | 51.50 |
| Jul -2012 | 17,236.18 | 53.25 | 5229.00 | 53.25 |
| Aug -2012 | 17,429.56 | 52.35 | 5258.50 | 51.85 |
| Sep -2012 | 18,762.74 | 52.00 | 5703.30 | 51.85 |
| Oct -2012 | 18,505.38 | 51.20 | 5619.70 | 51.70 |
| Nov -2012 | 19,339.90 | 65.45 | 5879.85 | 66.00 |
| Dec -2012 | 19,426.71 | 61.75 | 5905.10 | 61.70 |
| Jan -2013 | 19,894.98 | 80.70 | 6034.75 | 80.15 |
| Feb -2013 | 18,861.54 | 71.80 | 5693.05 | 71.80 |
| Mar -2013 | 18,835.77 | 68.45 | 5682.55 | 68.05 |





Registrar and Transfer Agent: The Company has appointed Registrar and Transfer agent to handle the share transfer work and to solve the complaints of Shareholders. Name, Address and telephone number of Registrar and Transfer Agent is given hereunder:

Link Intime India Private Limited
Unit: Welspun India Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400078
Tel. No: 022 25946970
Email: rnt.helpdesk@linkintime.co.in

Share Transfer System:

Shares sent for transfer in physical form are registered by the Company's Registrars and Share Transfer Agents within 15 days from the receipt of the documents, if the same are found in order. Shares under objection are returned within two weeks.

Distribution of Shareholding as on March 31, 2013:

| No. of Equity Shares held | No. of shareholders | Percentage of Shareholders | Total No. of shares held | Percentage of Shares held |
|---------------------------|---------------------|----------------------------|--------------------------|---------------------------|
| Upto - 500 | 43171 | 94.50 | 3094426 | 3.09 |
| 501 - 1,000 | 1232 | 2.70 | 905458 | 0.91 |
| 1,001 - 2,000 | 648 | 1.42 | 905320 | 0.91 |
| 2,001 - 3,000 | 193 | 0.42 | 482572 | 0.48 |
| 3,001 - 4,000 | 77 | 0.17 | 274341 | 0.27 |
| 4,001 - 5,000 | 74 | 0.16 | 342844 | 0.34 |
| 5,001 - 10,000 | 129 | 0.28 | 938544 | 0.94 |
| 10,001 - above | 158 | 0.35 | 93083510 | 93.06 |
| Total | 45682 | 100.00 | 100027015 | 100.00 |

Dematerialisation of shares and liquidity: As on March 31, 2013, 99.32% have been dematerialized and have reasonable liquidity on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Outstanding Employee Stock Options and likely impact on equity share capital is as under:

| Outstanding as on 31.03.2013 | Impact on equity share capital |
|---|---|
| 388,500 Options not vested and not exercised representing equal number of equity shares to be exercisable up to 30.06.2016. | Increase in equity capital by 388,500 equity shares of Rs.10/- each at a premium of Rs. 25.60 per share |

Outstanding GDR's/ADR's/Convertible (As at March 31, 2013) – NIL

Plant locations:

- Survey No.76, Village Morai,
Vapi, District Valsad, Gujarat - 396191 (India)
- Welspun City, Village Versamedi
Taluka Anjar, District Kutch, Gujarat -370110 (India)

Address for correspondence:

Company Secretary
Welspun India Limited
Welspun House, 6th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400013
Tel: +91-22-24908000, +91-22-66136000 Fax: +91-22-24908020
E-mail : companysecretary_wil@welspun.com

Practicing Company Secretary's Certificate

TO THE MEMBERS OF WELSPUN INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Welspun India Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievance received during the year ended March 31, 2013, the Registrars of the Company have certified that as at March 31, 2013, there was no investor grievance remaining unattended / pending for more than 15/30 days, as the case may be.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mansi Damania
Proprietor
Certificate of Practice No. 8120

Mumbai
May 15, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statements of Welspun India Ltd (“Welspun” or “WIL” or the “Company”), and the notes thereto for the year ended March 31, 2013. This MD&A covers Welspun's financial position and operations for the year ended March 31, 2013. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers for the year ending March 31, 2013 are on a consolidated basis post merger of Welspun Global Brands Ltd with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012.

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



“Our reorganisation efforts have yielded results as demonstrated by our strong financial performance. Our focus for the coming year will be on improving profitability; the efforts underway towards backward integration is a step in that direction. We will continue our focus on innovation, strengthening customer relationships and improving supply chain efficiency which will consolidate our position as the top home textile company in the world. The numerous awards & global recognitions won during the year provide further encouragement to pursue innovation as our key differentiator.”

- **Rajesh R. Mandawewala**

Managing Director, Welspun India Limited.

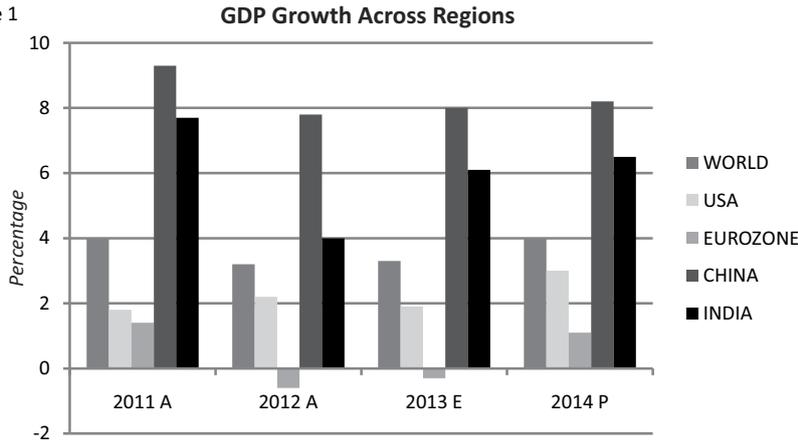
WELSPUN INDIA LTD - BUSINESS OVERVIEW

Welspun India Limited (WIL) is one of the leading home textile players in the world. It has been recently ranked as the No #1 Home Textiles Company in US (Source: Home Textiles Today, Jan 2013). With a network across 32 countries, the Company offers the entire range of home textile products providing a “One stop solution for Home Textiles” across the globe through its modern, state-of-the-art manufacturing facilities at Anjar and Vapi in Gujarat, India. Its product range covers the entire gamut of bedding and bath textiles like bed sheets, pillow cases, comforters, quilts, and mattress pads, pillows, to bath rugs, towels and bath robes. Majority of these products are presented and sold in the key markets like USA, Canada, UK, Europe and Japan. Supplier to 14 of the Top 30 global retailers, the Company has marquee clients like Wal-Mart, JC Penny, Target and Macy's to name a few. About 95% of WIL's production is exported to various countries across the world.

GLOBAL ECONOMIC OVERVIEW

The global economic environment continued to be challenging in FY13. Global economic growth was harder to come by than anticipated, with growth in CY12 reported at 3.2 percent as against International Monetary Fund (IMF) projections of 3.5 percent in early 2012. This also implied a slowdown from the 4.0 per cent growth witnessed in CY11. The key challenges to more widespread global economic growth included a prolonged Eurozone crisis; and slowing growth in emerging economies on account of a sharp deceleration in demand from key advanced economies, domestic policy tightening, and the end of investment booms in some of the major emerging market economies. One of the key exceptions to the slowdown trend was the US economy which grew faster than in CY11, thanks to a strengthening private sector. (see figure 1)

Figure 1



Source : IMF Report

Global economic prospects have improved but the road to recovery, especially in the advanced economies, will remain bumpy. According to IMF projections, global GDP growth is expected at 3.3 per cent in CY2013, a marginal improvement over the CY2012 figure of 3.2 per cent. Downside risks may have been reduced at least for the time being, as advanced economy policymakers have successfully defused two of the biggest short-term threats to global recovery, the threat of a euro area breakup and a sharp fiscal contraction in the United States caused by a plunge off the “fiscal cliff”. Still, a significant improvement in growth is not expected as fiscal adjustments drag growth in advanced economies and, in turn, delays cyclical recovery in emerging market and developing economies, especially in China and India.

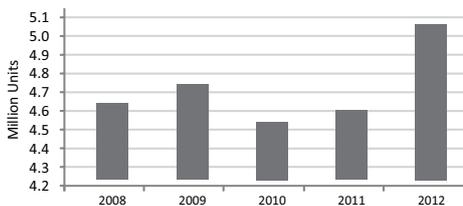
ECONOMY OF KEY MARKETS

United States

In the United States, credit growth has picked up, and bank lending conditions have been easing slowly from tight levels. Construction activity rebounded in 2012, albeit from low levels; house prices have risen; and job creation has started picking up, bringing the unemployment rate below 8 percent. Wage growth remained subdued, helping keep inflation pressure firmly in check. The momentum in the housing market is likely to continue for the next few years, with residential investment recovering and stronger house prices helping to improve household balance sheets. The key risk to growth relates to debt ceiling and fiscal consolidation, although the immediate threat of a fiscal cliff has been averted. Figure 2 shows the total home sales in 2012 while Figure 3 shows consumer confidence trend.

Figure 2

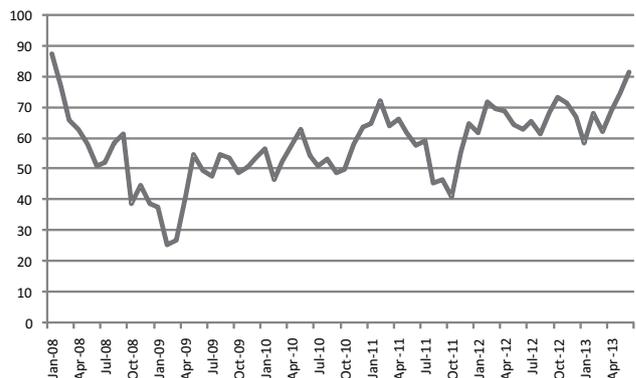
US Total Home Sales - Old Homes and New Homes



Source : US Federal Reserve

Figure 3

US Consumer Confidence



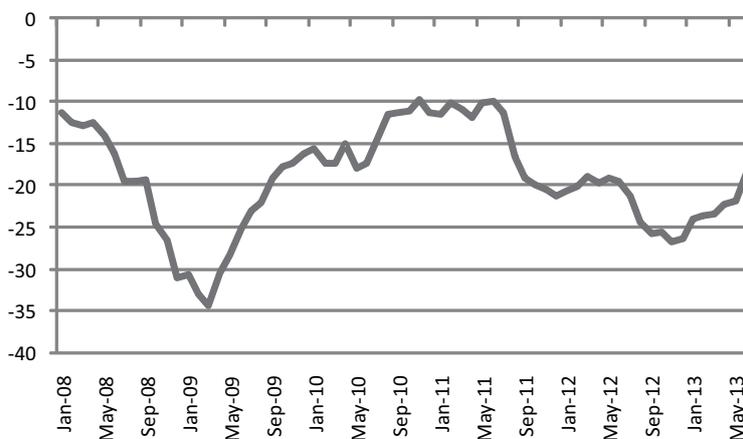
Source : US Federal Reserve

Eurozone & UK

In the Eurozone, decisive policy actions at the European level have increased confidence in the viability of the Economic and Monetary Union and averted the immediate threat of a breakup. Along with progress on economic adjustment by national governments, this has greatly improved financial conditions for sovereigns and banks. But lower sovereign spreads and improved bank liquidity have not yet translated into credit growth or stronger economic activity. Euro area credit has continued to contract, mainly because of conditions in the periphery economies, and lending conditions remain tight. Near term growth prospects remain weak as deep recessions continue across much of the periphery, and the weakness has spilled over to the core. The need to repair public and private balance sheets, as well as continued policy uncertainty, appears to be weighing against a robust recovery in investment and consumption in both the periphery and the core, which has contributed to a steady rise in unemployment rates in many countries.

Figure 4

European Consumer Confidence



Source : European Central Bank

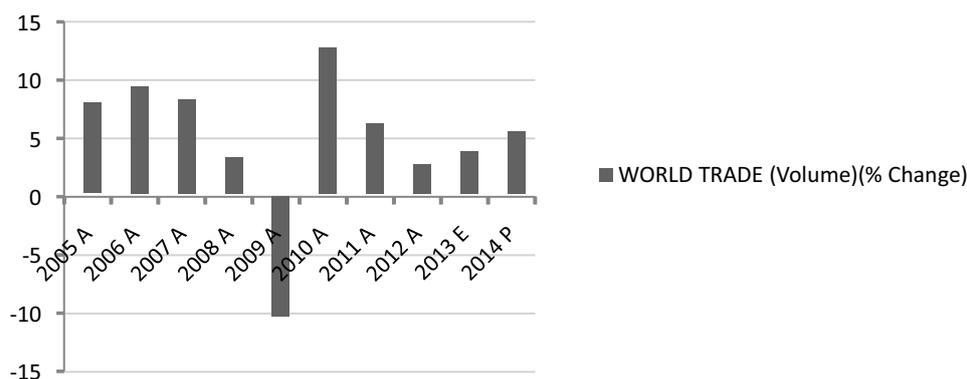
In the United Kingdom, the recovery is progressing slowly, notably in the context of weak external demand and ongoing fiscal consolidation. Key issues remain deleveraging by the private sector, tight credit conditions, declining productivity growth and high unit labor costs.

Developments in World Trade

During 2012, global trade expanded at 2.5%, its slowest pace since the mid-1990s with the exception of a large contraction in 2009. Slow growth in the advanced economies continued to remain a weak link in global trade expansion, while emerging market and developing economies seem to be contributing to global trade, albeit at a slower growth rate. With global economic growth expected to pick up in the 2013 and 2014, trade growth is also expected to grow at a faster rate. IMF expects world trade growth to rise by 3.6% in 2013 and 5.3% in 2014. (see figure 5)

Figure 5

World Trade Growth



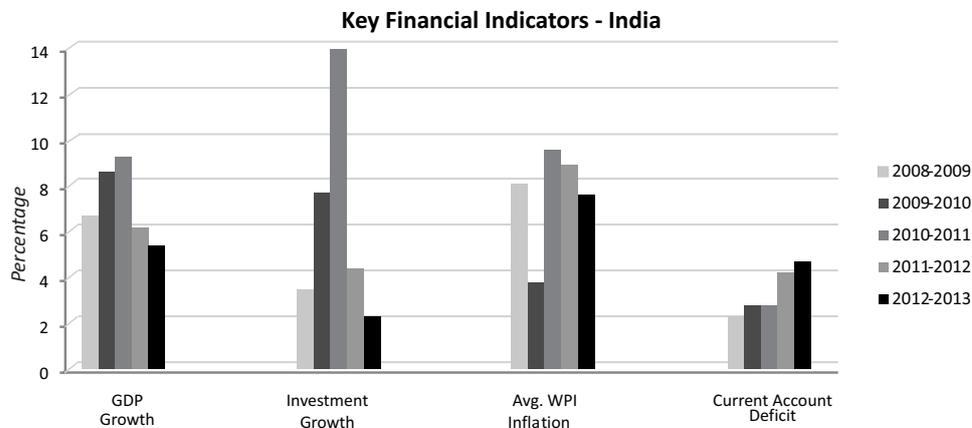
Source: IMF

Indian Economy

For the Indian economy, the slowdown in growth that began in FY12 continued in FY13. For FY13, the growth rate of real GDP is estimated at 5.0 percent, the slowest pace in a decade. The slowdown has been broad-based, affecting all major sectors of economic activity. Slowdown in industrial sector growth which started in FY12 continued in FY13, bringing down the average industrial growth to 3.3 percent from an average of 9.2 percent during the preceding two years. Continued weakness in the industrial sector dragged down growth in services as well, bringing down its projected rate of growth at an 11-year low of 6.6 percent. Although persistent weakness in the global environment contributed to the slowdown in growth, the adverse contagion effects

from the Eurozone debt crisis explain only a small part of the overall deceleration. (See figure below) The key challenges facing the economy included a record current account deficit coupled with a high fiscal deficit and stubbornly high inflation, with the Reserve Bank of India (RBI) finding it difficult to strike a balance between monetary stimulus and price restraint.

Figure 6



Source: RBI

Recovery in 2013-14 is expected to be modest. Subdued domestic business confidence, coupled with supply constraints, such as shortage of coal and natural gas, stoppage of mining in some states and delays in commissioning of large projects are expected to drag down growth for some more time. However, there is reason for optimism. Pick up of growth in consumption expenditure and gross fixed capital formation in the second half of FY13 suggest that the slowdown in demand may be bottoming out. With output growth slowing, headline inflation has fallen to its lowest level in over three years. This has prompted RBI to lower policy rates twice in the last quarter of FY13 and to follow it up with another cut in the first quarter of FY14. With interest rates on a downward trajectory, investment is expected to pick up. Policy action to reduce fuel subsidies and the recently presented fiscal 2014 Union Budget has reaffirmed the government's commitment to fiscal consolidation.

Foreign Exchange

The Indian Rupee has been very volatile against the US dollar and other major currencies over the last year. Against the US dollar, from a high of around 50.8 in April 2012, it depreciated sharply to around 57 levels in June 2012. It started appreciating post-June, reaching 51.85 in October 2012. But since then, the rupee has weakened closing the financial year at close to 55 levels. This volatility has created further uncertainty for companies, affecting both Importers and Exporters in equal measure. The figure 7 shows the price fluctuations during the year.

Figure 7



Source: x-rates.com

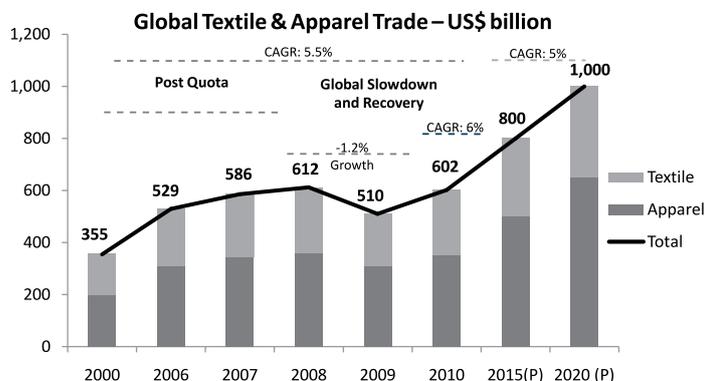
GLOBAL TEXTILE INDUSTRY AND TRADE

The Global Textile and apparel trade was estimated to be around USD 706 billion in 2011, and constitutes more than 15% of global trade according to WTO. Textile trade is expected to grow at a rate of ~ 5% per annum over the next decade and breach the USD 1 trillion mark by the end of this decade.

The high level of trade in textiles is on account of the clear distinction between producing countries and consuming countries.

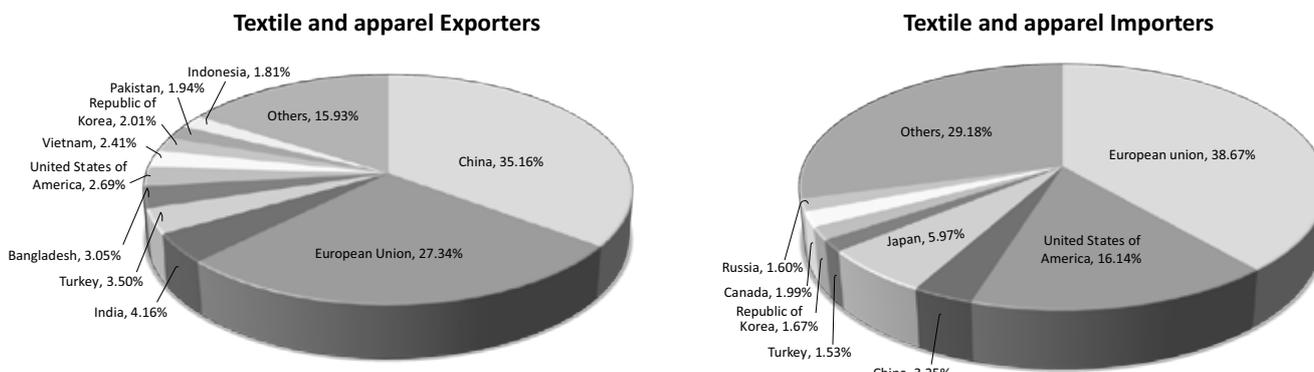
Developed economies such as USA and Europe have emerged as major consuming hubs while developing economies such as China and India are the biggest manufacturers. (see figure below)

Figure 8



Source: Technopak, June 2012

Figure 9



Source : WTO

China's Cotton Policy and its Impact on the Industry

China is the world's largest exporter of Textiles. However, in recent years, due to domestic demand, it is also one of the largest importers of textiles. Due to its dominant position, Chinese policies play a major role in shaping trends in the industry.

The Chinese Government in the year 2011 adopted a new cotton policy with the objective of protecting its cotton farmers and maintaining price stability of cotton. The cotton policy set a floor price of cotton that exceeded the market price and the government started stockpiling cotton at this price. The price floor was further raised in September 2012, resulting in Chinese cotton price being 40-60% higher than world price. The government has also placed quota restrictions on imports of cotton, forcing buyers to purchase most of their requirements from the state reserve.

The policy has had a significant impact on the global cotton textile industry. The high cotton price has resulted in Chinese spinners, weavers and cotton textile manufacturers becoming less competitive. This provides an opportunity for Indian yarn and textile players to increase their market share in the global arena. On the flip side, China's yarn imports have jumped substantially (69% increase in 2012 vs. 2011 levels), which could put pressure on yarn prices and availability. Hence it is imperative for Indian textile players like WIL to have backward integration to be immune to such fluctuations.

Other key manufacturers

The other key competitors for India in the textile industry are Pakistan and Bangladesh. Energy challenges coupled with the volatile geopolitical situation in Pakistan has resulted in the competitiveness of the country being affected adversely. Similarly, concerns regarding workers' safety norms in Bangladesh have affected the credibility of the country's textile industry. This has led to a standoff with the U.S and Europe, which have indicated plans to withdraw the concessions that it bestows upon Bangladesh. This could negatively impact competitiveness of Bangladesh's textile industry.

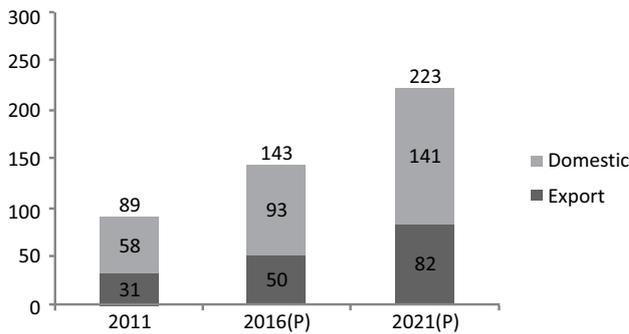
INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry plays an important role in the economy of the country. Apart from providing one of the basic necessities of life, the textiles industry plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture.

The Indian textile and apparel market size (domestic + exports) is currently at around US\$95 billion and is projected to reach US\$ 223 billion by 2021, implying a CAGR of ~10%.

Projected Indian Textile Industry – Domestic + Exports (US\$ billion)

Figure 10

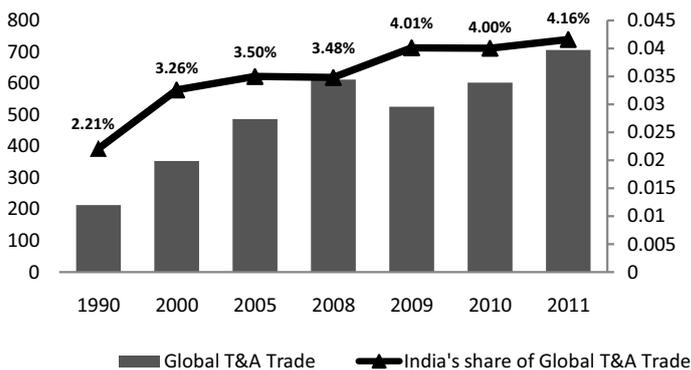


Source: Technopak report

India's share in the global textile and apparel markets is around 4.16% in 2011, indicating a steady increase over the years (see figure 11). The export basket of the Indian textiles industry consists of a wide range of items: readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen goods, silk, jute and handicrafts, including carpets. In the global exports of textiles, India ranked as the third largest exporter, trailing EU-27 and China.

India's contribution toward Global Textile exports - (US\$ billion)

Figure 11



Source: Technopak June 2012

Advantage India – Stage set for higher market share

The textile industry, especially the cotton textile industry, in India is in a strong position to increase its market share in the global arena. This is on account of a variety of factors which has helped put India in a competitive advantage as against major competitors like China, Pakistan and Bangladesh.

Cotton – India the only major Cotton surplus manufacturer

Of all the major textile supplying countries, India is a major "Net Exporter" of cotton as the indicated in figure 12. Other major suppliers like China, Pakistan and Turkey have higher cotton imports than exports. This puts India at an advantage against other major exporters in terms of raw material availability and costs.

Cotton Supply, Use and Trade – 2012/13 (In thousands of MT)

Figure 12

| | Production | Consumption | Imports | Exports |
|---------------|---------------|---------------|---------------|---------------|
| Brazil | 1,263 | 893 | 16 | 936 |
| China | 7,620 | 7,838 | 4,354 | 16 |
| India | 5,770 | 4,899 | 327 | 1,568 |
| Pakistan | 2,025 | 2,395 | 479 | 98 |
| United States | 3,770 | 751 | 1 | 2,896 |
| World | 26,399 | 23,379 | 10,100 | 10,115 |

Source: USDA cotton report

Labour and Power costs

In terms of labour, India’s position is improving vis-a-vis China as average monthly wages as well as wage inflation are much lower in India. As far as power costs are concerned, power costs from the grid are slightly higher in India compared to China. But for large corporate which have captive power plants and uninterrupted fuel supply, costs are lower or comparable to China as shown in Fig....

Figure 13

Comparison India vs. China

| US \$ | India | China |
|--|-------|-------|
| Monthly Real Wage in 2011 (in PPP terms) | 1 70 | 325 |
| Average wage inflation (in %) | 7.60% | 13.6% |
| Average power cost (per mw - h) | 87* | 72.6 |

*: Average cost from the grid. Captive power plants usually have lower costs.

Source: Technopak July 2012 report, Global Wage Trends for Apparel Workers, Worker, 2001-11, Worker Rights Consortium – 2013 report.

Favourable government policies

The central as well as the state governments have been supportive of the textile industry. In the budget for 2013-14, the government has announced various measures for supporting the industry. Some of the key measures are:

- Technology Upgradation Fund Scheme (TUFS) for textile sector extended to 12th Plan with an investment target of Rs. 1510 billion.
- The Budget provides Rs. 24 billion in 2013-14 for modernization of powerloom sector.
- A new Integrated Processing Development Scheme will be implemented in the 12th Plan with an outlay of Rs. 5 billion to address the environmental concerns of the textile industry. The Finance Minister has allocated Rs. 500 million in 2013-14 for the scheme.
- Restores the ‘zero excise duty route’ for cotton and manmade sector (spun yarn) at the yarn, fabric and garment stages.

Apart from this, various state governments have also announced schemes to promote the textile industry. For example, the Gujarat state policy which was announced in September 2012 has the following salient features:

- a) Interest rate subsidy of 5% on P&M capex other than Spinning
- b) Interest rate subsidy of 7% on P&M capex in Spinning
- c) VAT benefit: 4 % VAT benefit for 8 years from the date of first production with minimum 500 cr capex to be done in 1 year and if more than 500 Cr capex, it has to be done in 2 years.

New markets opening up

In addition to the competitive advantages on the production side, India is also benefitting from the increased access to various markets on the demand side. The proposed India-EU FTA, to be known as the Bilateral Trade and Investment Agreement (BTIA), is in the final stages of discussion and an agreement is expected soon. This will open up the European market for Indian manufacturers. India has also signed FTAs with South Korea and Japan, which would provide better access to these markets.

Moreover, many customers are shifting from China, Bangladesh and Pakistan to Indian manufacturers on account of the various issues discussed in the earlier section. This will further add to textile exports from India.

The Indian domestic market is also growing rapidly and is expected to become a large consumer in a few years. Retail penetration in the Indian market is increasing with organized Retailing expected to increase from ~5% in 2005 to ~24% by 2020. FDI in retail is further expected to boost textile consumption.

HOME TEXTILES MARKET

The global home textiles market is estimated at around US\$70 billion of which cotton made-ups account for 50% of US\$35 billion. US and the Europe are the biggest consumers while India, China and Pakistan are the biggest exporters.

India's share in the global home textiles trade is around 7% and \$3 billion specifically in cotton made-ups. Around 2/3rd of India's exports are into the US and EU, according to the Confederation of Indian Textile Industry.

Home Textiles Market in the US

The home textiles market in the US is estimated to be approximately US\$24 billion. China, India and Pakistan put together account for the majority of the exports to US in this segment.

India, has been gaining market share from the other major competitors, especially in cotton home textiles. This is on account of several factors including:

- Cotton advantage
- Superior quality
- Lower labour component compared to apparels

The figures 14 & 15 depict the increasing share of India in cotton towels and cotton sheets in US imports

Figure 14

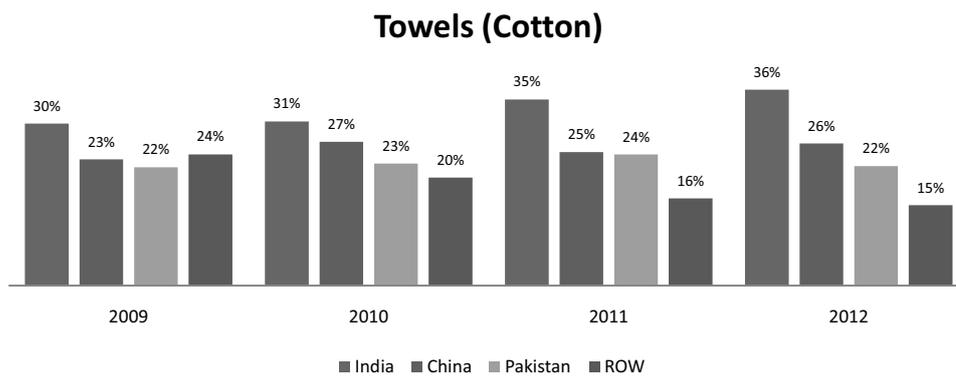
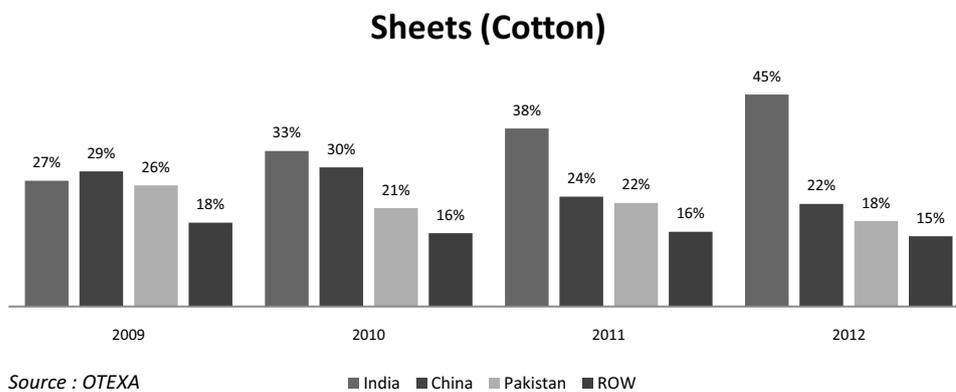


Figure 15



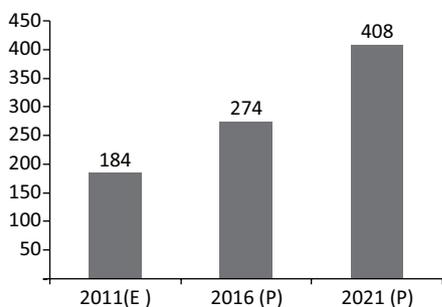
Other key home textile markets

Europe is the second biggest market for home textiles in the world after US. India’s share in European home textiles is much lower than in US primarily due to the duty preference available to some of its closest competitors. In Europe, currently Indian exports attract an additional 9% export duty which is not applicable to countries like Bangladesh. Pakistan also has a temporary exemption from these duties. However, this is expected to change once the Europe FTA comes in place as the duty being imposed on textile exports from India will be removed. This will make India much more competitive and open up a huge market for Indian manufacturers.

The other key market for Indian manufacturers will be the domestic market. The current Indian market, though small, is expected to grow at a very high pace. It is estimated that over the next 10 years, home textile will grow at a CAGR of 8% and market size will increase from Rs. 184 billion in 2011 to Rs. 408 billion in 2021 (see figure below). Domestic consumption is expected to grow fueled by several factors including rising disposable income of the consumers, growth in organized retail, increasing brand awareness, rapid urbanization and increase in working age population.

Domestic Home Textile Market - INR Bn

Figure 16



Source : Technopak report 2012

WELSPUN OVERVIEW

WIL PRODUCTS

BATH:

Terry Towels

WIL is one of the largest terry towel manufacturer in the World and the largest supplier of towels in the US. The range offered includes beach towels, kitchen towels, baby hood towels, hand towels, face towels and bath sheets. These are made out of 100% cotton or blended yarns, which has significant hygroscopic property, with a capability of quick water absorption.

Rugs

WIL is one of the largest producers of premium bath rugs and is one of the largest suppliers to the US market. These bath rugs are generally made of cotton, nylon or micro fiber and can be latex-backed, depending on consumer preferences. The rugs come in various sizes, shapes and designs. Welspun uses its multi-level cut loop machine to create multiple fiber lengths within a rug.

Robes

WIL has ability to make piece dyed, yarn dyed, jacquard and velour bath robes in different designs, shades and weights with embellishments, embroidery and prints with as per customer requirements. It manufactures robes in different styles such as "kimono", "hood", "zipper", "shawl" and "wraps". Since the fabric for bath robes is similar to that of towels, the Company is able to leverage the product development and innovation undertaken in the production of terry towels.

BED:

Bed Linen products

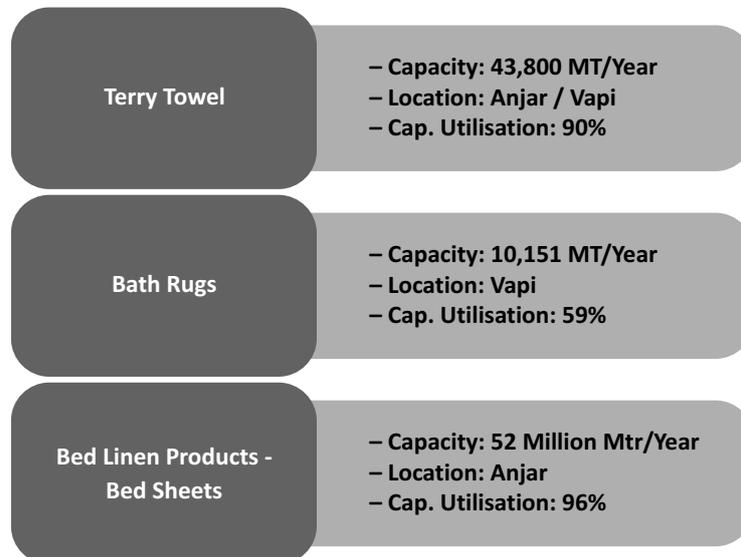
In bed solutions, WIL manufactures bed sheets in different sizes, according to bed sizes and mattress depth. It is one of the largest suppliers of bed sheets in the US. These bed sheets are made from cotton or various blends, such as polyester cotton, cotton bamboo, cotton silk and cotton eucalyptus.

Basic Bedding and Decorative Bedding

WIL's basic bedding products include mattress pads, blown and garneted pillows and basic comforters while decorative bedding products include comforters, duvets, coverlets, bed skirts, shams, decorative pillows and bolsters. Most of these products are made of polyester fiber fill wadding, although the fill can be varied according to customer requirements.

Current Capacities of Welspun India

Figure 17



KEY DEVELOPMENTS IN FY12-13

In 2012-13, WIL consolidated its business operations under one roof. This is in continuation of the efforts which it began in 2011-12 of exiting the laggard businesses, starting with the closure of its loss making operations like Sorema, Mexico and a significant part of the Indian standalone store retail operations under the brand Welhome. The consolidation of these operations resulted in significant improvement in profitability. WIL also acquired 13.03% equity stake in Welspun Retail Ltd (WRL) a subsidiary Company, raising the effective shareholding in WRL to 98.03%. This will further help in consolidation of the retail business under the Shop-in-Shops concept adopted by WIL to increase domestic sales.

The Company's renewed focus under the consolidated entity helped it to climb up to the top spot in Home textile in the US, according to the rankings published by Home Textiles Today (HTT) in Jan 2013. WIL was ranked No. 2 in last year's survey.

During the year, the Company initiated the backward integration project (Phase 1) to increase spinning and weaving capacity. The debt for the project will receive 5-7% interest rebate from the Gujarat state government and 4-5% from the central government (under TUFs), resulting in an effective interest rate of 2-3%. Post this capex, internal supply of yarn and greige fabric is expected to reach 75% from the current levels of 30-35%, thus reducing the Company's dependence on external suppliers. Apart from ensuring quality and availability of key intermediate products, the backward integration will also contribute to improve the profitability of WIL significantly.

Welspun Group has commissioned in April 2013, an 80 MW thermal power plant in Anjar based on imported coal. This will ensure continuous availability of power and reduce power costs for WIL.

WIL has always had a strong focus on innovation. The Company conducts numerous consumer research initiatives to identify stated and latent demand and addressing them through innovative technologies. WIL has a dedicated cell for research and development at Vapi and Anjar that work on all categories of products which WIL manufactures. This team works in conjunction with vendors at times to ensure that the best products are put forth in front of the customer. For FY12-13, WIL derived ~30% of its sales from innovative products. The Company won numerous awards for its product quality and innovation, some of the key ones being:

- i. Most Preferred Furnishing Brand - MAGPPIE
- ii. Innovation Award for Eco-Dry towels - Golden Peacock
- iii. Best Product Award - Wilkinson
- iv. Vendor of the Year Award - Sears / K-Mart

During the year the Company has also won awards for its CSR initiatives including the Responsibility Award for Excellence – Walmart and the Global CSR Excellence & Leadership – Bluedart.

COMPETITIVE ADVANTAGES – A TRUE INDIAN MNC



WIL'S STRATEGY FOR FY14

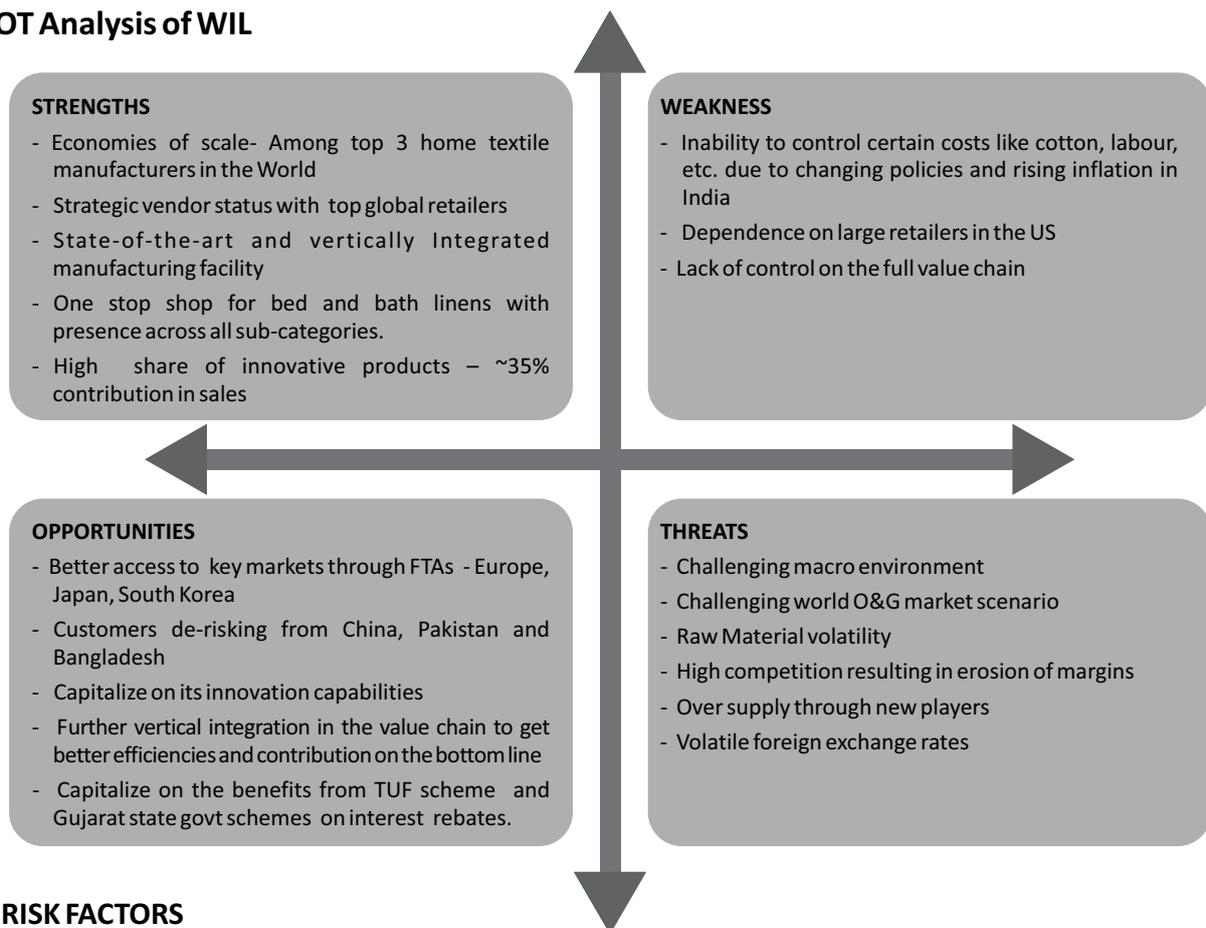
- Leverage strengths in existing markets to achieve greater penetration through focus on existing and new customers so as to increase market share in US and Europe across products
- Continue to geographically de-risk operations by focusing on new markets
- Strong focus on the high growth domestic market, especially through Shop-in-shop in large retail stores which entail limited capex and low risk
- Leverage on its existing brands both international and domestic like Spaces, Christy etc.
- Continued focus on innovation in order to increase the share of innovative products in sales
- Capex focussed on backward integration, which will improve margins
- Strengthen internal processes and operations to mitigate operating risks.
- Focus on stringent cost controls, consolidation and streamlining of operations to maximize ROI

OUTLOOK

Indian textile players, especially the home textile players, have been able to increase their market share due to their superior quality and competitive prices. With China's new cotton and yarn policy reducing the cost competitiveness of its industry, Pakistan being impacted by energy availability issues and Bangladesh facing scrutiny regarding workers' safety, India is expected to further increase its market share in the medium term in the global arena. Welspun, with its global scale and reach as well as innovative product development, is well-positioned to capitalise on this opportunity.

The US market, where WIL already holds a dominant position, is slowly getting back on the growth path, with home sales and consumer confidence on the rise. Overall European market growth is expected to be sluggish, but the proposed EU-India Free Trade Agreement (FTA), when it happens, would give WIL an opportunity to increase its market share significantly. Welspun is also gaining traction in newer markets such as Canada, South Africa, Japan, Korea and Australia. WIL will also continue to have strong focus on the high growth domestic market through Shop-in-shop in large retail stores, Wholesale distributors, Institutional clients and E-commerce.

SWOT Analysis of WIL



KEY RISK FACTORS

WIL is susceptible to the vagaries of the economic environment. The various factors that could affect WIL's business in the coming year include:

- Poor Economic Environment and Consumer Sentiment:** While the US is slowly returning to growth WIL continues to face challenges in the EU market. As a global organization, the Company's ability to do business is affected by the changes in economic conditions of consumer countries. Weak Consumer sentiment affects the sourcing plans of our retailers which in turn can have an adverse impact on WIL's operations. The Company is trying to address this through diversification into newer regions such as Japan, Korea and Australia.
- Rising Input Costs:** Cotton, cotton yarn and Power are the main input costs which impact the total cost of production. On the cotton front, WIL secures a significant part of its requirement during the cotton season, when prices are the lowest during the year. Apart from this, the Company has worked out an indexing formula with its key clients, which allows it to pass on any rise above 5 % to its customers. Cotton yarn prices are also volatile and could rise on the back of increased demand from China. WIL's backward integration which is underway would increase the proportion of captive yarn to ~70% from the current levels of ~35%. This would mitigate price or availability risks to a large extent. WIL has set up a captive power plant at Anjar which helps to reduce power costs and to ensure continuous availability.
- Labor Availability:** WIL, being dependent on migrant labor, is now empowering the country's youth and encouraging them to take on vocational skill courses. It has tied up with Industrial Training Institute (ITI) at Vandsa, Navsari District, Gujarat to impart on the job training for students at its textile facilities at Vapi. The successful students are absorbed by the Company. Simultaneously, WIL has also tied up with MPSTME College, Sirpur and Vapi where it provides a six-month practical training to students. These students are from the tribal population in and around Vapi. Additionally, WIL has set up training centers for women in and around Anjar and Vapi as well as workers' colonies to develop local/ captive talent pool for labor security. These efforts gives WIL an opportunity to reduce the labour cost and provide skilled labour for its operations.
- Currency Movements:** As WIL exports ~95% of its products to various countries, its revenues are in foreign currencies while its expenses are typically incurred in Rupees. Therefore the currency fluctuations impact the inflows and outflows due to the time lag and can have an adverse impact on its financial results. To curtail this WIL has an internal hedging policy, which protects it from sharp volatility in exchange rates.
- Competition:** WIL is seeing the emergence of various developing economies becoming competitive in the home textiles space. WIL believes that its quality products which keep up with market demands and consumer preferences, will keep it well above the competition in the global market.

HUMAN RESOURCES POLICY

In past one year, the HR team at Welspun has re-organized itself as a combination of centralized and decentralized structure. The major focus was to bring synergy within the HR team and focus on bringing uniformity in process / policies across the Group.

Based on the feedback received from the GPTW (Great Place to Work Survey) 2011 and to serve the need for synergy and uniformity, organizational re-structuring of the existing HR team was done and specific action areas were identified. Accordingly, based on the importance of the Program Management Activities, six focus areas were identified globally which would help in developing the Company's most important and invaluable asset "Human Resources".

- HR Operations
- Performance Management System, Industrial Relations and Corporate Social Responsibilities
- Talent Management
- Employee Development
- Talent Acquisition
- Employee Engagement

Key Highlights

The key initiatives taken in HR are as listed below:

HR Policies and Practices: To bring uniformity in the HR processes, Group HR Manual comprising of standardized group level policies and procedures with a flavor of location level policies was introduced. A process of introduction of "Group Induction Manual" and "Employee Handbook" to facilitate employee's awareness regarding the policies and procedures governing them has also been set up.

Talent Management: To bring objectivity in the process of identification of HiPo(High Potential)employees across the Group, Personality Assessment tests were conducted and Individual development plan was drawn and implemented.

Performance Management System: Goal Setting exercise for entire Group & performance review were the key activities. Sessions on PMS process were organized at all locations to make employees understand the nitty-gritties of the PMS process & also align the individual goals with the Business objectives.

Talent Acquisition: Internal Job Portal was launched to provide platform for all the employees to internally channelize their career aspirations and facilitate the hiring activities. Other sources like head hunting and employee referrals were mostly used which resulted in bringing down the recruitment cost by 94%.

Employee Engagement: Launch of Tablet – an employee engagement committee was the major initiative. Few sub-committees were formed under Tablet like Fun Tab, Whiztab, Sport Tab and E – Tab. Monthly fun events, practice sessions for Sports Tournament, nominations in Mumbai Marathon and monthly newsletters were the key activities of Tablet.

Employee Communication: Individual & Group communication forums were launched. At the individual level, process of stay interviews was started to conduct 'health check' of the Organization. At the Group level, communication forums like Monthly Departmental Meeting (MDM) and Town hall were started to share business updates with employees and to address their concerns. Launch of E- Blog, an internal blogging site was another major highlight. Welspun Intranet Portal – "One Welspun" and Welspun Global Helpdesk – HR & Admin Helpdesk were also launched.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

At WIL, the internal control system encompasses the policies, processes, tasks, behaviours and other aspects of Welspun that taken together, facilitate effective and efficient operation, quality of internal and external reporting, compliance with applicable laws and regulations. WIL's objectives, its internal organization and the environment in which it operates are continuously evolving and as a result, the risks it faces are continuously changing. In order to make its internal control effective and sound, WIL thoroughly and regularly evaluates the nature and extent of the risks to which the Company is exposed. The operation and monitoring of the system of internal control has been taken by individuals who collectively possess the necessary skills, technical knowledge, objectivity, understanding of the Company, industries and markets in which it operates. The qualified, experienced and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them. Welspun has a strong Management Information System which is an integral part of the control mechanism.

DISCUSSION OF FINANCIAL PERFORMANCE (Consolidated)

The Key highlights of the Company's performance during the year is as follows :

In FY 13 revenue grew 13% to Rs. 36,473 million from Rs. 32,205 million primarily driven by ~26% volume growth in Sheets and rugs. The Share of Innovative Products in total sales was ~30% in FY13 .

| Particulars | (Rs. million) | | | |
|---|---------------|---------------|---------------|---------------|
| | FY 12 -13 | % | FY 11-12 | % |
| Revenue from Operations (Net) | 36,473 | 100.00 | 32,205 | 100.00 |
| Other Income | 492 | 1.35 | 460 | 1.43 |
| Cost of Material | 17,684 | 48.49 | 15,999 | 49.68 |
| Manufacturing Expenses | 6,344 | 17.39 | 5,420 | 16.83 |
| Employee Cost | 2,766 | 7.58 | 3,050 | 9.47 |
| Selling Administration and Other Expenses | 3,733 | 10.24 | 4,075 | 12.65 |
| EBIDTA | 6,438 | 17.65 | 4,122 | 12.80 |
| Finance costs | 1,977 | 5.42 | 1,918 | 5.96 |
| Depreciation and amortization expense | 1,449 | 3.97 | 1,378 | 4.28 |
| Taxes | 733 | 2.01 | 193 | 0.60 |
| Profit before extraordinary items | 2,279 | 6.25 | 633 | 1.96 |
| Exceptional Items | (31) | | (795) | |
| Share of Associate's Net (Loss) / Profit | - | | - | |
| Minority's Share of Profit / (Loss) in Certain Subsidiary Companies | - | | (29) | |
| Net Profit / (Loss) | 2,248 | 6.16 | (134) | |
| EPS (Basic and Diluted before Extraordinary Item) - Rs. per share | 22.55 | | (1.34) | |
| EPS (Basic and Diluted after Extraordinary Item) - Rs. per share | 22.46 | | (1.34) | |

TABLE: SALES & PRODUCTION VOLUME (Major Products)

| Particulars | Unit | FY 2012-13 | FY 2011-12 | % Change |
|--------------------------|---------|------------|------------|----------|
| Production Volume | | | | |
| Terry Towels | MT | 39,585 | 41,478 | -4.6% |
| Bed Linen Products | 000 Mts | 49,706 | 37,328 | 33.2% |
| Rugs | MT | 6,030 | 4,809 | 25.4% |
| Sales Volume | | | | |
| Terry Towels | MT | 39,827 | 41,849 | -4.8% |
| Bed Linen Products | 000 Mts | 50,020 | 39,754 | 25.8% |
| Rugs | MT | 6,155 | 4,828 | 27.5% |

The Utilization levels in FY 13 across products was 90% in Terry Towels, 96% in Bed Linen Products and 59% in Rugs. This was higher as compared to FY12 in Bed Linen products and rugs which were 83% and 47% respectively.

1. REVENUE

a. Revenue from Operations (Net)

Net Sales has grown 13% over FY 12 and stood at Rs. 36,473 million in FY13 as compared to Rs. 32,205 million in FY 12. This revenue is backed by strong growth in volumes in Bed Linen products and Rugs and better realization across all the products.

b. Other income

Income from other sources was Rs. 492 million in FY13, primarily on account of Interest Income of Rs. 169 mn and Dividend and other miscellaneous income of Rs. 323 mn. In FY12, the company had other income of Rs 461 million.

2. EXPENDITURE

a. Cost of Materials

Consumption of raw materials stood at Rs. 17,684 million during the year. This accounts for 49% of sales for the year. As a % of sales, this material cost has been more or less stable as compared to the FY12 amounting to Rs. 15,999 million which was 50% of sales.

b. Manufacturing Expenses

Manufacturing expenses stood at Rs. 6,344 million in FY13 as compared to Rs. 5,420 million in FY12. Manufacturing expenses includes Power, Fuel and Water charges of Rs. 2,633 million, Dyes & Chemicals of Rs. 1,785 million and labour and job work charges of Rs. 1,244 million. As a percent of sales the total manufacturing expenses was 17% which is almost at the same levels as in the last year due to proportionate increase in the volumes and realizations across product categories.

c. Employee Cost

The employee cost stood at Rs. 2,766 million in FY13 as compared to Rs. 3,050 million in FY12. As a % of sales it has gone down to 7.58% vs. 9.47% in the previous year on account of closure of the loss making businesses in Mexico and Europe.

d. Selling, Administration and Other Expenses

The selling administration and other expenses was reported at Rs. 3,733 million in FY13 as compared to Rs. 4,075 million in FY12. This expense head decreased to 10.24% of sales in FY13 as against 12.65% in FY12, largely due to consolidation of marketing business (WGBL) with WIL and closure of the loss making entities.

e. Finance Costs

The Financial Expenses in FY13 was Rs. 1,977 million. The corresponding figure in FY12 was Rs. 1,918 million. The marginal increase in the reported figure was due to slightly higher debt taken to meet working capital requirements.

f. Depreciation and amortisation expense

Depreciation was reported at Rs. 1,449 million in FY13 as compared to Rs. 1,378 million in FY12. This was marginally higher on account of capex done for plant modernization and expansion. The fixed asset turnover has improved post the consolidation of the asset-light marketing business resulting in depreciation falling to 3.97% of sales in FY13 as against 4.28% in FY12

3. MARGINS

a. EBITDA

EBITDA in FY13 has grown 56% to Rs. 6,438 million resulting in an EBITDA margin of 17.7% from Rs. 4,122 million (margin 13%). The Company has shown consistent margins of ~18% across the four quarters in FY13 indicating a steady and sustainable business performance.

b. PROFIT AFTER TAX

Profit after Tax stood at Rs. 2,248 million in FY13 showing significant improvement in profitability. The PAT margin was 6.2%.

4. EARNINGS PER SHARE (Basic)

The Earnings per Share for the year ending March 31, 2013 (Basic) (before extra-ordinary item) was Rs. 22.55 against -1.34 per share in the previous year. This was mainly on account of significant improvement in the profitability post the merger of its marketing arm and closure of all its loss making entities in the last year.

5. TABLE: BALANCE SHEET

(Rs. million)

| Particulars | As at 31-Mar-13 | As at March 31, 2012 | Change |
|-------------------------------------|--------------------|-------------------------|--------------|
| I. Equity and Liabilities | | | |
| Shareholder's Funds | | | |
| Share Capital | 1,000 | 995 | 5 |
| Reserves and Surplus | 8,901 | 6,433 | 2,468 |
| | 9,902 | 7,428 | 2,474 |
| Minority Interest | 250 | 250 | |
| Non - current liabilities | | | |
| Long-term borrowings | 10,011 | 9,812 | 199 |
| Deferred tax liabilities (Net) | 1,917 | 1,502 | 415 |
| Other Long Term liabilities | 6 | 17 | -10 |
| Long-term provisions | 68 | 44 | 24 |
| Current liabilities | | | |
| Short -term borrowings | 9,166 | 7,313 | 1,853 |
| Trade payables | 4,963 | 5,235 | -272 |
| Other current liabilities | 2,023 | 3,355 | -1,332 |
| Short -term provisions | 273 | 404 | -131 |
| | | | |
| Total | 38,579 | 35,359 | 3,220 |
| II . Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 16,267 | 15,749 | 518 |
| Intangible assets | 1,806 | 1,013 | 793 |
| Capital work-in-progress | 542 | 1,233 | -691 |
| Intangible assets under development | - | - | |
| Sub-Total | 18,615 | 17,995 | 620 |
| Non-current investments | 537 | 8 | 529 |
| Long-term loans and advances | 1,559 | 1,105 | 454 |
| Other non-current assets | 1,336 | 706 | 630 |
| Current assets | | | |
| Current investments | 394 | 1,197 | -803 |
| Inventories | 8,205 | 7,293 | 912 |
| Trade receivables | 2,750 | 2,492 | 257 |
| Cash and cash equivalents | 1,724 | 1,482 | 243 |
| Short-term loans and advances | 2,727 | 2,309 | 418 |
| Other current assets | 731 | 772 | -41 |
| Sub-Total | 16,532 | 15,546 | 986 |
| Total | 38,579 | 35,359 | 3,220 |

6. NETWORTH

The Networth of the Company stands at Rs. 9,902 million as at March 31, 2013 as against Rs. 7,428 million at March 31, 2012 on account of higher profitability in FY13.

Net sales to Net worth ratio is 3.68 for the period ending March 31, 2013 as compared to 4.34 in FY12.

The Book Value of equity shares stands at Rs. 98.99 per equity share as at March 31, 2013, which was Rs. 74.69 per equity share in FY12.

The details of movement in various heads of Networth are as under:

a. Share Capital

The Issued, Subscribed and Paid-up Share Capital (including share capital suspense account) as at March 31, 2013 stands at Rs. 1,000 million, consisting of 100 million shares of Rs. 10/- each.

b. Reserves and Surplus

- i) Securities Premium account: The Securities Premium account stands at Rs. 3,227 million, in line with the figure at the end of FY12. The addition was Rs. 14 million in FY13.
- ii) Capital Redemption Reserve: The balance as of March 31, 2013 amounted to Rs. 478 million which in line with the previous year.
- iii) Capital Reserve: The balance as of March 31, 2013 amounted to Rs. 1,475 million, same as at the end of the previous year.
- iv) Foreign exchange translation reserve stands at Rs. (331) million against Rs. (267) million in the previous year.
- v) General Reserve: Balance as on March 31, 2013 stood at Rs. 171 million, with the entire amount being added during the year.
- vi) Hedging reserve: Stands at Rs. 322 million at March 31, 2013 as against Rs. (390) million at the end of the previous year.
- vii) Profit and Loss account: The balance in the Profit and Loss Account as on March 31, 2013 was Rs. 3,559 million from Rs. 1,924 million.

7. LOAN FUNDS

The Gross Debt as on March 31, 2013 stands at Rs. 20,244 million. At the end of FY12, the Gross Debt was Rs. 19,621 million, showing an increase of Rs. 623 million on account of increase in the Short term borrowing of Rs. 1,853 million taken for the working capital requirements of the Company. The decrease in the long term loans by Rs. 1,230 million in FY 13 was due to repayment of loans during the year.

Cash and cash equivalents of the Company in FY13 stands at Rs. 2,797 million as against Rs. 3,041 in the previous year.

Net Debt as on March 31, 2013 stands at Rs. 17,447 million after reducing the cash and bank balance and liquid investments. At the end of FY12, the net debt was Rs. 16,579 million.

Net Debt to Equity stands at 1.76 times as compared to 2.23 times in FY 12.

Net Debt to EBITDA stands at 2.71 times, showing a significant improvement from 4.02times in FY12.

8. FIXED ASSETS

The Gross Block of Fixed Assets is Rs. 27,827 million in FY13 as compared to Rs. 25,164 million in FY12. This increase was mainly on account of increase in Plant and Machinery by Rs. 1,469 million and Building by Rs. 305 million during the year. The tangible & intangible assets (including capital work-in-progress) stood at Rs. 18,615 million in FY13 as compared to Rs. 17,995 million in FY12. The increase was mainly on account of plant modernisation and portion of capex done towards the vertical integration project in spinning and weaving capacities.

9. INVENTORY

Inventory as on March 31, 2013 stood at Rs. 8,205 million as compared to Rs. 7,293 million as on March 31, 2012. The inventory turnover days were 82 days in FY13 as compared to 83 days in FY12 showing stable inventory levels. The Inventory turnover ratio stands at 4.45 times in FY13 as compared to 4.42 times in FY 12.

10. DEBTORS

Sundry Debtors on March 31, 2013 was at Rs. 2,750 million as compared to Rs. 2,492 million in FY12. The debtors turnover days is 28 days in FY13 in line with FY12 levels.

11. CASH AND BANK BALANCES AND LIQUID INVESTMENT

Cash and bank balances and liquid Investment was reported at Rs. 2,797 million as on March 31, 2013. At the end of FY12, the corresponding figure was Rs. 3,041 million at the consolidated level. The cash was used to payoff the high cost long term debts during the year.

12. LOANS AND ADVANCES

Loans and advances (short term and long term) as on March 31, 2013 stood at Rs. 4,286 million in FY13 as compared to Rs. 3,414 million in FY12. Loans and advances include advances given to related parties, capital advances, security deposits, advance taxes and balances with the government authorities like Customs, excise etc.

13. CURRENT LIABILITIES

-Trade payables stood at Rs. 4,963 million as of end FY13 as compared to Rs. 5,235 million as of end FY12. Trade Payables are at 50 days of net sales in FY13 as against 59 days in FY12.

- Other current liabilities (excl current maturities of long term borrowings) stood at Rs. 955 million in FY13 as compared to Rs. 856 million at the end of FY12.
- Short Term Provisions stood at Rs. 273 million at the end FY13 as compared to Rs 404 million at end FY12. Provision for mark to market losses on derivatives was at Rs. 7 million and provision for proposed Dividend on Equity shares including the Dividend Distribution Tax was Rs. 234 million as at March 31, 2013.

14. CASH CONVERSION CYCLE

Cash conversion cycle for FY13 stood at 60 days as against 52 days in the previous year.

KEY FINANCIAL INDICATORS: (Rs in million except ratios)

| Particulars | | As at | As at |
|--|--------|-----------|-----------|
| | | 31-Mar-13 | 31-Mar-12 |
| Revenue from Operations (Net) | Rs. Mn | 36,473 | 32,205 |
| EBITDA | Rs. Mn | 6,438 | 4,122 |
| EBIT | Rs. Mn | 4,990 | 2,744 |
| Net Profit / (Loss) after Tax | Rs. Mn | 2,248 | (134) |
| Net Worth | Rs. Mn | 9,902 | 7,428 |
| Net Debt | Rs. Mn | 17,447 | 16,580 |
| Net Debt / Equity | Times | 1.76 | 2.23 |
| Net Debt / EBITDA | Times | 2.71 | 4.02 |
| Net Sales / Networkth | Times | 3.68 | 4.34 |
| Current Ratio | Times | 2.61 | 2.21 |
| Return on Capital Employed | % | 16.4% | 10.1% |
| Return on Networkth | % | 22.7% | -1.8% |
| Inventory Days | Days | 82 | 83 |
| Receivables Sales Outstanding | Days | 28 | 28 |
| Payables Sales Outstanding | Days | 50 | 59 |
| Net Operating Cycle (Inventory Days + Debtors Days - Creditor Days) | Days | 60 | 52 |

Cautionary Statement

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied. Important developments that could affect Welspun's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

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INDEPENDENT AUDITORS' REPORT**To the Members of Welspun India Limited****Report on the Financial Statements**

1. We have audited the accompanying financial statements of Welspun India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. Without qualifying our opinion, we draw your attention to:
 - (a) Note 36, regarding the recognition of deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation by the company arising out of its treatment of certain excise and Value Added Tax incentives as 'capital receipts' for income tax purposes. The income tax authorities have passed orders treating these incentives as revenue in nature which are liable to income-tax. The Company has preferred appeals against these orders. If the final decision in the matter is eventually decided against the Company, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year-end could be significantly impacted.
 - (b) Note 39, regarding certain investments aggregating Rs. 1,197.29 million made in the previous year without obtaining the prior approval of shareholders by a special resolution passed in a general meeting as required by Section 372A of the Act. The Company had filed an application for compounding of the offence with the Company Law Board and impact, if any, on the financial statements can be ascertained only on final adjudication of the said matter.



INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse

Firm Registration Number: 012754N

Chartered Accountants

Place : Mumbai

Date : May 15, 2013

Mehul Desai

Partner

Membership Number: 103211

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Welspun India Limited on the financial statements as of and for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory, excluding stocks with third parties and material in transit, has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the said Order are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(f) and 4(iii)(g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. The company's operations do not involve sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of sales-tax though there has been slight delay in a few cases and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, service-tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, service-tax, and customs duty which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales-tax and excise duty as at March 31, 2013 which have not been deposited on account of dispute are as follows :

| Name of the statute | Nature of dues | Amount (Rs. in million)* | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------------|--|--------------------------|------------------------------------|---|
| Income Tax Act, 1961 | Income tax demand including interest | 305.70 | AY 2005-06 to AY 2011-12 | Commissioner of Income Tax (Appeal) |
| Gujarat Sales Tax Act, 1969 | Sales Tax including penalty and interest | 11.69 | 2000-01, 2003-04 and 2004-05 | Joint Commissioner of Sales Tax (Appeals - 2), Vadodara |
| Central Excise Act, 1944 | Excise Duty | 69.57 | September 2005 to July 2006 | Joint Secretary, Ministry of Finance, Department of Revenue |
| Central Sales Tax Act, 1956 | Central Sales Tax including penalty and interest | 2.54 | 2006-07 to 2007-08 | Joint Commissioner of Commercial Taxes, Rajkot |
| Gujarat Value Added Tax, 2003 | Value added Tax including penalty and interest | 21.05 | 2006-07 to 2007-08 | Joint Commissioner of Commercial Taxes, Rajkot |
| Central Excise Act, 1944 | CENVAT including penalty and interest | 0.41 | March 2010 to August 2010 | Commissioner of Central Excise (Appeals), Daman |
| Central Excise Act, 1944 | CENVAT including penalty and interest | 185.41** | 2007-08 | Appellant Tribunal, Ahmadabad |
| Central Excise Act, 1944 | CENVAT including penalty and interest | 318.58** | February 2006 to September 2007 | Commissioner of Central Excise (Appeals), Rajkot |

* Net of amounts paid under protest

** Stay Order has been obtained

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debenture.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 012754N

Chartered Accountants

Place : Mumbai

Date : May 15, 2013

Mehul Desai

Partner

Membership Number: 103211

BALANCE SHEET AS AT MARCH 31, 2013

| | | (Rs. million) | |
|--------------------------------|------|-------------------------|-------------------------|
| | Note | As At March 31, 2013 | As At March 31, 2012 |
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3A | 1,000.27 | 890.12 |
| Share Suspense Account | 3B | - | 104.75 |
| Reserves and Surplus | 4 | 9,603.40 | 8,317.26 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 9,276.33 | 9,566.48 |
| Deferred Tax Liabilities (Net) | 6 | 2,352.81 | 2,161.99 |
| Other Long-term Liabilities | 7 | 6.30 | 16.50 |
| Long-term Provisions | 8 | 45.66 | 33.01 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 6,700.28 | 4,917.51 |
| Trade Payables | 10 | 2,641.53 | 2,637.15 |
| Other Current Liabilities | 11 | 1,718.30 | 3,375.46 |
| Short-term Provisions | 12 | 245.81 | 83.03 |
| Total | | 33,590.69 | 32,103.26 |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13 | 16,082.31 | 15,551.08 |
| Intangible Assets | 14 | 31.74 | 14.74 |
| Capital Work-in-Progress | | 541.44 | 1,198.42 |
| Non-current Investments | 15 | 3,769.40 | 852.07 |
| Long-term Loans and Advances | 16 | 1,437.43 | 3,482.91 |
| Other Non-current Assets | 17 | 1,202.76 | 705.54 |
| Current Assets | | | |
| Current Investments | 18 | 393.95 | 1,197.29 |
| Inventories | 19 | 5,100.12 | 4,547.34 |
| Trade Receivables | 20 | 1,136.84 | 2,059.79 |
| Cash and Bank Balances | 21 | 1,479.05 | 966.45 |
| Short-term Loans and Advances | 22 | 2,047.42 | 761.03 |
| Other Current Assets | 23 | 368.23 | 766.60 |
| Total | | 33,590.69 | 32,103.26 |

The Notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

Place : Mumbai
Date : May 15, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

| | | (Rs. million) | |
|---|-----------|------------------------------|------------------------------|
| | Note | Year ended March 31, 2013 | Year ended March 31, 2012 |
| Revenue from Operations (Gross) | 24 | 30,463.24 | 26,097.80 |
| Less : Excise Duty | | 33.78 | 187.85 |
| Revenue from Operations (Net) | | 30,429.46 | 25,909.95 |
| Other Income | 25 | 491.72 | 375.88 |
| Total Revenue | | 30,921.18 | 26,285.83 |
| Expenses | | | |
| Cost of materials consumed | 26 | 16,944.25 | 13,541.49 |
| Purchases of stock-in-trade | 27 | 81.14 | 153.46 |
| Changes in inventory of finished goods, work-in-progress and stock-in-trade | 28 | 44.73 | 240.18 |
| Employee benefits expense | 29 | 1,817.71 | 1,541.65 |
| Finance costs | 30 | 1,384.31 | 1,438.51 |
| Depreciation and amortization expense | 31 | 1,328.09 | 1,187.43 |
| Other expenses | 32 | 7,049.31 | 5,931.79 |
| Total Expenses | | 28,649.54 | 24,034.51 |
| Profit before exceptional and extraordinary items and tax | | 2,271.64 | 2,251.32 |
| Exceptional Items | | | |
| - Provision for diminution in value of Investments | | - | 81.79 |
| Profit before extraordinary items and tax | | 2,271.64 | 2,169.53 |
| Extraordinary Items | | | |
| - Provision for doubtful loans and advances (Refer Note 38) | | 83.85 | 284.35 |
| Profit before tax | | 2,187.79 | 1,885.18 |
| Tax Expense | | | |
| - Current Tax | | 282.92 | 446.97 |
| Less : Minimum Alternative Tax Credit Availed | | - | (16.42) |
| - Short Provision for Tax in Earlier Years | | - | 0.27 |
| - Deferred Tax | | 190.82 | 283.26 |
| Profit/ (Loss) for the year | | 1,714.05 | 1,171.10 |
| Earnings/ (Loss) Per Share (Rs.) [Nominal value per share : Rs. 10 (2012 : Rs. 10)] | 45 | | |
| - Basic before Extraordinary Items | | 18.03 | 14.63 |
| - Diluted before Extraordinary Items | | 17.96 | 14.63 |
| - Basic after Extraordinary Items | | 17.19 | 11.77 |
| - Diluted after Extraordinary Items | | 17.12 | 11.77 |

The Notes referred are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

Place : Mumbai
Date : May 15, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | (Rs. million) | | |
|---|---|---|---|
| | For the Year ended March 31, 2013 | For the Year ended March 31, 2013 | For the Year ended March 31, 2012 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit Before Exceptional and Extraordinary Item and Tax | | 2,271.64 | 2,251.32 |
| Adjustments for : | | | |
| Depreciation | 1,328.09 | | 1,187.43 |
| Unrealised Foreign Exchange Differences | 15.67 | | (117.87) |
| Loss on Sale of Fixed Assets | 16.56 | | 39.17 |
| Loss on Redemption/ Sale of Units in Mutual Funds / Investments | 0.07 | | 0.22 |
| Profit on Sale of Bonds | (48.38) | | (23.23) |
| Dividend | (42.47) | | (35.71) |
| Provision for Doubtful Debts Written Back | - | | (0.03) |
| Provision for Doubtful Advances | 9.26 | | 13.38 |
| Debts/ Advances Written off | - | | 0.25 |
| Interest Income and Cash Discount Received | (240.57) | | (225.72) |
| Finance Costs | 1,384.31 | | 1,438.51 |
| | | 2,422.54 | 2,276.40 |
| Operating Profit Before Working Capital Changes | | 4,694.18 | 4,527.72 |
| Adjustments for changes in working capital : | | | |
| Trade and Other Receivables | 922.95 | | (1,254.11) |
| Current Liabilities and Provisions | 98.10 | | 776.14 |
| Inventories | (552.78) | | (20.02) |
| Loans and Advances | 935.19 | | 387.11 |
| | | 1,403.46 | (110.88) |
| Cash Flow Generated from Operations | | 6,097.64 | 4,416.84 |
| Income Tax paid | | (216.86) | (429.49) |
| Net Cash Flow from Operating Activities | | 5,880.78 | 3,987.35 |
| B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets and Capital Work-in-Progress | | (1,994.34) | (2,100.08) |
| Sale of Fixed Assets | | 81.66 | 7.48 |
| (Investment in)/ realisation of Fixed Deposits and Margin Money | | 160.49 | 199.13 |
| (Purchase)/ Sales of Investment (Net) | | (1,538.68) | (300.39) |
| Share Application Money Pending Allotment (net of refund) | | (95.35) | (424.50) |
| Dividend Received | | 42.47 | 35.71 |
| Interest Received | | 301.08 | 239.93 |
| Net Cash Flow used in Investing Activities | | (3,042.67) | (2,342.72) |
| C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES | | | |
| Proceeds from Issue of Equity Shares | | 19.20 | 1.28 |
| Redemption of Preference Shares | | - | (50.00) |
| Repayment of Borrowings | | (273.26) | (41.17) |
| Interim Dividend Paid | | (177.54) | - |
| Tax on Interim Dividend Paid | | (28.99) | - |
| Interest and Other Finance Expenses | | (1,387.92) | (1,466.23) |
| Net Cash Flow used in Financing Activities | | (1,848.51) | (1,556.12) |
| (A + B + C) | | 989.60 | 88.51 |
| Cash and Cash Equivalents at the beginning of the year | | 345.63 | 257.12 |
| Cash and Cash Equivalents at the end of the year | | 1,335.23 | 345.63 |
| Net Increase in Cash and Cash Equivalents | | 989.60 | 88.51 |

Note :

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements as notified under Section 211 (3C), Companies (Accounting Standards) Rules, 2006 as amended.
- Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

Place : Mumbai
Date : May 15, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**1. General Information**

Welspun India Limited (WIL) is a leading manufacturer of wide range of home textile products, mainly terry towels, bed linen products and rugs. The Company is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

2. Summary of significant accounting policies**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Tangible Assets

Tangible Assets except land are stated at cost (net of cenvat credit, wherever applicable) less accumulated depreciation and impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on Tangible assets, other than leasehold improvements, office equipments and vehicles, is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Act. Depreciation on additions/ deletions to fixed assets is calculated pro-rata from/ up to the date of such additions/ deletions.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Office equipments are depreciated on straight-line method over a period of ten years.

Vehicles are depreciated on straight-line method over a period of five years.

Leasehold improvements are amortised on straight-line basis over the primary period of lease.

2.3 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets comprise of computer software which is amortised on the straight-line method over a period of five years. Cost of software includes license fees and implementation/ integration expenses.

2.4 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2.6 Inventories

- (a) Inventories are stated at lower of cost and net realisable value.
- (b) Cost of raw materials (includes packing material) and stores and spares is determined on weighted average basis. Cost of traded goods is determined on first-in-first-out basis. Cost of work-in-progress and finished goods comprises of raw material, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.7 Current Tax and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the group reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.8 Employee Benefits

Provident Fund

The Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation Fund

Contribution towards superannuation fund for certain employees is made to SBI Life Insurance Company where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the statement of Profit and Loss in the year in which they arise.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Employee's Gratuity Trust takes group gratuity policies with insurance companies.

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.9 Foreign Currency Translation**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Translation of foreign operations

Foreign operations are classified as either 'integral' or 'non-integral' operation. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

Forward Exchange Contracts and Swaps

In respect of forward exchange contracts, other than forward exchange contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

In respect of forward exchange contracts taken to hedge the risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions, the Company has adopted Accounting Standard 30 'Financial Instruments: Recognition and Measurement'. Accordingly, forward exchange contracts relating to firm commitments and highly probable forecast transactions are fair valued at each reporting date.

Changes in the fair value of these hedging instruments that are designated and considered as effective hedges of highly probable forecasted transactions are recognised directly in shareholders' funds under 'Hedging Reserve Account' to be recognised in the Statement of Profit and Loss when the underlying transaction occurs. Changes in the fair value of the hedging instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Swaps are fair valued at each reporting date and the changes in the fair value are recognised in the Statement of Profit and Loss.

2.10 Revenue Recognition

- (a) Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties. Domestic sales are recognised on dispatch to customers. Export sales are recognised on the date of cargo receipts, bill of lading or other relevant documents, in accordance with the terms and conditions for sales.
- (b) In case of sale made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme and Focus Market Scheme are recognised on export of such goods in accordance with the agreed terms and conditions with customers. In case of direct exports made by the Company export benefits arising from DEPB, Duty Drawback scheme and Focus Market Scheme are recognised on shipment of direct exports.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2.11 Other Income

Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend : Dividend income is recognised when the right to receive dividend is established.

2.12 Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets granted under the Technology Upgradation Fund Scheme (TUFS) are reduced from the gross value of the Fixed Assets. Revenue grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS) are adjusted against 'Interest on Long term borrowings'. Revenue grants, in the nature of Sales Tax benefits are recognized in the Statement of Profit and Loss on a systematic/ appropriate basis.

2.13 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.14 Provisions and Contingent Liabilities

Provisions : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.15 Employees Stock Option Schemes

Equity settled stock options granted under "Employee Stock Option Schemes" are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

2.16 Leases

As a lessee :

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor :

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**2.17 Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period, if any. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.19 Amalgamation in the nature of purchase

The company accounts for all amalgamations in nature of purchase using the 'purchase method' as prescribed in AS 14 : Accounting for Amalgamations. Assets and liabilities acquired of the transferor company have been recognised at their book values at the date of amalgamation. The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the book value of net assets of the transferor company is recorded as capital reserve/goodwill as the case may be.

| | As At March 31, 2013 | As At March 31, 2012 |
|--|----------------------------|----------------------------|
| (Rs. million) | | |
| Note 3A : Share Capital | | |
| Authorised 155,500,000 (March 31, 2012 : 155,500,000) Equity Shares of Rs. 10 each | 1,555.00 | 1,555.00 |
| | 1,555.00 | 1,555.00 |
| Issued, Subscribed and Paid Up 100,027,015 (March 31, 2012 : 89,012,269) Equity Shares of Rs. 10 each fully paid up | 1,000.27 | 890.12 |
| Total | 1,000.27 | 890.12 |

(a) Reconciliation of number of shares**Equity Shares :**

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) | Number of Shares | Amount (Rs. million) |
| Balance as at the beginning of the year | 89,012,269 | 890.12 | 88,976,269 | 889.76 |
| Add : Shares issued pursuant to Scheme of Amalgamation (Refer Note 37) | 10,475,496 | 104.75 | - | - |
| Add : Shares issued to Employees under Employee Stock Option Scheme (Refer Note 40) | 539,250 | 5.40 | 36,000 | 0.36 |
| Balance as at the end of the year | 100,027,015 | 1,000.27 | 89,012,269 | 890.12 |

Preference Shares :

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) | Number of Shares | Amount (Rs. million) |
| Balance as at the beginning of the year | - | - | 500,000 | 50.00 |
| Less: Shares redeemed during the year | - | - | (500,000) | (50.00) |
| Balance as at the end of the year | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------|----------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| Equity Shares : | | | | |
| Welspun Fintrade Limited | 20,059,540 | 20.05 | 17,409,268 | 19.56 |
| Welspun Mercantile Limited | 11,203,976 | 11.20 | 9,519,294 | 10.69 |
| Dunearn Investment Mauritius Pte Limited | - | - | 9,079,463 | 10.20 |
| Welspun Wintex Limited | 8,425,291 | 8.42 | 7,179,577 | 8.07 |
| Krishiraj Trading Limited | 27,717,421 | 27.71 | 6,590,765 | 7.40 |
| IFCI Limited | - | - | 6,034,069 | 6.78 |

(c) Rights, preferences and restrictions attached to shares

Equity Shares :

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend, in case proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(d) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2013):

- (i) 10,475,496 equity shares of Rs. 10 each fully paid were issued in January 2013 to the erstwhile shareholders of Welspun Global Brands Limited pursuant to the composite scheme of arrangement between Welspun Global Brands Limited, the Company and Welspun Retail Limited without payment being received in cash.
- (ii) Nil Equity Shares were issued in the last 5 years under the Employee Stock Options Plan as consideration for services rendered by employees. (Refer Note 40)

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|----------------------|----------------------|
| Note 3B : Share Suspense Account | | |
| Equity Share Suspense Account (Refer Note 37) | - | 104.75 |
| | - | 104.75 |

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|----------------------|----------------------|
| Note 4 : Reserves and Surplus | | |
| Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 478.38 | 428.38 |
| Add : Amount Transferred from Surplus in Statement of Profit and Loss on Redemption of Preference Shares during the year | - | 50.00 |
| Balance as at the End of the Year | 478.38 | 478.38 |
| Capital Reserve | | |
| Balance as at the beginning of the year | 1,474.72 | 48.18 |
| Add : Capital Reserve on account of Amalgamation (Refer Note 37) | - | 1,426.54 |
| Balance as at the End of the Year | 1,474.72 | 1,474.72 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Securities Premium Account | | |
| Balance as at the beginning of the year | 3,212.92 | 3,212.00 |
| Add : Additions during the year | 13.80 | 0.92 |
| Balance as at the End of the Year | 3,226.72 | 3,212.92 |
| Foreign Exchange Translation Reserve | | |
| Balance as at the beginning of the year | - | (36.01) |
| Add : Additions during the year | | |
| - Restatement (Net) of Application Money pending allotment of Welspun USA Inc. | - | 0.76 |
| Less : Deduction during the year | | |
| - Transfer to Statement of Profit and Loss on abandonment of operations of Welspun AG | - | 35.25 |
| Balance as at the End of the Year | - | - |
| General Reserve | | |
| Balance as at the beginning of the year | - | - |
| Add : Additions during the year | 171.41 | - |
| Balance as at the End of the Year | 171.41 | - |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 3,151.24 | 2,030.14 |
| Add : Profit/ (Loss) for the year | 1,714.05 | 1,171.10 |
| | 4,865.29 | 3,201.24 |
| Less : Appropriations | | |
| Interim dividend on Equity Shares for the year [Refer Note (a) below] | 178.67 | - |
| Dividend distribution tax on Interim dividend on Equity Shares | 28.99 | - |
| Proposed final dividend on Equity Shares for the year [Refer Note (b) below] | 200.05 | - |
| Dividend distribution tax on proposed Final dividend on Equity Shares | 34.00 | - |
| Transfer to General Reserve [Refer Note (c) below] | 171.41 | - |
| Transfer to Capital Redemption Reserve on Redemption of Preference Shares | - | 50.00 |
| Balance as at the End of the Year | 4,252.17 | 3,151.24 |
| Total | 9,603.40 | 8,317.26 |
| Notes: | | |
| (a) The Board of Directors at their meeting held on November 8, 2012 declared an Interim Dividend of Rs. 2 per equity share having nominal value of Rs. 10 per share. | | |
| (b) The Board of Directors at their meeting held on May 15, 2013 recommended Final Dividend of Rs. 2 per equity share having nominal value of Rs. 10 per share. | | |
| (c) As per Companies (Transfer of Profits to Reserves) Rules, 1975, the Company has transferred 10% of the Current Profits to General Reserve. | | |
| Note 5 : Long-term Borrowings | | |
| Secured : | | |
| Term Loans : | | |
| Rupee Term Loans from Banks (Refer Note) | 9,276.33 | 9,566.48 |
| Total | 9,276.33 | 9,566.48 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| (a) | Nature of Security | Terms of Repayment |
|--|---|---|
| 1 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs. 1,373.33 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from October 2006. Last installment due in July 2012. Rate of interest 6.75% - 8.50% * |
| 2 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs.154.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from December 2006. Last installment due in September 2012. Rate of interest 7% - 7.50% * |
| 3 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs. 66.59 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from August 2006. Last installment due in May 2012. Rate of interest 7.50% * |
| 4 | Rupee term loan amounting to Rs. 6,333.68 million (March 31, 2012 : Rs. 6,977.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from April 2009. Last installment due in January 2016. Rate of interest 6.75% - 8.25% * |
| 5 | Rupee term loan amounting to Rs. 387.50 million (March 31, 2012 : Rs. 430.00 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from March 2009. Last installment due in December 2015. Rate of interest 7.10% * |
| 6 | Rupee term loan amounting to Rs. 1,680.77 million (March 31, 2012 : Rs. 2,213.35 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 30 quarterly installments commencing from January 2012. Last installment due in April 2019. Rate of interest 7.10% - 8.50% * |
| 7 | Rupee term loan amounting to Rs. 668.56 million (March 31, 2012 : Rs. 626.79 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from June 2013. Last installment due in March 2020. Rate of interest - 6.75% p.a.* for Rs. 437.38 million and 11.75% p.a. for Rs. 231.18 million |
| 8 | Rupee term loan amounting to Rs. 238.77 million (March 31, 2012 : Rs. 7.60 Million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 32 quarterly installments commencing from March 2014. Last installment due in December 2021. Rate of interest 7.00% * |
| 9 | Rupee term loan amounting to Rs. 183.00 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from December 2014 . Last installment due in September 2021. Rate of Interest 7.25% - 8.50% p.a.* |
| 10 | Rupee term loan amounting to Rs. 474.82 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from January 2015 . Last installment due in October 2021. Rate of Interest 7% p.a. * |
| 11 | Rupee term loan amounting to Rs. 250.00 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from March 2015 . Last installment due in December 2021. Rate of Interest 12.65% p.a. |
| * Rate of Interest is considered net of 4% - 5% interest reimbursement under TUF scheme, where applicable. | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 6 : Deferred Tax Liabilities (Net) | | |
| Deferred Tax Liabilities arising on account of Timing differences in : | | |
| - Depreciation | 2,400.22 | 2,188.13 |
| Deferred Tax Asset arising on account of Timing differences in : | | |
| - Provision for Doubtful Debts/ Advances | 15.40 | 8.34 |
| - Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961 | 13.33 | 4.13 |
| - Provision for Employee Benefits | 15.15 | 10.37 |
| - Expenses inadmissible under Section 40(a) of the Income Tax Act, 1961 | 2.53 | 1.48 |
| - Others | 1.00 | 1.82 |
| Total | 2,352.81 | 2,161.99 |
| Note 7 : Other Long-term Liabilities | | |
| Security Deposits | 6.30 | 16.50 |
| Total | 6.30 | 16.50 |
| Note 8 : Long-term Provisions | | |
| Provision for Compensated Absences | 45.66 | 33.01 |
| Total | 45.66 | 33.01 |
| Note 9 : Short-term Borrowings | | |
| Secured : | | |
| - Working Capital Loans from Banks [Refer Note below] | 5,859.16 | 4,520.74 |
| Unsecured : | | |
| - Working Capital Loans from Banks | 841.12 | 396.77 |
| Total | 6,700.28 | 4,917.51 |
| Note : | | |
| The working capital loans, which includes cash credit and packing credit from banks, are secured by hypothecation of raw materials, stock-in-process, finished goods, semi finished goods, stores, spares and book debts and other current assets of the Company and second charge on entire fixed assets of the Company. | | |
| Note 10 : Trade Payables | | |
| Acceptances | 627.66 | 609.98 |
| Trade Payables | | |
| - Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 53) | 22.77 | 13.53 |
| - Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises | 1,991.10 | 2,013.64 |
| Total | 2,641.53 | 2,637.15 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 11 : Other Current Liabilities | | |
| Current Maturities of Long Term Debt | | |
| - Rupee Term Loans from Banks [Refer Note 5] | 940.77 | 2,283.14 |
| - From Others | | |
| - Inter-corporate Loan from Welspun Investments and Commercials Limited | - | 79.50 |
| - Inter-corporate Loan from Welspun Retail Limited | - | 333.79 |
| Interest Accrued but not due on Borrowings | 83.74 | 86.15 |
| Interest Accrued and due on Borrowings | - | 1.20 |
| Security Deposits | 27.08 | 13.68 |
| Advances from Customers | 117.67 | 11.70 |
| Temporary Overdraft with Scheduled Banks | 131.26 | 156.88 |
| Unpaid dividends (Refer Note below) | 1.60 | 0.47 |
| Statutory dues (including Provident Fund and Tax deducted at Source) | 48.67 | 44.47 |
| Employee Benefits Payable | 157.52 | 161.74 |
| Creditors for Capital Purchases | 185.38 | 183.56 |
| Other Payables | 24.61 | 19.18 |
| Total | 1,718.30 | 3,375.46 |
| Note : | | |
| "There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end." | | |
| Note 12 : Short-term Provisions | | |
| Provision for employee benefits | | |
| - Provision for Compensated Absences | 2.98 | 5.23 |
| Others | | |
| - Taxation | - | 63.08 |
| (Net of Advance Tax and Tax Deducted at Sources March 31, 2013 : Nil; March 31, 2012 : Rs. 1,119.99 million) | | |
| - Fringe Benefit Tax (Net of Advance Tax Rs. 36.11 million; March 31, 2012 : Rs. 36.11 million) | 1.90 | 1.90 |
| - Provision for mark-to-market losses on derivatives | 6.88 | 12.82 |
| - Provision for proposed final dividend on equity shares | 200.05 | - |
| - Provision for dividend distribution tax on proposed final dividend on equity shares | 34.00 | - |
| Total | 245.81 | 83.03 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13. Tangible Assets

(Rs. million)

| PARTICULARS | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | | | |
|--|----------------------|---|--|---------------------------|--|----------------------|---------------------------------|---|--|-----------------|------------------------------|---------------------------------|----------------------|----------------------|
| | As At March 31, 2012 | Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement | Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement | Additions during the year | Deletions/ Adjustments during the year | As At March 31, 2013 | Accumulated upto March 31, 2012 | Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement | Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement | For the Year | On Deletions during the year | Accumulated upto March 31, 2013 | As At March 31, 2013 | As At March 31, 2012 |
| Own Assets : | | | | | | | | | | | | | | |
| Freehold Land | 138.05 | - | - | - | - | 138.05 | - | - | - | - | - | - | 138.05 | 138.05 |
| Buildings | 3,457.52 | - | - | 305.46 | 0.51 | 3,762.47 | 601.69 | - | - | 99.86 | 0.19 | 701.36 | 3,061.11 | 2,855.83 |
| Leasehold Improvements | 49.22 | - | - | - | - | 49.22 | 18.39 | - | - | 5.23 | - | 23.62 | 25.60 | 30.83 |
| Plant and Machinery (Refer Note 1 and 2 below) | 18,698.27 | - | - | 1,587.63 | 148.02 | 20,137.88 | 6,435.44 | - | - | 1,161.80 | 56.26 | 7,540.98 | 12,596.90 | 12,262.83 |
| Vehicles | 38.69 | - | - | 26.47 | 3.97 | 61.19 | 19.79 | - | - | 13.41 | 2.31 | 30.89 | 30.30 | 18.90 |
| Furniture and Fixtures | 155.72 | - | - | 15.81 | 1.71 | 169.82 | 55.52 | - | - | 10.36 | 0.50 | 65.38 | 104.44 | 100.20 |
| Office Equipment | 79.63 | - | - | 8.63 | 0.64 | 87.62 | 28.96 | - | - | 10.63 | 0.30 | 39.29 | 48.33 | 50.67 |
| Computers | 184.68 | - | - | 5.33 | - | 190.01 | 110.86 | - | - | 17.76 | - | 128.62 | 61.39 | 73.82 |
| Total (A) | 22,801.78 | - | - | 1,949.33 | 154.85 | 24,596.26 | 7,270.65 | - | - | 1,319.05 | 59.56 | 8,530.14 | 16,066.12 | 15,531.13 |
| Assets given on Operating Lease: | | | | | | | | | | | | | | |
| Buildings | 13.99 | - | - | - | - | 13.99 | 3.22 | - | - | 0.23 | - | 3.45 | 10.54 | 10.77 |
| Plant and Machinery | 42.49 | - | - | - | 7.31 | 35.18 | 33.31 | - | - | 0.60 | 4.38 | 29.53 | 5.65 | 9.18 |
| Total (B) | 56.48 | - | - | - | 7.31 | 49.17 | 36.53 | - | - | 0.83 | 4.38 | 32.98 | 16.19 | 19.95 |
| Total (A) + (B) | 22,858.26 | - | - | 1,949.33 | 162.16 | 24,645.43 | 7,307.18 | - | - | 1,319.88 | 63.94 | 8,563.12 | 16,082.31 | 15,551.08 |
| March 31, 2012 | 21,430.70 | 6.28 | 6.28 | 1,509.35 | 81.79 | 22,858.26 | 6,161.82 | 1.57 | 1.57 | 1,180.50 | 35.14 | 7,307.18 | 15,551.08 | 15,268.88 |

* Certain assets aggregating Rs. 7.91 million were given on operating lease. During the year, the lease has been terminated. Accordingly, these assets have now been included under "Own Assets".

Notes :

- Borrowing Costs aggregating Rs. 48.34 million (Previous Year: Rs. 23.09 million) (net of interest subsidy of Rs. 22.58 million; Previous Year: Rs. 9.76 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.
- Deletions/ Adjustments for Plant and Machinery includes adjustments for the capital subsidy of Rs. 69.52 million (Previous Year : Nil) granted under the Technology Upgradation Fund (TUF) Scheme.

14. Intangible Assets

(Rs. million)

| PARTICULARS | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | | | |
|-----------------------|----------------------|---|--|---------------------------|--|----------------------|---------------------------------|---|--|--------------|------------------------------|---------------------------------|----------------------|----------------------|
| | As At March 31, 2012 | Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement | Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement | Additions during the year | Deletions/ Adjustments during the year | As At March 31, 2013 | Accumulated upto March 31, 2012 | Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement | Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement | For the Year | On Deletions during the year | Accumulated upto March 31, 2013 | As At March 31, 2013 | As At March 31, 2012 |
| Own Assets | | | | | | | | | | | | | | |
| Computer Software | 62.24 | - | - | 25.21 | - | 87.45 | 47.50 | - | - | 8.21 | - | 55.71 | 31.74 | 14.74 |
| Goodwill | 1.56 | - | - | - | - | 1.56 | 1.56 | - | - | - | - | 1.56 | - | - |
| Total | 63.80 | - | - | 25.21 | - | 89.01 | 49.06 | - | - | 8.21 | - | 57.27 | 31.74 | 14.74 |
| March 31, 2012 | 61.70 | 7.43 | 7.43 | 2.10 | - | 63.80 | 42.13 | 1.05 | 1.05 | 6.93 | - | 49.06 | 14.74 | 19.57 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 15 : Non-current Investments | | |
| Trade Investments (valued at cost unless stated otherwise) | | |
| Unquoted Equity instruments | | |
| In Subsidiaries | | |
| 20,000,000 (March 31, 2012 : 20,000,000) Equity Shares of Rs. 10 each fully paid up of Welspun Retail Limited | 499.63 | 499.63 |
| 15,854,375 (March 31, 2012 : 13,464,800) 0% Redeemable Preference Shares of Rs. 10 each fully paid up of Welspun Retail Limited | 2,524.23 | 134.65 |
| - (March 31, 2012 : 29,999,998) Equity Shares of Peso 1 each fully paid up of Welspun Mexico S. A. de C. V., (Refer Note below) | - | 0.12 |
| 10,000 (March 31, 2012 : 10,000) Equity Shares of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited | 0.10 | 0.10 |
| In Joint Venture Companies | | |
| 2,750,000 (March 31, 2012 : 2,750,000) Equity Shares of Rs.10 each fully paid up of Welspun Zucchi Textiles Limited | 34.56 | 34.56 |
| In Associate Companies | | |
| 6,108,253 (March 31, 2012 : 15,000) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited | 61.08 | 0.15 |
| 46,606,747 (March 31, 2012 : Nil) 6% Non-cumulative Redeemable Preference Shares of Rs. 10 each of Welspun Captive Power Generation Limited | 466.07 | - |
| 668,706 (March 31, 2012 : 668,706) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc. | 146.88 | 146.88 |
| 1,500 (March 31, 2012 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus | 111.52 | 111.52 |
| Less : Provision for other than temporary Diminution in value of investment | 81.79 | 81.79 |
| | 29.73 | 29.73 |
| Other Investments (valued at cost unless stated otherwise) | | |
| a) Quoted Equity Instruments | | |
| 283,500 (March 31, 2012 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited | 18.94 | 18.94 |
| Less : Provision for other than temporary diminution in value of investment | 13.34 | 13.34 |
| | 5.60 | 5.60 |
| 80 (March 31, 2012 : 80) Equity Shares of Rs. 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited | * | * |
| b) Others | | |
| 100 (March 31, 2012 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited | * | * |
| National Saving Certificates (Lodged with District Magistrate, Valsad) | - | 0.01 |
| Investment - Indiafirst SM | 1.22 | 0.64 |
| Investment - Canara HSBC | 0.30 | - |
| Total | 3,769.40 | 852.07 |
| Aggregate amount of Unquoted Investments | 3,763.80 | 846.47 |
| Aggregate amount of Quoted Investments | 5.60 | 5.60 |
| Market Value of Quoted Investments | 2.61 | 3.03 |
| Aggregate provision for diminution in value of Investments | 95.13 | 95.13 |
| * Less than Rs.10,000 | | |
| Note : | | |
| On March 28, 2013, Company sold the entire shareholding of Welspun Mexico S. A. de C. V. at a sale consideration of USD 999 to Servicios Empresariales Cemmu, S.A. De C.V. | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 16 : Long-term Loans and Advances | | |
| Unsecured, considered good (unless otherwise stated) : | | |
| Capital Advances to Related Parties | | |
| - Wel-treat Enviro Management Organisation Limited | 75.00 | 75.00 |
| - Welspun Projects Limited | 26.64 | 12.64 |
| Capital Advances to Others | 795.74 | 131.14 |
| Security Deposits to Related Parties | | |
| - Welspun Realty Private Limited | 124.25 | 142.25 |
| - Mertz Securities Limited | 7.00 | 8.01 |
| Security Deposits to Others | 52.05 | 43.35 |
| Loans to Related Parties | | |
| - BESA Developers and Infrastructure Private Limited | - | 6.50 |
| Preference Share pending allotment - Welspun Retail Limited | - | 2,389.58 |
| Share Application pending allotment - Welspun Captive Power Generation Limited | 122.85 | 554.50 |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 10.64 | 11.46 |
| Other Loans and Advances | | |
| - Advance Tax and Tax Deducted at Source (Net of Provision for tax March 31, 2013 : Rs. 1,222.07 million; March 31, 2012 : Nil) | 114.78 | - |
| - Balances with Customs, Excise, Sales Tax and other Government Authorities | | |
| - Considered Good | 108.48 | 108.48 |
| - Considered Doubtful | 7.72 | 7.72 |
| | 116.20 | 116.20 |
| Less : Provision for Doubtful Balances | 7.72 | 7.72 |
| | 108.48 | 108.48 |
| Total | 1,437.43 | 3,482.91 |
| Note 17 : Other Non-current Assets | | |
| Minimum Alternative Tax Credit Entitlement | 395.74 | 343.19 |
| Statusholder Incentive Scrips in Hand | 127.03 | - |
| Fixed deposits with Banks with maturity period more than 12 months | 678.91 | 362.27 |
| Margin Money Deposit Accounts | 1.08 | 0.08 |
| Total | 1,202.76 | 705.54 |
| Note 18 : Current Investments | | |
| a) Trade Investments (valued at cost unless stated otherwise) | | |
| Unquoted equity instruments | | |
| Current portion of long term Investments In Wholly Owned Subsidiary | | |
| - (March 31, 2012 : 17,000) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland (Refer Note 38) | - | 739.12 |
| Less : Provision for other than temporary Diminution in value of investment | - | 739.12 |
| | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| b) Non Trade - (Quoted) (At Cost or market value whichever is less) | | |
| - (March 31, 2012 - 136) 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each | - | 140.08 |
| - (March 31, 2012 - 66) 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 66.85 |
| - (March 31, 2012 - 9) 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.09 |
| - (March 31, 2012 - 900) 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 900.09 |
| - (March 31, 2012 - 42) 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 41.48 |
| - (March 31, 2012 - 10) 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.92 |
| - (March 31, 2012 - 24) 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each | - | 29.78 |
| 2,850,000 (March 31, 2012 - Nil) 8.97% GOI 05-12-2030 Bonds of Face Value of Rs. 100 each | 311.63 | - |
| 3,580 (March 31, 2012 - Nil) 0% IFCI DDB 2033 Bonds of Face Value of Rs. 25,000 each | 23.27 | - |
| 600 (March 31, 2012 - Nil) Certificate of Deposit - Bank of India | 59.05 | - |
| Total | 393.95 | 1,197.29 |
| Aggregate amount of quoted investments | | |
| Market Value of quoted investments | 393.95 | 1,197.29 |
| Aggregate provision for diminution in value of investments | 397.23 | 1,227.27 |
| | - | 739.12 |
| Note 19 : Inventories | | |
| Raw Materials (Includes in transit Rs. 47.59 million; March 31, 2012 : Rs. 82.85 million) | 2,654.27 | 2,043.17 |
| Packing Materials | 94.05 | 110.03 |
| Work-in-Progress | 1,871.84 | 1,868.41 |
| Finished Goods | 356.92 | 377.89 |
| Traded Goods | 15.54 | 41.23 |
| Stores, Spares, Dyes and Chemicals | 107.50 | 106.61 |
| Total | 5,100.12 | 4,547.34 |
| Details of Inventory : | | |
| (a) Details of Goods Manufactured | | |
| Terry Towels | 133.84 | 157.69 |
| Cotton Yarn | 40.75 | 24.87 |
| Bed Linen Products | 150.26 | 141.12 |
| Rugs | 22.00 | 47.19 |
| Others | 10.07 | 7.02 |
| Total | 356.92 | 377.89 |
| (b) Details of Work-in-Progress | | |
| Terry Towels | 554.87 | 727.15 |
| Cotton Yarn | 75.96 | 74.83 |
| Bed Linen Products | 1,158.40 | 1,001.75 |
| Rugs | 69.27 | 64.68 |
| Others | 13.34 | - |
| Total | 1,871.84 | 1,868.41 |
| (c) Details of Traded Goods | | |
| Bath Robe and Mats | 1.23 | 2.45 |
| Bed Sheet, Quilt and Others | 8.03 | 25.53 |
| Curtain, Cushions and Carpet | 6.28 | 13.25 |
| Total | 15.54 | 41.23 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 20 : Trade Receivables | | |
| Unsecured | | |
| Debts Outstanding for a period exceeding six months from the date they are due for payment : | | |
| - Considered Good | 0.84 | - |
| - Considered Doubtful | 2.95 | 2.95 |
| | 3.79 | 2.95 |
| Less : Provision for Doubtful Debts | 2.95 | 2.95 |
| | 0.84 | - |
| Other Debts : | | |
| - Considered Good | 1,136.00 | 2,059.79 |
| Total | 1,136.84 | 2,059.79 |
| Note 21 : Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | 1.10 | 0.74 |
| Bank balances | | |
| - In current accounts | 1,278.67 | 329.61 |
| - Fixed deposits (less than 3 months maturity) | 55.46 | 15.19 |
| - In Exchange Earners Foreign Currency Accounts (March 31, 2013 : Nil ; March 31, 2012 : USD 1,717.49) | - | 0.09 |
| | 1,335.23 | 345.63 |
| Other Bank balances | | |
| - Fixed deposits | 142.22 | 620.35 |
| - Unpaid dividend account | 1.60 | 0.47 |
| Total | 1,479.05 | 966.45 |
| Note 22 : Short-term Loans and Advances | | |
| Unsecured considered good, unless otherwise stated : | | |
| Loans to Related Parties | | |
| Considered Doubtful | | |
| - Welspun AG, Switzerland (Refer Note 38) | - | 1,220.58 |
| Less : Provision for Doubtful Loan | - | 1,220.58 |
| | - | - |
| - Intercorporate Deposit to Besa Developers and Infrastructure Private Limited (Refer Note below) | 781.70 | - |
| Advances to Related Parties | | |
| - Welspun Retail Limited | 1.75 | - |
| - Welspun Logistics Limited | - | 0.63 |
| - Welspun Mexico S.A. de C.V | - | 7.36 |
| - Welspun Captive Power Generation Limited | 2.70 | - |
| - Welspun Corp Limited | 1.97 | - |
| - Welspun Projects Limited | 0.88 | - |
| - Welspun Maxsteel Limited | 0.33 | - |
| - Welspun Enegry Limited | 0.18 | - |
| - CHT Holdings Limited | 5.78 | - |
| - Welspun USA Inc. | 16.36 | - |
| - Welspun Home Textiles UK Limited | 4.63 | - |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 404.51 | 267.71 |
| Others | | |
| Balances with Customs, Excise, Sales Tax and other Government Authorities | | |
| Considered Good | 806.46 | 465.59 |
| Considered Doubtful | 34.65 | 25.39 |
| Less : Provision for Doubtful Balances | 34.65 | 25.39 |
| | 806.46 | 465.59 |
| Security Deposits to Related Parties | | |
| - Welspun Realty Private Limited | 18.00 | 18.00 |
| - Mertz Securities Limited | 1.00 | 1.00 |
| Security Deposits to Others | 1.17 | 0.74 |
| Total | 2,047.42 | 761.03 |
| Note : | | |
| On January 29, 2013, the Company advanced short term Intercorporate loan carrying simple interest @11% to Besa Developers and Infrastructure Private Limited. This loan is repayable within six months. | | |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 23 : Other Current Assets | | |
| Receivable from Related Parties | | |
| - Welspun Retail Limited | - | * |
| Minimum Alternative Tax Credit Entitlement | - | 296.47 |
| Technology Upgradation Fund Credit Receivable | 263.24 | 302.42 |
| Interest Accrued on Loan given to Besa Developers and Infrastructure Private Limited | 14.00 | - |
| Interest Accrued on Bonds/ Certificate of Deposits | 8.17 | 56.40 |
| Interest Accrued - Others | 1.40 | - |
| Interest Accrued on Deposits | 77.35 | 105.03 |
| Gratuity Fund (Net) | 4.07 | 6.28 |
| Total | 368.23 | 766.60 |
| * Less than Rs. 10,000 | | |

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|------------------------------|
| Note 24 : Revenue from Operations | | | |
| Sale of Products | | | |
| Finished Goods | | 28,556.19 | 23,819.19 |
| Traded Goods | | 101.54 | 101.21 |
| | | 28,657.73 | 23,920.40 |
| Other Operating Revenue | | | |
| Sales Tax Benefit | | 793.47 | 625.74 |
| Sale of Scrap | | 470.30 | 376.25 |
| Job Work and Processing Charges | | 34.06 | 5.06 |
| Export Benefits | | | |
| - Duty Entitlement Pass Book Scheme Benefits | | 1.80 | 835.03 |
| - Focus Market Scheme Benefits | | 505.84 | 310.39 |
| - Duty Drawback Benefits | | 0.04 | 24.93 |
| | | 1,805.51 | 2,177.40 |
| Revenue from Operations (Gross) | | 30,463.24 | 26,097.80 |
| Less : Excise Duty | | 33.78 | 187.85 |
| Revenue from Operations (Net) | | 30,429.46 | 25,909.95 |
| (a) Details of Sales (Finished Goods) | | | |
| Terry Towels | | 14,852.22 | 14,209.57 |
| Cotton Yarn | | 59.05 | 48.02 |
| Bed Linen Products | | 11,378.31 | 7,975.56 |
| Grey Fabric - Bed Linen | | 375.36 | 217.90 |
| Rugs | | 1,797.68 | 1,368.14 |
| Spunless Non Woven - Advanced Textile | | 93.57 | - |
| | | 28,556.19 | 23,819.19 |
| (b) Details of Sales (Traded Goods) | | | |
| Cotton | | 7.25 | 1.37 |
| Cotton Yarn | | 4.34 | 6.78 |
| Others | | 89.95 | 93.06 |
| | | 101.54 | 101.21 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|------------------------------|
| Note 25 : Other Income | | | |
| Interest Income | | | |
| On Fixed Deposits | | 76.12 | 115.92 |
| On Loans given to related parties and others | | 23.10 | - |
| On Bonds | | 74.15 | 64.91 |
| On Others | | 16.36 | 9.65 |
| Cash Discount received | | 50.84 | 35.24 |
| Rent | | 9.14 | 9.02 |
| Dividend Income | | 42.47 | 35.71 |
| Insurance Claim | | 0.01 | 0.04 |
| Claims Received | | 21.51 | - |
| Profit on Redemption / Sale of Units in Mutual Funds | | 1.89 | - |
| Profit on Sale of Bonds / Certificate of Deposits | | 46.49 | 23.23 |
| Provision for Doubtful Debts Written Back | | - | 0.03 |
| Profit on Cancellation of Forward/ Swap Contracts | | 1.80 | 32.38 |
| Exchange Gain (Net) | | 31.00 | - |
| Service Charges | | 8.60 | 8.80 |
| Income on Statusholder Incentive Scrips | | 16.52 | - |
| Commission on Corporate Guarantees Issued | | 26.76 | - |
| Miscellaneous | | 44.96 | 40.95 |
| | | 491.72 | 375.88 |
| Note 26 : Cost of materials consumed | | | |
| Raw material consumed | | | |
| Opening inventory | 2,043.17 | | 1,811.79 |
| Add: Purchases (net) | 16,129.62 | | 12,636.79 |
| Less : Inventory at the end of the year | <u>2,654.27</u> | | <u>2,043.17</u> |
| | | 15,518.52 | 12,405.41 |
| Packing material consumed | | | |
| Opening inventory | 110.03 | | 64.70 |
| Add : Purchases (net) | 1,409.75 | | 1,181.41 |
| Less : Inventory at the end of the year | <u>94.05</u> | | <u>110.03</u> |
| | | 1,425.73 | 1,136.08 |
| | | 16,944.25 | 13,541.49 |
| Note 27 : Purchases of Stock-in-Trade | | | |
| Purchases of Stock-in-Trade | | 81.14 | 153.46 |
| Add : Transfer from Welspun Global Brands Limited on merger | | - | 342.23 |
| Less : Transfer to Welspun Retail Limited on slump sale | | - | <u>342.23</u> |
| | | 81.14 | 153.46 |
| Note 28 : Changes in inventory of finished goods, work-in-progress and stock-in-trade | | | |
| (Increase) / decrease in Stocks | | | |
| Stock at the end of the year : | | | |
| Finished Goods | 356.92 | | 377.89 |
| Work-in-Progress | 1,871.84 | | 1,868.41 |
| Stock-in-trade | <u>15.54</u> | | <u>41.23</u> |
| Total A | <u>2,244.30</u> | | <u>2,287.53</u> |
| Less: Stock Transferred from Trial Run Production | | | |
| Work-in-Process | 1.50 | | - |
| Less : Stock at the beginning of the year : | | | |
| Finished Goods | 377.89 | | 453.83 |
| Work-in-Progress | 1,868.41 | | 2,073.88 |
| Stock-in-trade | <u>41.23</u> | | <u>-</u> |
| Total B | <u>2,287.53</u> | | <u>2,527.71</u> |
| (Increase) / decrease in Stocks (A-B) | | 44.73 | 240.18 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|
| Note 29 : Employee Benefits Expense | | |
| Salaries, Wages, Allowances and Other Benefits | 1,615.65 | 1,341.12 |
| Contribution to Provident and Other Funds | 119.11 | 107.39 |
| Managerial Remuneration | 36.28 | 53.70 |
| Staff and Labour Welfare | 46.67 | 39.44 |
| Total | 1,817.71 | 1,541.65 |

The Company has classified the various benefits provided to employees as under :-

I Defined Contribution Plans

(Rs. million)

| During the year, the Company has recognised the following amounts in the Statement of Profit and Loss: | 2012-2013 | 2011-2012 |
|--|---------------|---------------|
| - Employers' Contribution to Provident Fund * | 45.24 | 41.82 |
| - Employers' Contribution to Employee's State Insurance * | 14.06 | 13.28 |
| - Employers' Contribution to Employee's Pension Scheme * | 58.59 | 50.85 |
| - Employers' Contribution to Superannuation Scheme* | 1.22 | 1.44 |
| | 119.11 | 107.39 |

* Included in Contribution to Provident and Other Funds

II Defined Benefit Plan

Contribution to Gratuity Fund

The Company operates a gratuity plan through the "Welspun India Limited Employees Gratuity Trust". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

| a. Major Assumptions | 2012-2013 % p.a. | 2011-2012 % p.a. |
|---|-------------------------------------|-------------------------------------|
| Discount Rate | 8.25 | 8.75 |
| Expected Rate of Return on Plan Assets | 8.60 | 8.60 |
| Salary Escalation Rate @ | 8% for 5 years and 6% thereafter | 8% for 5 years and 6% thereafter |
| @ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. | | |

(Rs. million)

| b. Change in the Present Value of Obligation | 2012-2013 | 2011-2012 |
|--|---------------|--------------|
| Opening Present Value of Obligation | 93.71 | 89.57 |
| Current Service Cost | 44.15 | 35.32 |
| Interest Cost | 8.20 | 7.61 |
| Benefit/ Exgratia paid | (16.25) | (18.58) |
| Actuarial Loss/ (gain) on Obligations | (15.46) | (20.21) |
| Closing Present Value of Obligation | 114.35 | 93.71 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| c. Change in Fair Value of Plan Assets | 2012-2013 | 2011-2012 |
|---|------------------|------------------|
| Opening Fair Value of Plan Assets | 99.99 | 94.01 |
| Expected Return on Plan Assets | 8.60 | 7.99 |
| Actuarial (Loss)/ gain on Obligations | 1.03 | (3.98) |
| Contributions | 21.71 | 20.55 |
| Benefits paid | (12.91) | (18.58) |
| Closing Fair Value of Plan Assets | 118.42 | 99.99 |

(Rs. million)

| d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets | As At March 31, 2013 | As At March 31, 2012 |
|--|-----------------------------|-----------------------------|
| Present Value of Funded Obligation | 114.35 | 93.71 |
| Fair Value of Plan Assets | 118.42 | 99.99 |
| Funded Status | 118.42 | 99.99 |

(Rs. million)

| e. Amount recognised in the Balance Sheet | As At March 31, 2013 | As At March 31, 2012 |
|--|-----------------------------|-----------------------------|
| Present Value of Obligation | 114.35 | 93.71 |
| Fair Value of Plan Assets | 118.42 | 99.99 |
| Assets recognised in the Balance Sheet and included under Other Current Assets (Refer Note 23) | (4.07) | (6.28) |

(Rs. million)

| f. Expenses Recognised in the Statement of Profit and Loss | 2012-2013 | 2011-2012 |
|---|------------------|------------------|
| Current Service Cost | 44.15 | 35.32 |
| Interest Cost | 8.20 | 7.61 |
| Expected Return on Plan Assets | (8.60) | (7.99) |
| Net Actuarial Loss/ (gain) recognised in the year | (16.49) | (16.23) |
| Total expenses recognised in the Statement of Profit and Loss | 27.26 * | 18.71* |

*Included in Employee Benefits Expense above

| g. Major Category of Plan Asset as a % of total Plan Assets | As At March 31, 2013 | As At March 31, 2012 |
|--|-----------------------------|-----------------------------|
| Insurer managed funds | 100.00 | 100.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| h. | Amounts recognised in current year and previous four years | As At March 31, 2013 | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2010 | As At March 31, 2009 |
|----|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Defined Benefit obligation at the end of the year | 114.35 | 93.71 | 89.56 | 55.60 | 52.16 |
| | Fair Value of Plan Assets | 118.42 | 99.99 | 94.01 | 65.13 | 50.55 |
| | (Surplus)/ Deficit | (4.07) | (6.28) | (4.45) | (9.53) | 1.61 |
| | Experience gain/ (loss) adjustments on plan liabilities | 19.86 | 18.33 | 5.86 | 3.57 | (0.84) |
| | Experience gain/ (loss) adjustments on plan assets | (1.03) | (3.98) | 0.51 | 14.73 | (7.53) |
| | Actuarial gain/(loss) due to change in assumptions | (2.33) | 1.88 | (23.63) | (2.99) | (0.36) |

(Rs. million)

| i. | Expected Contribution to the funds in the next year | As At March 31, 2013 | As At March 31, 2012 |
|----|---|----------------------|----------------------|
| | Gratuity | 29.72 | 37.88 |

III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 48.64 million (March 31, 2012: Rs. 38.24 million).

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|---------------------------|
| Note 30 : Finance Costs | | | |
| Interest on Long term borrowings (net of interest subsidy of Rs. 477.54 million, Previous Year : Rs. 580.85 million) | | 747.19 | 947.61 |
| Interest on Short Term borrowings | | 539.58 | 379.04 |
| Interest to Others | | 19.98 | 22.67 |
| Discounting and Bank Charges | | 77.56 | 89.19 |
| Total | | 1,384.31 | 1,438.51 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|------------------------------|------------------------------|------------------------------|
| Note 31 : Depreciation and Amortization Expense | | | |
| Depreciation on Tangible assets | | 1,319.88 | 1,180.50 |
| Amortisation on Intangible assets | | 8.21 | 6.93 |
| Total | | 1,328.09 | 1,187.43 |
| Note 32 : Other Expenses | | | |
| Stores and Spares Consumed | | 467.00 | 395.62 |
| Dyes and Chemicals Consumed | | 1,785.43 | 1,459.54 |
| Contract Labour Charges | | 571.01 | 450.50 |
| Job Work Expenses | | 591.84 | 596.62 |
| Power, Fuel and Water Charges | | 2,602.99 | 2,317.67 |
| Excise Duty [Refer Note (a) below] | | - | (0.53) |
| Repairs and Maintenance: | | | |
| Plant and Machinery | | 84.83 | 75.52 |
| Factory Building | | 31.29 | 14.21 |
| Others | | 65.17 | 37.97 |
| Claims, Discounts and Rebates | | 169.96 | 75.23 |
| Brokerage and Commission | | 28.85 | 22.93 |
| Freight, Forwarding and Coolie Charges | | 102.85 | 47.41 |
| Electricity Expenses | | 11.96 | 10.39 |
| Directors' Sitting Fees | | 1.27 | 0.60 |
| Rent | | 99.78 | 76.30 |
| Rates and Taxes | | 12.80 | 5.72 |
| Printing and Stationery | | 8.51 | 7.75 |
| Travelling and Conveyance | | 91.35 | 70.36 |
| Legal and Professional Charges | | 71.52 | 48.35 |
| Security Expenses | | 26.65 | 19.48 |
| Insurance | | 52.30 | 36.97 |
| Communication | | 9.36 | 9.80 |
| Postage and Courier | | 6.47 | 5.66 |
| Loss on Sale/ Discarding of Fixed Assets (Net) | | 16.56 | 39.17 |
| Loss on Redemption/ Sale of Units in Mutual Funds | | - | 0.22 |
| Loss on Sale of Investments | | 0.07 | - |
| Provision for Doubtful Advances | | 9.26 | 13.38 |
| Exchange Loss (Net) | | - | 40.48 |
| Bad Debts/ Advances written off | 1,304.43 | - | 0.25 |
| Less : Provision for Doubtful Debts/ Advances written back | <u>1,304.43</u> | - | - |
| Investments Written Off | 739.12 | - | - |
| Less : Provision for diminution in value of Investments written back | <u>739.12</u> | - | - |
| Design and Development Expenses | | 8.21 | 1.57 |
| Advertising and Sales Promotion | | 12.44 | 25.48 |
| Donations [Refer Note (c) below] | | 63.67 | 11.10 |
| Auditors' Remuneration | | | |
| - As Auditors | | 5.35 | 3.59 |
| - In other capacity - As Tax Auditors | | 0.40 | 0.40 |
| - Certification and Other Matters | | 1.18 | 0.48 |
| - Out of Pocket Expenses | | 0.02 | 0.15 |
| Miscellaneous | | 38.96 | 11.45 |
| Total | | 7,049.31 | 5,931.79 |
| Notes : | | | |
| (a) Represents excise duty related to difference between the closing stock and opening stock | | | |
| (b) Expenses capitalised as a part of Capital Work-in-progress | | | |
| Interest Cost (Net of interest subsidy of Rs.14.28 million) | | 35.81 | 41.74 |
| Employee Costs | | 32.08 | 20.95 |
| Other Expenses | | 126.30 | 5.75 |
| Total | | 194.19 | 68.44 |
| (c) Donations includes a political contribution of Rs. 1.5 million made to Bhartiya Janata Party. | | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

33 Contingent Liabilities

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Excise, Customs and Service Tax Matters | 696.46 | 677.48 |
| Income Tax Matters | 135.77 | - |
| Stamp Duty Matter | 4.46 | 4.46 |
| Sales Tax | 36.81 | 36.44 |
| Corporate Guarantees (Refer Note 35) | 7,672.85 | 7,705.13 |
| Bank Guarantees | 82.49 | 166.89 |
| Claims against Company not acknowledged as debts | 3.66 | 5.51 |

34 Capital and Other Commitments

(a) Capital Commitments

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances) | 3,810.76 | 298.63 |

(b) Other Commitments

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| In accordance with the EPCG Scheme, imports of capital goods are allowed to be made duty free and under Advance License Scheme, imports of raw material are allowed to be made duty free, subject to the condition that the Company will fulfill, in future, a specified amount of export obligation within a specified time. Based on the current operating plan, the Company would fulfill its export obligation within the specified time period. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Company. | 9.27 | - |

- 35** The Company has issued corporate guarantees aggregating Rs. 8,852.01 million as at the year end (March 31, 2012: Rs. 8,891.90 million) on behalf of Welspun Retail Limited (WRL), Welspun USA Inc. ('WUSA'), Welspun Home Textiles UK limited ('WHTL'), Welspun Captive Power Generation Limited (WCPGL) and CHT Holdings Limited ('CHTHL'). Liability outstanding against which corporate guarantees have been issued aggregates Rs. 7,672.85 million as on March 31, 2013 (March 31, 2012: Rs. 7,705.13 million)
- 36** During an earlier year, the Company had recognised deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain Excise and Value Added Tax incentives as 'capital receipts' for income tax purposes. Income Tax authorities have passed orders treating these incentives as revenue in nature. The Company has filed appeals against the aforesaid orders. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year end could be significantly impacted.
- 37** The composite scheme of arrangement (the "Scheme") between Welspun Global Brands Limited (WGBL) (Transferor Company), the Company (First Transferee Company) and Welspun Retail Limited ("WRL"- Second Transferee Company) was approved by the High Court of Gujarat at Ahmedabad by its order dated November 26, 2012. The order has been filed with the Registrar of Companies on December 7, 2012. Pursuant to the Scheme 10,475,496 equity shares of Rs. 10 each included in Share Suspense Account were allotted during the year.
- 38** The Company's wholly owned subsidiary in Switzerland, Welspun AG (WAG) has been liquidated on March 27, 2013. Consequently, the Company has written off investment in WAG aggregating Rs.739.12 million and outstanding loan and advances aggregating Rs.1,304.43 million from WAG. The investment and loan had been fully provided in earlier years. Accordingly, the provision has been written back during the year. Further, the company had made an incremental provision for the aforesaid doubtful loan arising out of the restatement upto the date of liquidation of the foreign currency balance as at March 31, 2012. The provision aggregating Rs. 83.85 million has been included in extraordinary items and the corresponding gain on restatement is netted off in other expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

39 During the previous year, the Company had inadvertently made certain investments aggregating Rs. 1,197.29 million in the bonds issued by certain public sector undertakings without obtaining prior approval of the shareholders by way of a special resolution as required under Section 372A of the Companies Act, 1956. Subsequent to March 2012, these investments were sold. Further, the Company has filed a suo motu application to the Company Law Board in the Financial Year 2012-13 for the compounding of this offence and adjudication by the Company Law Board is pending.

40 Details of Employees Stock Options

On June 30, 2009, the Company issued Employee Stock Options (ESOP) under the Employee Stock Options Scheme (the "Scheme") to employees of the Company with a right to subscribe to equity shares ("New Options") at a price of Rs. 35.60 per equity share (closing market price as on June 30, 2009) with an option to existing grantees, who were granted options on May 17, 2006 ("Old Options"), to receive New Options on surrender of Old Options. All employees holding Old Options on June 30, 2009 chose to surrender the Old Options. The salient features of the Scheme are as under:

- (i) Vesting : Options to vest over a period of four years from the date of their grants as under:
- 20% of the Options granted to vest at each of the 1st and 2nd anniversaries of the date of grant.
 - 30% of the Options granted to vest at each of the 3rd and 4th anniversaries of the date of grant.
- (ii) Exercise : Options vested with an employee will be exercisable within 3 years from the date of their vesting by subscribing to the number of equity shares in the ratio of one equity share for every option at the Exercise Price. In the event of cessation of employment due to death, resignation or otherwise, the Options may lapse or be exercisable in the manner specifically provided for in the Scheme.

| | |
|---------------------------|---|
| Date of Grant | June 30, 2009 |
| Number of Options Granted | 2,265,000 |
| Vesting Conditions | The options would vest only if the option grantee continues to be in employment of the Company at the time the options are due to vest. |
| Exercise Period | 3 years |
| Exercise Price | Rs. 35.60 |

| Summary of Stock Options | March 31, 2013 | | March 31, 2012 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | No. of Stock Options | Weighted Average Exercise Price (Rs.) | No. of Stock Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at the beginning of the year | 1,179,250 | 35.60 | 1,606,250 | 35.60 |
| Options granted during the year | - | - | - | - |
| Options exercised during the year | 539,250 | 35.60 | 36,000 | 35.60 |
| Options forfeited/ lapsed during the year | 88,000 | 35.60 | 391,000 | 35.60 |
| Options outstanding at the end of the year | 552,000 | 35.60 | 1,179,250 | 35.60 |
| Options vested but not exercised at the year end | 163,500 | 35.60 | 330,250 | 35.60 |

Information in respect of options outstanding as at March 31, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| No. of Stock Options | Weighted Average remaining life in years | Weighted Average Exercise Price (Rs.) |
|----------------------|--|---------------------------------------|
| 110,400 | 0.25 | 35.60 |
| 110,400 | 1.25 | 35.60 |
| 165,600 | 2.25 | 35.60 |
| 165,600 | 3.25 | 35.60 |

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of underlying share has been determined by an independent valuer. Since, on the date of grant of option, quoted market price of the underlying equity shares of the Company was equal to the exercise price of an option, no expense or liability arising from the Scheme has been recognised.

The Company's earnings per share would have been as under, had the compensation cost for employees stock options been recognised based on the fair value at the date of grant in accordance with Black Scholes' model.

(Rs. million)

| | March 31, 2013 | March 31, 2012 |
|--|----------------|----------------|
| Profit/(Loss) for the year | 1,714.05 | 1,171.10 |
| Less: Additional Employee Compensation Cost based on Fair Value (net of tax) | 0.65 | 2.78 |
| Profit after taxation as per Fair Value Method | 1,713.40 | 1,168.32 |
| Earnings Per Share (EPS) | | |
| Basic | | |
| Number of Shares (Weighted average) | 99,700,852 | 99,468,710# |
| Basic Earnings/(Loss) Per Share as reported | 17.19 | 11.77 |
| Proforma Basic Earnings/(Loss) Per Share | 17.19 | 11.75 |
| Diluted | | |
| Number of Shares (Weighted average) | 100,096,195 | 99,468,710 |
| Diluted EPS as reported | 17.12 | 11.77 |
| Proforma Diluted EPS | 17.12 | 11.75 |

Includes 10,475,496 shares of Rs. 10 each to be issued to shareholders of erstwhile Welspun Global Brands Limited, pursuant to the Scheme of Arrangement with effect from April 1, 2011.

| | Grant Date : June 30, 2009 | | | |
|------------------------------------|----------------------------|--------------|--------------|--------------|
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
| | June30, 2010 | June30, 2011 | June30, 2012 | June30, 2013 |
| Variables | 20% | 20% | 30% | 30% |
| Stock Price | 34.85 | 34.85 | 34.85 | 34.85 |
| Volatility | 63.52% | 59.33% | 54.45% | 53.18% |
| Riskfree Rate | 6.15% | 6.31% | 6.46% | 6.61% |
| Exercise Price | 35.60 | 35.60 | 35.60 | 35.60 |
| Time to Maturity | 2.50 | 3.50 | 4.50 | 5.50 |
| Dividend Yield | 0% | 0% | 0% | 0% |
| Option Fair Value | 14.83 | 16.69 | 17.85 | 19.42 |
| Weighted Average Option Fair Value | 17.49 | | | |

Effect of share-based payment plan on the Balance Sheet and Statement of Profit and Loss:

(Rs. million)

| | March 31, 2013 | March 31, 2012 |
|--|----------------|----------------|
| Expense arising from employee share-based payment plan | - | - |
| Deferred Stock Compensation | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 41 : CIF Value of Imports

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--------------------------------------|------------------------------|------------------------------|
| Raw Materials | 1,182.21 | 735.55 |
| Stores & Spares and Dyes & Chemicals | 176.06 | 245.63 |
| Capital Goods | 246.45 | 1,248.67 |
| Packing Material | 24.04 | 28.00 |
| Others | - | 90.98 |
| Total | 1,628.76 | 2,348.83 |

Note 42 : Expenditure in Foreign Currency

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|-----------------------------------|------------------------------|------------------------------|
| Travelling | 6.84 | 3.71 |
| Repairs and Maintenance | 4.65 | - |
| Legal and Professional Charges | 6.99 | 4.89 |
| Membership and Subscription | 0.58 | - |
| Advertisement and Sales Promotion | 0.30 | 0.23 |
| Interest | 3.92 | 10.36 |
| Others | 1.49 | 5.91 |
| Total | 24.77 | 25.10 |

Note 43 : Details of Consumption and Purchases

(a) Details of Raw Materials and Packing Materials consumed

(Rs. million)

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|-------------------|------------------------------|------------------------------|
| Cotton Yarn | 6,308.24 | 5,526.61 |
| Cotton | 3,743.28 | 4,434.38 |
| Fabric Consumed | 757.30 | 958.14 |
| Others | 233.77 | 154.28 |
| Bed Linen Fabrics | 4,319.50 | 1,332.00 |
| Polywadding | 60.85 | - |
| Fiber | 95.57 | - |
| Packing Materials | 1,425.74 | 1,136.08 |
| Total | 16,944.25 | 13,541.49 |

(b) Value of Imported and Indigenous Raw Materials, Packing Materials and Stores, Spare Parts Consumed and Percentage

1) Raw Materials and Packing Materials

| Particulars | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|--------------|------------------------------|------------------|------------------------------|------------------|
| | % | Rs. Million | % | Rs. million |
| Imported | 4.52% | 765.22 | 2.84% | 384.86 |
| Indigenous | 95.48% | 16,179.03 | 97.16% | 13,156.63 |
| Total | 100.00% | 16,944.25 | 100.00% | 13,541.49 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2) Stores, Spares, Dyes and Chemicals

| Particulars | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|--------------|------------------------------|-----------------|------------------------------|-----------------|
| | % | Rs. Million | % | Rs. million |
| Imported | 7.32% | 164.90 | 11.79% | 218.72 |
| Indigenous | 92.68% | 2,087.53 | 88.21% | 1,636.44 |
| Total | 100.00% | 2,252.43 | 100.00% | 1,855.16 |

Note 44 : Dividend remitted in foreign exchange

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|
| Number of non-resident shareholders | 347 | - |
| Number of shares on which dividend is remitted | 22,571 | - |
| Year to which dividend relates | 2012-2013 | - |
| Amount remitted (Rs. million) | 0.05 | - |

45 Earnings/ (Loss) per Share

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|
| Profit after Tax and before extraordinary items (A) (Rs. in million) | 1,797.90 | 1,455.45 |
| Less : Extraordinary items | (83.85) | (284.35) |
| Profit / (Loss) after tax and extraordinary items (B) (Rs. in million) | 1,714.05 | 1,171.10 |
| Weighted average number of equity shares outstanding during the year (C) | 99,700,852 | 99,468,710 # |
| Add : Weighted average outstanding employee stock options | 395,343 | * |
| Number of Shares for Diluted Earnings Per Share (D) | 100,096,195 | 99,468,710 |
| Basic earnings per share before extraordinary items (A) / (C) | 18.03 | 14.63 |
| Basic earnings / (loss) per share after extraordinary items (B) / (C) | 17.19 | 11.77 |
| Diluted earnings per share before extraordinary items (A) / (D) | 17.96 | 14.63 |
| Diluted earnings / (loss) per share after extraordinary items (B) / (D) | 17.12 | 11.77 |
| Nominal value of an equity share (Rs.) | 10 | 10 |

* There is no increase in number of shares in respect of outstanding employee stock options for the purpose of calculation of diluted earnings per share as the average market value of the shares for the last six months is lower than the exercise price.

Includes 10,475,496 shares of Rs. 10 each to be issued to shareholders of erstwhile Welspun Global Brands Limited, pursuant to the Scheme of Arrangement with effect from April 1, 2011

46 Segment Information for the year ended March 31, 2013.

(i) Information about Primary Business Segment

The Company is exclusively engaged in the business of Home Textiles which, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, is considered to constitute a single primary segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the period are all as reflected in the financial statements for the year ended March 31, 2013 and as on that date.

(ii) Information about Secondary Geographical Segments:

The Company is exclusively engaged in sales to customers located in India. Consequently the Company does not have separate reportable geographical segments for March 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 47 : Investments

The following table includes the classification of investments in accordance with AS 13-Accounting for Investments

| | (Rs. million) | |
|--|-------------------------|-------------------------|
| | As At March 31, 2013 | As At March 31, 2012 |
| Long Term Investments | | |
| National Saving Certificates (Lodged with District Magistrate, Valsad) | - | 0.01 |
| Investment - Indiafirst SM | 1.22 | 0.64 |
| Investment - Canara HSBC | 0.30 | - |
| Nil (March 31, 2012 : 29,999,998) Equity Shares of Peso 1 each fully paid up of Welspun Mexico S. A. de C. V., | - | 0.12 |
| 10,000 (March 31, 2012 : 10,000) Equity Shares of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited | 0.10 | 0.10 |
| 20,000,000 (March 31, 2012 : 20,000,000) Equity Shares of Rs.10 each fully paid up of Welspun Retail Limited | 499.63 | 499.63 |
| 15,854,375 (March 31, 2012 : 13,464,800) Preference Shares of Rs.10 each fully paid up of Welspun Retail Limited | 2,524.23 | 134.65 |
| 2,750,000 (March 31, 2012 : 2,750,000) of Rs.10 each fully paid up of Welspun Zucchi Textiles Limited | 34.56 | 34.56 |
| 6,108,253 (March 31, 2012 : 15,000) of Rs.10 each fully paid up of Welspun Captive Power Generation Limited | 61.08 | 0.15 |
| 46,606,747 (March 31, 2012 : Nil) 6% Non-cumulative Redeemable Preference Shares of Rs.10 each of Welspun Captive Power Generation Limited | 466.07 | - |
| 100 (March 31, 2012 : 100) Equity Shares of Rs.10 each fully paid up of Welspun Power and Steel Limited | * | * |
| 668,706 (March 31, 2012 : 668,706) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc. | 146.88 | 146.88 |
| 80 (March 31, 2012 : 80) Equity Shares of Rs.10 each fully paid up of Khaitan Chemicals & Fertilizers Limited | * | * |
| 1,500 (March 31, 2012 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus | 111.52 | 111.52 |
| Less : Provision for other than temporary Diminution in value of investment | 81.79 | 81.79 |
| | 29.73 | 29.73 |
| 283,500 (March 31, 2012 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited | 18.94 | 18.94 |
| Less : Provision for other than temporary Diminution in value of investment | 13.34 | 13.34 |
| | 5.60 | 5.60 |
| (March 31, 2012 : 17,000) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland | - | 739.12 |
| Less : Provision for other than temporary Diminution in value of investment | - | 739.12 |
| | - | - |
| Total Long Term Investments | 3,769.40 | 852.07 |
| Current Investments | | |
| (March 31, 2012 - 136) 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each | - | 140.08 |
| (March 31, 2012 - 66) 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 66.85 |
| (March 31, 2012 - 9) 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.09 |
| (March 31, 2012 - 900) 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 900.09 |
| (March 31, 2012 - 42) 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 41.48 |
| (March 31, 2012 - 10) 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.92 |
| (March 31, 2012 - 24) 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each | - | 29.78 |
| 2,850,000 (March 31, 2012 : Nil) 8.97% GOI 05-12-2030 Bonds of Face Value of Rs. 100 each | 311.63 | - |
| 3,580 (March 31, 2012 : Nil) 0% IFCI DDB 2033 Bonds of Face Value of Rs. 25,000 each | 23.27 | - |
| 600 (March 31, 2012 : Nil) Certificate of Deposit - Bank of India | 59.05 | - |
| Total Current Investments | 393.95 | 1,197.29 |
| Total Investments (Current and Long Term) | 4,163.35 | 2,049.36 |
| * Less than Rs.10,000 | | |
| Disclosed Under: | | |
| Non Current Investments (Refer Note 15) | 3,769.40 | 852.07 |
| Current Investments (Refer Note 18) | 393.95 | 1,197.29 |
| Total | 4,163.35 | 2,049.36 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

48 Related Party Disclosures

(i) Relationships

| | | Control |
|-----|--|--|
| (a) | Subsidiary Companies | Welspun AG (WAG) (Up to March 27, 2013) Besa Developers and Infrastructure Private Limited (BESA) Welspun Mexico S.A. de C.V (WMEX) (Up to March 28, 2013) Welspun Retail Limited (WRL) Welspun Holdings Private Limited, Cyprus (WHPL) Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL) CHT Holdings Limited (CHTHL) (Held through WHTUKL) Welspun USA Inc., USA (WUSA) Welspun Decorative Hospitality LLC (WDHL) Kojo Canada Inc. (Held through WDHL) Welspun Mauritius Enterprises Limited (WMEL) Novelty Home Textiles SA de CV (Held through WMEL) Christy Home Textiles Limited (CHTL) (Held through CHTHL) Welspun UK Limited (WUKL) (Held through CHTL) Christy 2004 Limited (Held through WUKL) Christy Welspun GmbH (CWG) (Held through WUKL) (Formerly known as Christy Europe GmbH (CEG)) Christy UK Limited (CUKL) (Held through CHTL) ER Kingsley (Textiles) Limited (ERK) (Held through CHTL) |
| (b) | Joint Venture Company | Welspun Zucchi Textiles Limited (WZTL) |
| (c) | Associate Company | Welspun Captive Power Generation Limited (WCPGL) |
| (d) | Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year | Welspun Investments and Commercials Limited (WICL) Welspun Corp Limited (WCL) Welspun Steel Limited (WPSL) Welspun Wintex Limited (WWL) Welspun Mercantile Limited (WML) Welspun Energy Limited (WEL) Krishiraj Trading Limited (KTL) Welspun Logistics Limited (WLL) Welspun Syntex Limited (WSL) Welspun Realty Private Limited (WRPL) Vipuna Trading Limited (VTL) Mertz Securities Limited (MSL) Welspun Polybuttons Limited (WPBL) Wel-treat Enviro Management Organisation Limited (WEMO) Welspun Maxsteel Limited (WMSL) Welspun Projects Limited (WPL) Methodical Investment and Trading Company Private Limited (MITCPL) Welspun FinTrade Limited (WFTL) Welspun Finance Limited (WFL) Welspun Foundation for Health and Knowledge (WFHK) Welspun Infra Limited (W INFRA) |
| (e) | Key Management Personnel | B.K.Goenka (BKG) R. R. Mandawewala (RRM) M. L. Mittal (MLM) (Up to September 30, 2011) |
| (f) | Relatives of Key Management Personnel | Dipali Goenka (DBG) Radhika Goenka (RBG) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| PARTICULARS | WAG | BESA | WIMEX | WRL | WHPL | WHTUKL | CHTHL | WUSA | WDHL | WZTL | WCPGL | WICL | WCL | WPSL | WWL | WML | WEL | (Rs. million) |
|---|------------|--------|--------|-------------|------|----------|----------|------------|------|----------|-------|--------|----------|---------|-------|-------|------|-------------------------|
| Transactions during the year | | | | | | | | | | | | | | | | | | Balance Carried Forward |
| Loans, Advances and Deposits given | (153.06) | 981.70 | - | 200.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,181.70 |
| Repayment of Loans, Advances and Deposits given | - | 206.50 | - | 200.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | (153.06) |
| Loans, Advances & Deposits received | - | - | - | (333.79) | - | - | - | - | - | - | - | (9.30) | - | - | - | - | - | 406.50 |
| Repayment of Loans, Advances and Deposits received | (1.73) | - | - | 333.79 | - | - | - | - | - | - | - | 79.50 | - | - | - | - | - | (333.79) |
| Loans, Advances and Deposits Written off | 1,304.43 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 413.29 |
| Purchase of Goods | - | - | - | - | - | - | - | - | - | 2.63 | - | - | 1,168.63 | 0.40 | - | - | - | (1.73) |
| Purchase of Services/ Expenses incurred | - | - | - | 87.03 | - | - | - | - | - | (9.89) | - | - | (831.57) | (83.35) | - | - | - | (679.91) |
| Sale of Goods+ | - | - | - | (44.24) | - | - | (8.24) | - | - | 4.23 | - | - | 76.46 | 137.71 | - | - | - | 60.24 |
| Job Charges Received | - | - | - | 28.732.03 | - | - | - | - | - | 28.08 | - | - | 50.99 | 15.15 | - | - | - | 28,826.25 |
| Sale of Services/ Expenses incurred | - | - | - | (24,079.05) | - | - | - | - | - | (11.10) | - | - | (2.92) | (1.24) | - | - | - | (24,084.31) |
| Sale of Fixed Assets | - | - | - | 16.93 | - | - | - | - | - | (2.86) | - | - | 25.91 | 2.77 | - | - | 0.18 | (2.86) |
| Purchase of Fixed Assets / Capital Goods | - | - | - | (24.13) | - | - | - | - | - | (3.42) | - | - | (82.65) | (20.83) | - | - | - | (131.03) |
| Interest Income | - | 23.10 | - | (0.02) | - | - | - | - | - | 0.25 | - | - | (0.04) | 8.16 | - | - | - | (0.06) |
| Interest Expenses | - | - | - | (228.01) | - | - | (48.57) | - | - | - | - | - | (5.93) | (10.21) | - | - | - | 23.51 |
| Claims, Discount and Rebate | - | - | - | - | - | - | - | - | - | - | - | 7.38 | - | - | - | - | - | (294.41) |
| Remuneration and Commission | - | - | - | 105.71 | - | - | - | - | - | - | - | (8.70) | - | - | - | - | - | 23.10 |
| Equity Dividend Paid ++ | - | - | - | (79.18) | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.38 |
| Donation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.70) |
| Share Application Money Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 14.36 | 19.12 | - | (79.18) |
| Investment Made during the year | - | - | - | 2,389.57 | - | - | - | - | - | 95.88 | - | - | - | - | - | - | - | 95.88 |
| Investment Written off during the year | 739.12 | - | (0.12) | - | - | - | - | - | - | (424.50) | - | - | - | - | - | - | - | (424.50) |
| Sale of Investment during the year | - | - | 0.12 | - | - | - | - | - | - | 527.53 | - | - | - | - | - | - | - | 2,917.10 |
| Provision for diminution in value of investment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.12) |
| Provision for doubtful Loans/ Advances | (284.35) | - | - | (81.79) | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.12) |
| Redemption of Preference Shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 739.12 |
| Commission on Corporate Guarantee Given | - | - | - | - | - | 4.63 | 5.78 | 16.36 | - | - | - | - | - | - | - | - | - | 26.77 |
| Net Assets transferred on lump sale pursuant to composite scheme of arrangement | - | - | - | (1,050.14) | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,050.14) |
| Investments transferred pursuant to composite scheme of arrangement | - | - | - | (1,339.42) | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,339.42) |
| Preference Share pending allotment pursuant to composite scheme of arrangement | - | - | - | (2,389.56) | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,389.56) |
| Closing Balance | | | | | | | | | | | | | | | | | | |
| Loans, Advances and Deposits received | - | - | - | 95.56 | - | - | - | - | - | 10.00 | - | - | 4.80 | - | - | - | - | 110.36 |
| Loans, Advances and Deposits given | - | - | - | (333.79) | - | - | - | - | - | (10.00) | - | - | (81.31) | - | - | - | 0.18 | (432.50) |
| Loans, Advances and Deposits given (Including Interest Accrued on Loan) | (1,220.58) | (6.50) | (7.36) | (2,389.58) | - | 4.63 | 5.78 | 16.36 | - | 2.70 | - | - | 1.97 | - | - | - | - | 829.07 |
| Provision for doubtful Loans/ Advances | (1,220.58) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (9,624.02) |
| Trade Receivable (Net of Bills Discounted with Banks) | - | - | - | 1,092.09 | - | - | - | - | - | 9.66 | - | - | 0.24 | - | - | - | - | (1,220.58) |
| Trade Payable and others | - | - | - | (2,046.86) | - | - | - | - | - | (0.01) | - | - | (0.71) | - | - | - | - | 1,101.99 |
| Investments | (739.12) | 0.10 | (0.12) | (111.52) | - | - | 8.24 | - | - | 1.60 | - | - | - | 0.51 | - | - | - | 14.90 |
| Provision for diminution in value in Investment | - | - | - | 3,993.00 | - | - | 186.88 | - | - | (47.2) | - | - | - | # | - | - | - | 3,844.07 |
| Corporate Guarantee Given | - | - | - | (81.79) | - | - | (146.88) | - | - | (34.56) | - | - | - | (#) | - | - | - | (1,666.73) |
| Share Application Money Pending Allotment | - | - | - | 822.28 | - | - | 768.82 | - | - | 900.00 | - | - | - | - | - | - | - | 820.91 |
| | - | - | - | (3,993.00) | - | (814.61) | (761.62) | (2,422.67) | - | (900.00) | - | - | - | - | - | - | - | 8,852.01 |
| | - | - | - | - | - | - | - | - | - | (524.50) | - | - | - | - | - | - | - | (8,891.90) |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 22.85 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (54.26) |

Previous year figures are given in brackets
 + Amount is inclusive of taxes
 ++ Dividend paid of Financial Year 2012-13
 # Less than or equal to Rs. 10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

48 (ii) Following are the transactions with related parties mentioned in (i) above and the year-end balances

| PARTICULARS | Balance Brought Forward | KT L | WLL | WSL | WRPL | VTL | MSL | WPBL | WEMO | WMSL | WPL | MITQPL | WFTL | WFL | WFKH | W INFRA | BKG | RRM | MLM | DBG | REG | TOTAL |
|---|-------------------------|---------|-----|-----|----------|--------|--------|--------|---------|----------|-----|--------|-------|------|------|---------|------|-------|--------|------|------|------------|
| Transactions during the year | | | | | | | | | | | | | | | | | | | | | | |
| Loans, Advances and Deposits given | 1,181.70 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,181.70 |
| Loans, Advances and Deposits received | (153.06) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (153.06) |
| Repayment of Loans, Advances and Deposits given | 406.50 | - | - | - | 18.00 | - | 1.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 425.51 |
| Loans, Advances and Deposits received | (9.30) | - | - | - | (18.00) | (4.26) | (1.00) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (32.56) |
| Repayment of Loans, Advances and Deposits received | (333.79) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (333.79) |
| Loans, Advances and Deposits Written off | 413.29 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 413.29 |
| Purchase of Goods | (1.73) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1.73) |
| Purchase of Services/ Expenses incurred | 1,171.65 | - | - | - | 332.43 | - | - | 3.47 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,506.55 |
| Sale of Goods + | (60.24) | - | - | - | (32.44) | - | - | (1.26) | - | - | - | - | - | - | - | - | - | - | - | - | - | (62.50) |
| Job Charges Received | 28,826.25 | - | - | - | 4.38 | - | - | (0.12) | - | - | - | - | - | - | - | - | - | - | - | - | - | 28,830.78 |
| Sale of Services/ Expenses incurred | 9.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9.00 |
| Sale of Fixed Assets | (2.86) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (2.86) |
| Purchase of Fixed Assets / Capital Goods | 52.20 | - | - | - | (0.05) | - | - | - | 0.33 | 0.88 | - | - | - | - | - | - | - | - | - | - | - | 53.41 |
| Interest Income | (131.03) | - | - | - | - | - | - | - | (0.39) | - | - | - | - | - | - | - | - | - | - | - | - | (131.47) |
| Interest Expenses | (0.06) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.06) |
| Claims, Discount and Rebate | 23.51 | - | - | - | - | - | - | - | - | 243.87 | - | - | - | - | - | - | - | - | - | - | - | 267.55 |
| Remuneration and Commission | (294.41) | - | - | - | - | - | - | - | - | (197.00) | - | - | - | - | - | - | - | - | - | - | - | (491.41) |
| Equity Dividend Paid + | 23.10 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 23.10 |
| Donation | 7.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.38 |
| Share Application Money Paid | (8.70) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.70) |
| Investment Made during the year | 105.71 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 105.71 |
| Investment Written off during the year | (79.18) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (79.18) |
| Sale of investment during the year | 33.48 | 51.07 | - | - | - | - | - | - | - | - | - | 0.01 | 34.82 | 0.99 | - | - | 0.12 | 22.05 | (2.08) | 4.57 | 0.02 | 120.88 |
| Provision for diminution in value of investment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Provision for doubtful Loans/ Advances | (61.79) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (61.79) |
| Redemption of Preference Shares | (284.35) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (284.35) |
| Commission on Corporate Guarantee Given | 26.77 | (50.00) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (23.23) |
| Net Assets transferred on lump sale pursuant to composite scheme of arrangement | (1,050.14) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,050.14) |
| Investments transferred pursuant to composite scheme of arrangement | (1,339.42) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,339.42) |
| Preference Share pending allotment pursuant to composite scheme of arrangement | (2,389.56) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,389.56) |
| Closing Balance | | | | | | | | | | | | | | | | | | | | | | |
| Loans, Advances and Deposits received | 110.36 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 110.36 |
| Loans, Advances and Deposits given | (432.50) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (432.50) |
| Loans, Advances and Deposits given (Including Interest Accrued on Loan) | 829.07 | - | - | - | 142.25 | - | 8.00 | 0.33 | 75.00 | 27.52 | - | - | - | - | - | - | - | - | - | - | - | 1,082.17 |
| Provision for Doubtful Loans/ Advances | (3,624.02) | - | - | - | (160.25) | - | (9.01) | - | (75.00) | (12.64) | - | - | - | - | - | - | - | - | - | - | - | (3,881.95) |
| Trade Receivable (Net of Bills Discounted with Banks) | (1,220.58) | - | - | - | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,220.58) |
| Trade Payable and others | 1,101.99 | - | - | - | (0.05) | - | - | (0.01) | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,101.99 |
| Investments | (2,047.68) | - | - | - | 4.68 | - | - | 0.44 | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,047.64) |
| Provision for diminution in value in investment | (23.66) | - | - | - | (17.02) | - | - | (0.09) | - | - | - | - | - | - | - | - | - | - | - | - | - | (40.77) |
| Corporate Guarantee Given | 3,844.07 | - | - | - | (18.94) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,825.13 |
| Share Application Money Pending Allotment | (1,666.73) | - | - | - | (13.34) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,680.07) |
| | (820.91) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (820.91) |
| | 8,852.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,852.01 |
| | (8,891.90) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8,891.90) |
| | 222.85 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 222.85 |
| | (54.26) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (54.26) |

Previous year figures are given in brackets
+ Amount is inclusive of taxes
++ Dividend paid of Financial Year 2012-13
Less than or equal to Rs. 10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**49 Interest in Joint Venture**

- The Company has accounted the investments in Joint Venture in Welspun Zucchi Textiles Limited (WZTL) in accordance with Accounting Standard 13, Accounting for Investments.
- The Company's share of contingent liability of WZTL is Rs. 32.02 million (March 31, 2012: Rs. 29.76 million).
- The Company's share of the aggregate amounts of assets and liabilities as on March 31, 2013 and income and expenditures of WZTL for the year ended March 31, 2013 are as under :

| | (Rs. million) | |
|--|-------------------------|-------------------------|
| | As At March 31, 2013 | As At March 31, 2012 |
| (a) Assets: | | |
| Tangible assets | - | 12.83 |
| Non-current investments | 0.01 | 0.01 |
| Deferred tax assets (net) | - | 2.51 |
| Long-term loans and advances | 5.12 | 5.12 |
| Other non-current assets | 8.52 | 8.19 |
| Inventories | 16.44 | 28.75 |
| Trade receivables | 14.15 | 14.23 |
| Cash and cash equivalents | 0.80 | 2.04 |
| Short-term loans and advances | 0.20 | 4.00 |
| Other Current assets | 17.66 | 3.75 |
| Total | 62.90 | 81.43 |
| (b) Liabilities: | | |
| Short-term borrowings | 4.88 | 8.83 |
| Trade payables | 5.74 | 6.84 |
| Other current liabilities | 1.13 | 2.60 |
| Short-term provisions | 1.51 | - |
| Long-term provisions | - | 0.30 |
| Total | 13.26 | 18.57 |
| (c) Income: | | |
| Revenue from operations | 126.23 | 114.73 |
| Other income | 0.25 | 2.77 |
| Total | 126.48 | 117.50 |
| (d) Expense: | | |
| Cost of materials consumed | 84.53 | 91.59 |
| Changes in inventories of finished goods, work-in-progress | 9.17 | (0.74) |
| Employee benefits expense | 17.24 | 15.04 |
| Finance costs | 2.57 | 2.52 |
| Depreciation and amortization expense | 1.78 | 1.88 |
| Other expenses | 21.89 | 15.57 |
| Provision for income tax | 2.51 | (2.23) |
| Total | 139.69 | 123.63 |

50 Leases

Where the Company is a lessee:

Operating Lease

The Company has taken various residential, office premises, godowns, equipment and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for eleven months to sixty months.

The aggregate rental expenses of all the operating leases for the year are Rs. 99.78 million (Previous Year: Rs. 76.30 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

51 Disclosure as required by Clause 32 of the listing agreement:

(Rs. million)

| | Balance as at March 31, 2013 | Maximum amount outstanding during the year ended March 31, 2013 | Balance as at March 31, 2012 | Maximum amount outstanding during the year ended March 31, 2012 |
|---|------------------------------|---|------------------------------|---|
| i. Loans and advances in the nature of loans to subsidiary, (excluding interest accrued) | | | | |
| - Welspun AG | -* | 1,304.43 | 1,220.58** | 1,220.58 |
| - Besa Developers and Infrastructure Private Limited | 781.70 | 781.70 | 6.50 | 6.50 |
| ii. Loans and advances in the nature of loans to associates | - | - | - | - |
| iii. Loans and advances in the nature of loans where there is no repayment schedule, or interest below rate specified as per Section 372A of the Act. | - | - | - | - |
| iv. Loans and advances in the nature of loans to firms/ companies in which directors are interested | - | - | - | - |
| v. Investments by the Loanee in the shares of the Company as at March 31, 2013 | - | - | - | - |

* On March 27, 2013, Welspun AG, an erstwhile wholly owned subsidiary of the Company was liquidated. Hence, loan given to Welspun AG, Switzerland has been written off.

** Provision for doubtful loans and advance of Rs.1,220.58 million as at March 31, 2012 was made.

52 Derivative Instruments outstanding as at March 31, 2013 :

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities, payables denominated in foreign currency. In line with the company's risk management policies and procedures, the Company enters into foreign currency forward contracts and swap contracts to manage its exposure. These contracts are for a period of maximum twelve months and forecasted transactions are expected to occur during the same period.

(a) The following are outstanding foreign currency forward, swaps and other derivative contracts against the future forecasted payables.

| (i) | Non Designated | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|-----|-------------------------|---------------|-------------------------------|-------------|-------------------------------------|-----------------------------------|-------------|-------------------------------------|
| | | | Notional Amount | | Fair Value Gain/ (Loss) Rs. million | Notional Amount | | Fair Value Gain/ (Loss) Rs. million |
| | | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in Rs. million) | Rs. million | |
| | Forward Contracts (Buy) | EURO-USD | 1.00 | 69.50 | (3.91) | - | - | - |

| (ii) | Non-Designated Hedges | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|------|-----------------------|---------------|-------------------------------|-------------|-------------------------------------|-----------------------------------|-------------|-------------------------------------|
| | | | Notional Amount | | Fair Value Gain/ (Loss) Rs. million | Notional Amount | | Fair Value Gain/ (Loss) Rs. million |
| | | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in Rs. million) | Rs. million | |
| | Coupon Only Swap | INR-USD | 21.43 | 1,000.00 | (2.97) | 21.43 | 1,000.00 | 11.23 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- (b) In addition to the above, the Company has following outstanding foreign currency forward contracts to hedge foreign currency exposure against payable as at March 31, 2013 :

| Fair Value Hedges | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|-------------------------|---------------|-------------------------------|-------------|--|-----------------------------------|-------------|--|
| | | Notional Amount | | On Re-statement Gain/ (Loss) Rs. million | Notional Amount | | On Re-statement Gain/ (Loss) Rs. million |
| | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in Rs. million) | Rs. million | |
| Forward Contracts (Buy) | USD-INR | - | - | - | 1.00 | 52.80 | (1.59) |

- (c) As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 124.25 million (March 31, 2012 : Rs. 143.94 million) for receivables (net of provisions) and Rs.1,418.08 million (March 31, 2012 : Rs. 1,529.15 million) for payables.

53 Disclosure for Micro and Small Enterprises :

| Particulars | (Rs. million) | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2013 | Year ended March 31, 2012 |
| i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 19.99 | 12.92 |
| ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 2.78 | 0.61 |
| iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 160.73 | 83.29 |
| iv) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | 0.27 | 0.27 |
| v) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| vi) Interest due & payable towards suppliers registered under MSMED Act, for payments already made | 2.40 | 0.37 |
| vii) Further interest remaining due and payable for earlier years | 0.34 | 0.22 |

The above information and that given in Note 10 – “Trade Payable” regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 54** Prior year comparatives have been reclassified to conform with the current year’s presentation, wherever applicable.

Signatures to Notes to financial statements

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : May 15, 2013

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Welspun India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Welspun India Limited ("the Company") and its subsidiaries, its jointly controlled entity and associate company; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Venture notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group (as referred to note 1 to the attached consolidated financial statements), and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

8. Without qualifying our opinion, we draw your attention to:
 - (a) Note 33, regarding the recognition of deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation by the Company arising out of its treatment of certain excise and Value Added Tax incentives as 'capital receipts' for income tax purposes. The income tax authorities have passed orders treating these incentives as revenue in nature which are liable to income-tax. The Company has preferred an appeal against these orders. If the final decision in the matter is eventually decided against the Company, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year-end could be significantly impacted.

INDEPENDENT AUDITORS' REPORT

- (b) Note 34, regarding certain investments aggregating Rs. 1,197.29 million made in the previous year without obtaining the prior approval of shareholders by a special resolution passed in a general meeting as required by Section 372A of 'The Companies Act, 1956' of India. The Company had filed an application for compounding of the offence with the Company Law Board and impact, if any, on the financial statements can be ascertained only on final adjudication of the said matter.

Other Matter

9. We did not audit the financial statements of (i) 10 subsidiaries and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 2,810.77 million and net assets of Rs. 887.83 million as at March 31, 2013, total revenue of Rs. 2,036.85 million, net gain of Rs. 20.44 million and net cash inflows amounting to Rs. 12.27 million for the year then ended; and (ii) one associate company which constitute net profit of Rs. Nil for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
10. We did not audit the financial statements of 2 subsidiaries which constitute total assets of Rs. Nil and net assets of Rs. Nil as at March 31, 2013, total revenue of Rs. 0.02 million, net profit of Rs. 54.28 million and net cash outflows amounting to Rs. 144.79 million for the year then ended included in the consolidated financial statements. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiaries is based solely on such unaudited financial information furnished to us.

For Price Waterhouse

Firm Registration Number: 012754N

Chartered Accountants

Place : Mumbai

Date : May 15, 2013

Mehul Desai

Partner

Membership Number: 103211



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

| | | (Rs. million) | |
|--------------------------------|------|-------------------------|-------------------------|
| | Note | As At March 31, 2013 | As At March 31, 2012 |
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3A | 1,000.27 | 890.12 |
| Share Suspense Account | 3B | - | 104.75 |
| Reserves and Surplus | 4 | 8,901.45 | 6,433.15 |
| | | <u>9,901.72</u> | <u>7,428.02</u> |
| Minority Interest | | 250.00 | 250.00 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 10,011.12 | 9,811.81 |
| Deferred Tax Liabilities (Net) | 6 | 1,916.71 | 1,502.02 |
| Other Long-term Liabilities | 7 | 6.30 | 16.50 |
| Long-term Provisions | 8 | 67.98 | 44.13 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 9,165.85 | 7,312.91 |
| Trade Payables | 10 | 4,963.14 | 5,235.16 |
| Other Current Liabilities | 11 | 2,023.35 | 3,354.96 |
| Short-term Provisions | 12 | 272.84 | 403.98 |
| Total | | <u>38,579.01</u> | <u>35,359.49</u> |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13 | 16,266.81 | 15,748.66 |
| Intangible Assets | 14 | 1,806.28 | 1,012.87 |
| Capital Work-in-Progress | | 542.02 | 1,233.10 |
| | | <u>18,615.11</u> | <u>17,994.63</u> |
| Non-current Investments | 15 | 537.14 | 7.79 |
| Long-term Loans and Advances | 16 | 1,559.20 | 1,105.26 |
| Other Non-current Assets | 17 | 1,335.83 | 705.97 |
| Current Assets | | | |
| Current Investments | 18 | 393.95 | 1,197.29 |
| Inventories | 19 | 8,205.26 | 7,293.24 |
| Trade Receivables | 20 | 2,749.75 | 2,492.28 |
| Cash and Bank Balances | 21 | 1,724.38 | 1,481.59 |
| Short-term Loans and Advances | 22 | 2,727.16 | 2,309.49 |
| Other Current Assets | 23 | 731.23 | 771.95 |
| Total | | <u>38,579.01</u> | <u>35,359.49</u> |

The Notes are an integral part of these Consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : May 15, 2013

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

| | | (Rs. million) | |
|---|-----------|------------------------------|------------------------------|
| | Note | Year ended March 31, 2013 | Year ended March 31, 2012 |
| Revenue from Operations (Gross) | 24 | 36,506.90 | 32,393.31 |
| Less : Excise Duty | | 33.78 | 187.85 |
| Revenue from Operations (Net) | | 36,473.12 | 32,205.46 |
| Other Income | 25 | 492.21 | 460.47 |
| Total Revenue | | 36,965.33 | 32,665.93 |
| Expenses | | | |
| Material Consumed | 26 | 17,684.10 | 15,999.08 |
| Employee Benefits Expense | 27 | 2,766.15 | 3,050.36 |
| Finance Costs | 28 | 1,976.93 | 1,918.46 |
| Depreciation and Amortisation Expense | 29 | 1,448.62 | 1,378.12 |
| Other Expenses | 30 | 10,076.95 | 9,494.29 |
| Total Expenses | | 33,952.75 | 31,840.31 |
| Profit Before Exceptional Items and Tax | | 3,012.58 | 825.62 |
| Exceptional Items | | | |
| - Provision for Impairment of Goodwill | | - | (381.42) |
| - Loss on Disposal of Subsidiary (Net) (Refer notes 36 & 37) | | (31.08) | (413.97) |
| Profit before Tax | | 2,981.50 | 30.23 |
| Tax Expense | | | |
| - Current Tax | | 416.59 | 470.22 |
| Less : Minimum Alternative Tax Credit Availed | | (133.00) | (16.42) |
| | | 283.59 | 453.80 |
| - Short Provision for Tax in Earlier Years | | - | 4.99 |
| - Deferred Tax | | 449.68 | (265.84) |
| Profit/(Loss) After Taxation and Before Share of Profit/(Loss) of Minority Shareholders | | 2,248.23 | (162.72) |
| Minority's Share of Profit/(Loss) in Subsidiary Companies | | - | (29.00) |
| Profit/ (Loss) for the Year | | 2,248.23 | (133.72) |
| Earnings/ (Loss) Per Share (Rs.) [Nominal value per share : Rs. 10 (2012 : Rs. 10)] | 45 | | |
| - Basic | | 22.55 | (1.34) |
| - Diluted | | 22.46 | (1.34) |

The Notes referred are an integral part of these Consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : May 15, 2013

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | | (Rs. million) | |
|---|------------|---|---|
| | | For the Year ended March 31, 2013 | For the Year ended March 31, 2012 |
| A. CASH FROM OPERATING ACTIVITIES | | | |
| Profit Before exceptional and extraordinary items and tax | | 3,012.58 | 825.62 |
| Adjustments for : | | | |
| Depreciation and amortisation expense | 1,448.62 | | 1,378.12 |
| Unrealised Foreign Exchange Differences | (82.77) | | 3.41 |
| Loss/ (Profit) on Sale of Fixed Assets | 20.26 | | 163.39 |
| Loss/ (Profit) on Redemption/ Sale of Units of Mutual Funds | (1.89) | | 0.22 |
| Profit on Sale of Bonds/ Certificates of Deposits | (46.49) | | (23.23) |
| Dividend | (42.47) | | (36.36) |
| Liabilities/ Provisions/ Sundry Balances Written Back as no Longer Required | (86.33) | | - |
| Provision for Doubtful Debts/ Advances (Net) | 16.94 | | 49.38 |
| Debts/ Advances Written off | 10.27 | | 10.87 |
| Interest Income and Cash Discount Received | (222.52) | | (242.33) |
| Finance costs | 1,976.93 | | 1,918.46 |
| | | 2,990.55 | 3,221.93 |
| Operating Profit Before Working Capital Changes | | 6,003.13 | 4,047.55 |
| Adjustments for changes in working capital : | | | |
| Trade and Other Receivables | (277.18) | | 16.18 |
| Current Liabilities and Provisions | (73.05) | | 343.95 |
| Inventories | (912.02) | | (320.04) |
| Loans and Advances | (630.89) | | 612.57 |
| | | (1,893.14) | 652.66 |
| Cash Flow Generated from Operations | | 4,109.99 | 4,700.21 |
| Taxes Paid (net of refunds) | | (420.39) | (527.15) |
| Net Cash Flow from Operating Activities | | 3,689.60 | 4,173.06 |
| B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets (and Capital Work-in-progress) | (2,847.06) | | (1,807.60) |
| Sale of Fixed Assets | 91.48 | | 20.28 |
| Capital Subsidy | 69.52 | | - |
| (Investment in)/Realisation of Fixed Deposit and Margin Money | 159.20 | | 203.15 |
| (Purchase) / Sale of Investments (Net) | 849.32 | | (300.89) |
| Share Application Pending Allotment (net of refund) | (95.35) | | - |
| Consideration on disposal of subsidiary | 0.05 | | 6.90 |
| Dividend Received | 42.47 | | 36.36 |
| Interest Received | 297.03 | | 256.32 |
| Net Cash Flow used in Investing Activities | | (1,433.34) | (1,585.48) |
| C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES | | | |
| Proceeds from issue of Equity Shares | 19.20 | | 1.28 |
| Redemption of Preference Shares | - | | (50.00) |
| Repayments of Long Term Borrowings (Net of Proceeds) | (1,230.03) | | (740.73) |
| Proceeds from Other Borrowings (Net of Repayments) | 1,859.70 | | 459.91 |
| Dividends Paid | (177.54) | | - |
| Dividends Distribution Tax | (28.99) | | - |
| Finance Expenses Paid | (1,979.23) | | (1,903.91) |
| Net Cash Flow used in Financing Activities | | (1,536.89) | (2,233.45) |
| (A + B + C) | | 719.37 | 354.13 |
| Cash and Cash Equivalents at the beginning of the year | | 851.82 | 273.45 |
| Add : Cash and Cash Equivalents on Merger of Welspun Global Brands Limited | | - | 224.24 |
| Cash and Cash Equivalents at the end of the year | | 1,571.19 | 851.82 |
| Net Increase in Cash and Cash Equivalents | | 719.37 | 354.13 |

Note :

- The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements as notified under Section 211 (3C), Companies (Accounting Standards) Rules, 2006 as amended.
- Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

This is the Consolidated Cash Flow referred to in our report of even date.

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

Place : Mumbai
Date : May 15, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**1. General Information**

Welspun India Limited (“WIL” or the “Company”) is a leading manufacturer of wide range of home textile products, mainly terry towels, bed linen products and rugs. The Company is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Subsidiary Companies, Joint Venture Company and Associate Company considered in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | Relationship as at March 31, 2013 | % Voting Power held as at March 31, 2013 | Relationship as at March 31, 2012 | % Voting Power held as at March 31, 2012 |
|---|--------------------------|-----------------------------------|--|-----------------------------------|--|
| Welspun AG (WAG)* | Switzerland | Subsidiary | - | Subsidiary | 100.00 |
| Welspun Mexico S.A. de C.V (WMEX) ** | Mexico | Subsidiary | - | Subsidiary | 100.00 |
| Besa Developers and Infrastructure Private Limited (BESA) | India | Subsidiary | 100.00 | Subsidiary | 100.00 |
| Welspun Retail Limited (WRL)*** | India | Subsidiary | 98.03 | Subsidiary | 85.00 |
| Welspun USA Inc. (WUSA) | U.S.A. | Subsidiary | 98.64 | Subsidiary | 89.62 |
| Welspun Decorative Hospitality LLC (WDHL) (Held through WUSA) | U.S.A. | Subsidiary | 98.64 | Subsidiary | 89.62 |
| Kojo Canada Inc (Held through WDHL) | Canada | Subsidiary | 98.64 | Subsidiary | 89.62 |
| Welspun Holdings Private Limited, Cyprus (WHPL) | Cyprus | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Welspun Home Textiles UK Limited (WHTUKL)(Held through WHPL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| CHT Holdings Limited (CHTHL) (Held through WHTUKL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Christy Home Textiles Limited (CHTL) (Held through CHTHL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Christy Europe GmbH (Held through CHTL) | Germany | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Welspun UK Limited (WUKL) (Held through CHTL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Christy 2004 Limited (Held through WUKL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Christy UK Limited (CUKL) (Held through CHTL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| ER Kingsley (Textiles) Limited (Held through CHTL) | U.K. | Subsidiary | 98.22 | Subsidiary | 86.45 |
| Welspun Mauritius Enterprises Limited (WMEL) | Mauritius | Subsidiary | 98.03 | Subsidiary | 85.00 |
| Novelty Home Textiles S A DE C V (Held through WMEL) | Mexico | Subsidiary | 98.03 | Subsidiary | 85.00 |
| Welspun Zucchi Textiles Limited (WZTL) | India | Joint Venture | 50.00 | Joint Venture | 50.00 |
| Welspun Captive Power Generation Limited | India | Associate | 49.90 | Associate | 30.00 |

* On March 27, 2013, Welspun AG has been liquidated.

** On March 28, 2013, Company disposed off it's investment in Welspun Mexico S.A. de C.V.

*** On February 1, 2013, BESA purchased 13.03% shareholding of WRL from Bennett Coleman & Company Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2. Summary of significant accounting policies

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Principles of Consolidation

The consolidated financial statements relate to Welspun India Limited (the "Company"), its Subsidiary Companies, Joint Venture Company and Associate Company (together the "Group"). The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses on intra-group transactions.

The difference between the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve.

Minority Interest in the net assets of consolidated subsidiaries consist of :

- The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
- The minorities' share of movements in equity since the date the parent subsidiary relationship comes into existence

In the consolidated financial statements, the Company has reported its interest in the Joint Venture Companies, using proportionate consolidation method whereby the Company's share of each of the assets, liabilities, income and expenses of the jointly controlled entities is reported as separate line items, after eliminating proportionate unrealised profits or losses attributable to the interest of the Company.

Investments in Associates have been accounted for under AS-23 using equity method whereby the investment is initially recorded at cost, identifying any goodwill/ capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.

The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the Company's separate financial statements.

2.3 Tangible Assets

Tangible Assets except land are stated at cost (net of cenvat credit, wherever applicable) less accumulated depreciation and impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on Tangible assets, other than leasehold improvements and office equipments, is provided on straight-line method at the rates so as to write off the cost of fixed assets over estimated useful lives of the assets. Depreciation on additions/ deletions to fixed assets is calculated pro-rata from/ up to the date of such additions/ deletions.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Office equipments are depreciated on straight-line method over a period of ten years.

Vehicles are depreciated on straight-line method over a period of five years.

Amortisation of leasehold improvements is computed on the straight line method over the term of the related lease including extensions which are reasonably expected to occur, which is not in excess of the estimated useful lives of such improvements

2.4 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets include computer software which is amortised on the straight-line method over a period of five years. Cost of software includes license fees and implementation/ integration expenses.

Goodwill arising on consolidation of a certain subsidiary sub-group is amortised on a straight line basis over its estimated useful economic life of 20 years. Further, goodwill on consolidation is tested for impairment on an annual basis

2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment in Associate is accounted for using the equity method (Refer note 2.2 above).

2.7 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials (includes packing material) and stores and spares is determined on weighted average basis except in case of a jointly controlled entity, where the same is determined on first-in-first-out basis. Cost of traded goods is determined on first-in-first-out basis except in the case of certain subsidiaries where it is determined on weighted average basis. Cost of work-in-progress and finished goods comprises of raw material, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Current Tax and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the group reassesses unrecognised deferred tax assets, if any.

Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation as per the Income Tax Act, 1961, of India, are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realized

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.9 Employee Benefits

Provident Fund and other Social Security funds

Contribution towards provident fund, employee's state insurance fund, employee's pension scheme and various other social security funds generally administered by the respective Government authorities in respect of which the group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the group does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation Fund

Contribution towards superannuation fund for certain employees is made to an insurance Company where the group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the group does not carry any further obligations, apart from contribution made on monthly basis.

Gratuity

Certain Companies in the group provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The entities liabilities are actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the statement of Profit and Loss in the year in which they arise.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Employee's Gratuity Trust takes group gratuity policies with insurance companies.

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's entity's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.10 Foreign Currency Translation

Initial Recognition

In respect of the Company, it's subsidiaries incorporated in India, it's jointly controlled entities and associate, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**Translation of foreign operations**

Foreign operations are classified as either 'integral' or 'non-integral' operation. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

Forward Exchange Contracts and Swaps

In respect of forward exchange contracts, other than forward exchange contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

In respect of forward exchange contracts taken to hedge the risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions, the group has adopted Accounting Standard 30 'Financial Instruments: Recognition and Measurement'. Accordingly, forward exchange contracts relating to firm commitments and highly probable forecast transactions are fair valued at each reporting date.

Changes in the fair value of these hedging instruments that are designated and considered as effective hedges of highly probable forecasted transactions are recognised directly in shareholders' funds under 'Hedging Reserve Account' to be recognised in the Statement of Profit and Loss when the underlying transaction occurs. Changes in the fair value of the hedging instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Swaps are fair valued at each reporting date and the changes in the fair value are recognized in the Statement of Profit and Loss

2.11 Revenue Recognition

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties. Domestic sales are recognised on dispatch to customers. Export sales are recognised on the date of cargo receipts, bill of lading or other relevant documents, in accordance with the terms and conditions for sales.

In case of sale made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB) Duty Drawback scheme and Focus Market Scheme are recognised on export of such goods in accordance with the agreed terms and conditions with customers. In case of direct exports made by the entities in the group export benefits arising from DEPB, Duty Drawback scheme and Focus Market Scheme are recognised on shipment of direct exports.

2.12 Other Income

Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend : Dividend income is recognised when the right to receive dividend is established.

2.13 Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets granted under the Technology Up gradation Fund Scheme (TUFS) are reduced from the gross value of the Fixed Assets. Revenue grants, in the nature of interest subsidy under the TUFS are adjusted against 'Interest on Long term borrowings'. Revenue grants, in the nature of Sales Tax benefits are recognized in the Statement of Profit and Loss on a systematic/ appropriate basis.

2.14 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.15 Provisions and Contingent Liabilities

Provisions : Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Employees Stock Option Schemes

Equity settled stock options granted under "Employee Stock Option Schemes" are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

2.17 Leases

As a lessee :

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor:

The Group has leased certain tangible assets and such leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

2.18 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2.19 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period, if any. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.20 Amalgamation in the nature of purchase

The company accounts for all amalgamations in nature of purchase using the 'purchase method' as prescribed in AS 14: Accounting for Amalgamations. Assets and liabilities acquired of the transferor company are recognised at their fair values at the date of amalgamation. The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the value of net assets of the transferor company is recorded as capital reserve/goodwill as the case may be.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|----------------------------|----------------------------|
| Note 3A : Share Capital | | |
| Authorised 155,500,000 (March 31, 2012 : 155,500,000) Equity Shares of Rs. 10 each | 1,555.00 | 1,555.00 |
| | 1,555.00 | 1,555.00 |
| Issued, Subscribed and Paid Up 100,027,015 (March 31, 2012 : 89,012,269) Equity Shares of Rs. 10 each fully paid up Less : Adjustment for 50 (March 31, 2011 : 50) Equity Shares representing 50% of 100 equity shares of Welspun India Limited held by Welspun Zucchi Textiles Limited, a jointly controlled entity. | 1,000.27 | 890.12 |
| Total | 1,000.27 | 890.12 |

* less than Rs. 1000/-

(a) Reconciliation of number of shares

Equity Shares :

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) | Number of Shares | Amount (Rs. million) |
| Balance as at the beginning of the year | 89,012,219 | 890.12 | 88,976,219 | 889.76 |
| Add : Shares issued pursuant to Scheme of Amalgamation (Refer Note 35) | 10,475,496 | 104.75 | - | - |
| Add : Shares issued to Employees under Employee Stock Option Scheme (Refer Note 40) | 539,250 | 5.40 | 36,000 | 0.36 |
| Balance as at the end of the year | 100,026,965 | 1,000.27 | 89,012,219 | 890.12 |

Preference Shares :

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) | Number of Shares | Amount (Rs. million) |
| Balance as at the beginning of the year | - | - | 500,000 | 50.00 |
| Less: Shares redeemed during the year | - | - | (500,000) | (50.00) |
| Balance as at the end of the year | - | - | - | - |

(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| | As At March 31, 2013 | | As At March 31, 2012 | |
|--|----------------------|-------|----------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| Equity Shares : | | | | |
| Welspun Fintrade Limited | 20,059,540 | 20.05 | 17,409,268 | 19.56 |
| Welspun Mercantile Limited | 11,203,976 | 11.20 | 9,519,294 | 10.69 |
| Dunearn Investment Mauritius Pte Limited | - | - | 9,079,463 | 10.20 |
| Welspun Wintex Limited | 8,425,291 | 8.42 | 7,179,577 | 8.07 |
| Krishiraj Trading Limited | 27,717,421 | 27.71 | 6,590,765 | 7.40 |
| IFCI Limited | - | - | 6,034,069 | 6.78 |

(c) Rights, preferences and restrictions attached to shares

Equity Shares :

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend, in case proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|----------------------------|----------------------------|
| Note 3B : Share Suspense Account | | |
| Equity Share Suspense Account (Refer Note 35) | - | 104.75 |
| | - | 104.75 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 4 : Reserves and Surplus | | |
| Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 478.38 | 428.38 |
| Add : Amount Transferred from Surplus in Statement of Profit and Loss on Redemption of Preference Shares during the year | - | 50.00 |
| Balance as at the End of the Year | 478.38 | 478.38 |
| Capital Reserve | | |
| Balance as at the beginning of the year | 1,474.73 | 48.43 |
| Add : Capital Reserve on account of Amalgamation | - | 1,426.55 |
| Less: Adjustment of Capital Reserve on Acquisition against Goodwill on further Acquisition of Shares | - | 0.25 |
| Balance as at the End of the Year | 1,474.73 | 1,474.73 |
| Securities Premium Account | | |
| Balance as at the beginning of the year | 3,212.92 | 3,212.00 |
| Add : Additions during the year | 13.80 | 0.92 |
| Balance as at the End of the Year | 3,226.72 | 3,212.92 |
| Hedging Reserve Account | | |
| Balance as at the Beginning of the Year | (389.61) | - |
| Add : Amount recognised in Hedging Reserve during the Year | 49.92 | (954.65) |
| Less : Transferred to Statement of Profit and Loss | (661.86) | (565.04) |
| Balance as at the End of the Year | 322.17 | (389.61) |
| Foreign Exchange Translation Reserve | | |
| Balance as at the beginning of the year | (267.39) | (46.86) |
| Add : Additions on Translation of Financial Statements of Foreign subsidiaries (Net) | (63.80) | (220.53) |
| Balance as at the End of the Year | (331.19) | (267.39) |
| General Reserve | | |
| Balance as at the beginning of the year | - | - |
| Add : Additions during the year | 171.41 | - |
| Balance as at the End of the Year | 171.41 | - |
| Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | 1,924.12 | 2,107.84 |
| Add : Profit/ (Loss) for the year | 2,248.23 | (133.72) |
| | 4,172.35 | 1,974.12 |
| Less : Appropriations | | |
| Interim dividend on Equity Shares for the year [Refer Note (a) below] | 178.67 | - |
| Dividend distribution tax on Interim dividend on Equity Shares | 28.99 | - |
| Proposed final dividend on Equity Shares for the year [Refer Note (b) below] | 200.05 | - |
| Dividend distribution tax on Proposed final dividend on Equity Shares | 34.00 | - |
| Transfer to General Reserve [Refer Note (c) below] | 171.41 | - |
| Transfer to Capital Redemption Reserve on Redemption of Preference Shares | - | 50.00 |
| Balance as at the End of the Year | 3,559.23 | 1,924.12 |
| Total | 8,901.45 | 6,433.15 |

Notes:

- (a) The Board of Directors at their meeting held on November 8, 2012 declared an Interim Dividend of Rs. 2 per equity share having nominal value of Rs. 10 per share.
- (b) The Board of Directors at their meeting held on May 15, 2013 recommended Final Dividend of Rs. 2 per equity share having nominal value of Rs. 10 per share.
- (c) As per Companies (Transfer of Profits to Reserves) Rules, 1975, the Company has transferred 10% of the Current Profits to General Reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 5 : Long-term Borrowings | | |
| Secured : | | |
| Term Loans : | | |
| Rupee Term Loans from Banks [Refer Note (a) below] | 9,276.33 | 9,569.27 |
| Foreign Currency loans from Banks [Refer Note (b) below] | 610.93 | - |
| Unsecured : | | |
| From Banks [Refer Note (c) below] | 123.86 | 242.54 |
| Total | 10,011.12 | 9,811.81 |

| (a) | Nature of Security | Terms of Repayment |
|-----|---|---|
| 1 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs.1,373.33 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from October 2006. Last installment due in July 2012. Rate of interest 6.75% - 8.50% * |
| 2 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs.154.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from December 2006. Last installment due in September 2012. Rate of interest 7% - 7.50% * |
| 3 | Rupee term loan amounting to Rs. Nil (March 31, 2012 : Rs. 66.59 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 24 quarterly installments commencing from August 2005. Last installment due in May 2012. Rate of interest 7.50% * |
| 4 | Rupee term loan amounting to Rs. 6,333.68 million (March 31, 2012 : Rs. 6,977.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from April 2009. Last installment due in January 2016. Rate of interest 6.75% - 8.25% * |
| 5 | Rupee term loan amounting to Rs. 387.50 million (March 31, 2012 : Rs. 430.00 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from March 2009. Last installment due in December 2015. Rate of interest 7.10% * |
| 6 | Rupee term loan amounting to Rs. 1,680.77 million (March 31, 2012 : Rs. 2,213.35 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 30 quarterly installments commencing from January 2012. Last installment due in April 2019. Rate of interest 7.10% - 8.50% * |
| 7 | Rupee term loan amounting to Rs. 668.56 million (March 31, 2012 : Rs. 626.79 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from June 2013. Last installment due in March 2020. Rate of interest - 6.75% p.a.* for Rs. 437.38 million and 11.75% p.a. for Rs. 231.18 million |
| 8 | Rupee term loan amounting to Rs. 238.77 million (March 31, 2012 : Rs. 7.60 Million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 32 quarterly installments commencing from March 2014. Last installment due in December 2021. Rate of interest 7.00% * |
| 9 | Rupee term loan amounting to Rs. 183.00 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from December 2014 .Last installment due in September 2021. Rate of Interest 7.25% - 8.50% p.a.* |


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| (a) | Nature of Security | Terms of Repayment |
|--|--|--|
| 10 | Rupee term loan amounting to Rs. 474.82 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from January 2015. Last installment due in October 2021. Rate of Interest 7% p.a. * |
| 11 | Rupee term loan amounting to Rs. 250.00 million (March 31, 2012 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company. | Repayable in 28 quarterly installments commencing from March 2015 . Last installment due in December 2021. Rate of Interest 12.65% p.a. |
| * Rate of Interest is considered net of 4% - 5% interest reimbursement under TUF scheme, where applicable. | | |

| (b) | Nature of Security | Terms of Repayment |
|-----|--|--|
| 1 | Long term working capital loan amounting to USD 11.25 mn (March 31, 2012 : NIL) in a subsidiary is secured by first pari passu charge over the present and future fixed assets (all movable and immovable properties) of the subsidiary. | Repayable in 20 quarterly installments commencing from April 2015 Last installment due in January 2020. Rate of interest LIBOR (3 months) +550 bps p.a. |

- (c) Repayable in 7 installments; first installment was paid on September 30, 2008. Thereafter, 6 installments will be paid commencing on September 30, 2010 (Rate of Interest 6M Libor +1.75% p.a.)

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 6 : Deferred tax liabilities (Net) | | |
| Deferred Tax Liabilities arising on account of Timing differences in : | | |
| - Depreciation | 2,370.00 | 2,161.62 |
| Deferred Tax Asset arising on account of Timing differences in: | | |
| - Provision for Doubtful Debts/ Advances | 30.73 | 41.81 |
| - Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961 | 13.33 | 4.15 |
| - Provision for Employee Benefits | 17.66 | 12.78 |
| - Expenses inadmissible under section 40(a) of the Income Tax Act, 1951 | 9.52 | 3.51 |
| - Provision for Inventory | 53.58 | 102.79 |
| - Unabsorbed Depreciation and Business Losses of Subsidiaries | 234.27 | 451.78 |
| - Others | 94.20 | 40.27 |
| | 1,916.71 | 1,504.53 |
| Share in Joint Venture | - | (2.51) |
| Total | 1,916.71 | 1,502.02 |
| Note 7 : Other Long- term Liabilities | | |
| Security Deposits | 6.30 | 16.50 |
| Total | 6.30 | 16.50 |
| Note 8 : Long- term Provisions | | |
| Provision for Contingency (Refer Note 46) | 12.39 | - |
| Provision for Employees benefits | - | - |
| - Provision for Gratuity | - | 1.73 |
| - Provision for Compensated Absences | 55.59 | 42.10 |
| | 67.98 | 43.83 |
| Share in Joint Venture | - | 0.30 |
| Total | 67.98 | 44.13 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 9 : Short-term Borrowings | | |
| Secured: | | |
| - Working Capital Loans from Banks [Refer Note below] | 8,319.85 | 6,645.57 |
| Unsecured : | | |
| - Working Capital Loans from Banks | 841.12 | 658.51 |
| | 9,160.97 | 7,304.08 |
| Share in Joint Venture | 4.88 | 8.83 |
| Total | 9,165.85 | 7,312.91 |
| Note : | | |
| The working capital loans, which includes cash credit and packing credit from banks, are generally secured by hypothecation of raw materials, stock-in-process, finished, semi finished goods, stores, spares and book debts and other current assets of borrowing companies and second charge on entire fixed assets of borrowing companies and by Corporate Guarantees issued by certain companies within the Group | | |
| Note 10 : Trade Payables | | |
| Acceptances | 667.06 | 609.98 |
| Trade Payables | 4,295.17 | 4,618.34 |
| | 4,962.23 | 5,228.32 |
| Share in Joint Venture | 0.91 | 6.84 |
| Total | 4,963.14 | 5,235.16 |
| Note 11 : Other Current Liabilities | | |
| Current maturities of long term debt | | |
| - Rupee Term Loans from Banks (Refer Note 5) | 943.56 | 2,295.99 |
| - Foreign Currency Loans from Banks (Refer Note 5) | 123.86 | 121.27 |
| - Inter-corporate Loan from Welspun Investments and Commercials Limited | - | 79.50 |
| Interest Accrued but not due on Borrowings | 85.58 | 86.68 |
| Interest Accrued and due on Borrowings | - | 1.20 |
| Security Deposits | 27.24 | 16.12 |
| Unearned Revenue | 4.14 | - |
| Advances from Customers | 173.80 | 59.97 |
| Temporary Overdraft with Scheduled Banks | 131.26 | 161.58 |
| Unpaid Dividends (Refer Note below) | 1.60 | 0.47 |
| Statutory dues (including Provident Fund and Tax deducted at Source) | 130.97 | 129.95 |
| Employee Benefits Payable | 189.83 | 196.89 |
| Creditors for Capital Purchases | 185.38 | 183.56 |
| Other Payables | 25.00 | 19.18 |
| | 2,022.22 | 3,352.36 |
| Share in Joint Venture | 1.13 | 2.60 |
| Total | 2,023.35 | 3,354.96 |
| Note : | | |
| There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. | | |
| Note 12 : Short-term provisions | | |
| Provision for employee benefits | | |
| - Provision for Compensated Absences | 3.50 | 6.15 |
| - Provision for Gratuity | - | 0.04 |
| Others | | |
| - Taxation (Net of Advance Tax and Tax Deducted at Sources) | - | 0.03 |
| - Fringe Benefit Tax (Net of Advance Tax) | 1.90 | 1.90 |
| - Provisions for Contingency (Refer Note 46) | 25.00 | - |
| - Provision for Mark-to-Market Losses on Derivatives | 6.88 | 404.05 |
| - Provision for proposed final dividend on equity shares | 200.05 | - |
| - Provision for dividend distribution tax on proposed final divided on equity shares | 34.00 | - |
| | 271.33 | 412.17 |
| Share in Joint Venture | 1.51 | (8.19) |
| Total | 272.84 | 403.98 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13. Tangible Assets

(Rs. million)

| PARTICULARS | GROSS BLOCK | | DEPRECIATION | | PROVISION FOR IMPAIRMENT | | NET BLOCK | |
|--|----------------------|----------------------|---------------------------------|---------------------------------|--------------------------|----------------------|----------------------|----------------------|
| | As At March 31, 2012 | As At March 31, 2013 | Accumulated upto March 31, 2012 | Accumulated upto March 31, 2013 | As At March 31, 2012 | As At March 31, 2013 | As At March 31, 2012 | As At March 31, 2013 |
| Own Assets | | | | | | | | |
| Freehold Land | 138.53 | 138.53 | - | - | - | - | 138.53 | 138.53 |
| Buildings | 3,457.53 | 3,762.47 | 601.70 | 701.36 | - | - | 3,061.11 | 2,855.83 |
| Leasehold Improvements | 99.01 | 101.05 | 36.55 | 65.03 | 13.78 | - | 36.02 | 48.68 |
| Plant and Machinery (Refer Notes a and b below)* | 18,778.56 | 20,247.82 | 6,486.04 | 7,605.59 | 2.04 | - | 12,642.23 | 12,290.48 |
| Vehicles | 39.42 | 61.64 | 20.36 | 31.32 | - | - | 30.32 | 19.06 |
| Furniture and Fixtures | 364.54 | 415.52 | 203.68 | 266.59 | 22.69 | - | 148.93 | 138.17 |
| Office Equipment | 118.62 | 137.03 | 47.12 | 66.40 | 2.75 | - | 70.63 | 68.75 |
| Computers | 325.20 | 321.05 | 172.41 | 200.96 | 0.52 | - | 120.09 | 152.27 |
| Total (A) | 23,321.41 | 25,185.11 | 7,567.86 | 8,937.25 | 41.78 | - | 16,247.86 | 15,711.77 |
| Assets given on Operating Lease: | | | | | | | | |
| Buildings | 13.98 | 13.99 | 3.22 | 3.45 | - | - | 10.54 | 10.76 |
| Leasehold Improvements | 2.06 | 1.80 | 1.40 | 1.33 | - | - | 0.47 | 0.66 |
| Plant and Machinery* | 43.00 | 35.65 | 33.31 | 29.58 | - | - | 6.07 | 9.69 |
| Furniture and Fixtures | 3.25 | 2.11 | 0.63 | 0.32 | - | - | 1.79 | 2.62 |
| Office Equipment | 0.41 | 0.10 | 0.08 | 0.02 | - | - | 0.08 | 0.33 |
| Computers | 0.04 | - | 0.02 | - | - | - | - | 0.02 |
| Total (B) | 62.74 | 53.65 | 38.66 | 34.70 | - | - | 18.95 | 24.08 |
| Total (A) + (B) | 23,384.15 | 25,238.76 | 7,606.52 | 8,971.95 | 41.78 | - | 16,266.81 | 15,735.85 |
| Share in Joint Venture | 40.34 | - | 27.53 | - | - | - | - | 12.81 |
| Total | 23,424.49 | 25,238.76 | 7,634.05 | 8,971.95 | 41.78 | - | 16,266.81 | 15,748.66 |
| March 31, 2012 | 21,855.22 | 23,424.49 | 6,274.66 | 7,634.05 | - | 41.78 | 15,748.66 | 15,580.56 |
| * Certain assets aggregating Rs. 7.91 million were given on operating lease. During the year, the lease has been terminated. Accordingly, these assets have now been included under "Own Assets". | | | | | | | | |
| Notes : | | | | | | | | |
| a. Borrowing Costs aggregating Rs. 48.34 million (Previous Year: Rs. 23.09 million) (net of interest subsidy of Rs. 22.58 million; Previous Year: Rs. 9.76 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets. | | | | | | | | |
| b. Gross block of Plant and Machinery is net off of adjustment for capital subsidy of Rs. 69.52 million (Previous Year : Nil) granted under the Technology Upgradation Fund (TUF) Scheme. | | | | | | | | |

14. Intangible Assets

(Rs. million)

| PARTICULARS | GROSS BLOCK | | DEPRECIATION | | PROVISION FOR IMPAIRMENT | | NET BLOCK | |
|---|----------------------|----------------------|---------------------------------|---------------------------------|--------------------------|----------------------|----------------------|----------------------|
| | As At March 31, 2012 | As At March 31, 2013 | Accumulated upto March 31, 2012 | Accumulated upto March 31, 2013 | As At March 31, 2012 | As At March 31, 2013 | As At March 31, 2012 | As At March 31, 2013 |
| Own Assets | | | | | | | | |
| Computer Software | 122.45 | 162.49 | 76.63 | 110.15 | 12.36 | - | 52.34 | 33.46 |
| Goodwill on Consolidation of Subsidiaries and Jointly controlled Entity | 1,617.45 | 2,426.24 | 256.62 | 290.88 | 381.42 | 381.42 | 1,753.94 | 979.41 |
| Total | 1,739.90 | 2,588.73 | 333.25 | 401.03 | 393.78 | 381.42 | 1,806.28 | 1,012.87 |
| Share in Joint Venture | - | - | - | - | - | - | - | - |
| Total | 1,739.90 | 2,588.73 | 333.25 | 401.03 | 393.78 | 381.42 | 1,806.28 | 1,012.87 |
| March 31, 2012 | 60.45 | 1,780.13 | 40.58 | 385.84 | - | 393.78 | 1,012.87 | 19.87 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 15 : Non - current investments | | |
| Trade Investments (valued at cost unless stated otherwise) | | |
| Unquoted equity instruments | | |
| In Associate Companies | | |
| 6,108,253 (March 31, 2012 : 15,000) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited | 61.08 | 0.15 |
| 46,606,747 (March 31, 2012 : Nil) 6% Non-cumulative Redeemable Preference Shares of Rs. 10 each of Welspun Captive Power Generation Limited | 466.07 | - |
| In Others | | |
| 100 (March 31, 2012 : 100) Equity Shares of Rs. 10 each fully paid up of Weltreat Enviro Management Organisation | * | * |
| Others Investments (valued at cost unless stated otherwise) | | |
| a) Quoted Equity Instruments | | |
| 283,500 (March 31, 2012 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited | 18.94 | 18.94 |
| Less : Provision for other than Temporary Diminution in value of Investment | 13.34 | 13.34 |
| | 5.60 | 5.60 |
| 80 (March 31, 2012 : 80) Equity Shares of Rs. 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited | * | * |
| b) Others | | |
| 100 (March 31, 2012 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Steel Limited | * | * |
| National Saving Certificates (Lodged with District Magistrate, Valsad) | - | 0.01 |
| Investment - India First SM | 3.78 | 2.02 |
| Investment - Canara HSBC | 0.60 | - |
| | 537.13 | 7.78 |
| Share in Joint Venture | 0.01 | 0.01 |
| Total | 537.14 | 7.79 |
| Aggregate amount of Unquoted Investments | 531.54 | 2.19 |
| Aggregate amount of Quoted Investments | 5.60 | 5.60 |
| Market Value of Quoted Investments | 2.61 | 3.03 |
| Aggregate provision for diminution in value of Investments | 13.34 | 13.34 |
| *Less than Rs.10,000 | | |
| Note 16 : Long-term Loans and Advances | | |
| Unsecured, considered good (unless otherwise stated) : | | |
| Capital Advances to Related Parties | | |
| - Wel-treat Enviro Management Organisation Limited | 75.00 | 75.00 |
| - Welspun Projects Limited | 26.64 | 12.64 |
| Capital Advance to Others | 795.97 | 136.44 |
| Security Deposits to Related Parties | | |
| - Welspun Realty Private Limited | 132.27 | 151.47 |
| - Mertz Securities Limited | 7.00 | 8.01 |
| Security Deposit to Others | 53.61 | 44.54 |
| Share Application pending allotment - Welspun Captive Power Generation Limited | 122.85 | 554.50 |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 12.73 | 11.55 |
| | - | - |
| Advance Tax and Tax Deducted at Source (Net of Provision for tax) | 212.71 | - |
| Balances with Customs, Excise, Sales Tax and other Government Authorities | | |
| - Considered Good | 111.79 | 110.99 |
| - Considered Doubtful | 7.72 | 7.72 |
| | 119.51 | 118.71 |
| Less : Provision for Doubtful Balances | 7.72 | 7.72 |
| | 111.79 | 110.99 |
| | 1,550.57 | 1,105.14 |
| Share in Joint Venture | 8.63 | 0.12 |
| Total | 1,559.20 | 1,105.26 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Note 17 : Other Non-current assets | | |
| Minimum Alternative Tax Credit Entitlement | 528.74 | 343.29 |
| Status Holder Incentive Scrip in Hand | 127.03 | - |
| Fixed deposits with maturity period more than 12 months* | 678.98 | 362.60 |
| Margin Money Deposit Accounts | 1.08 | 0.08 |
| Total | 1,335.83 | 705.97 |
| * Includes Fixed Deposit of Rs. 0.07 million (March 31, 2012 : Rs. 0.33 million) under lien with Sales Tax Authorities | | |
| Note 18 : Current Investments | | |
| Non Trade - (Quoted) (At Cost or market value whichever is less) | | |
| - (March 31, 2012 - 136) 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each | - | 140.08 |
| - (March 31, 2012 - 66) 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 66.85 |
| - (March 31, 2012 - 9) 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.09 |
| - (March 31, 2012 - 900) 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 900.09 |
| - (March 31, 2012 - 42) 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 41.48 |
| - (March 31, 2012 - 10) 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each | - | 9.92 |
| - (March 31, 2012 - 24) 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each | - | 29.78 |
| 2,850,000 (March 31, 2012 - Nil) 8.97% GOI 05-12-2030 Bonds of Face Value of Rs. 100 each | 311.63 | - |
| 3,580 (March 31, 2012 - Nil) 0% IFCI DDB 2033 Bonds of Face Value of Rs. 25,000 each | 23.27 | - |
| 600 (March 31, 2012 - Nil) Certificate of Deposit - Bank of India | 59.05 | - |
| Total | 393.95 | 1,197.29 |
| Aggregate amount of quoted investments | 393.95 | 1,197.29 |
| Market Value of quoted investments | 397.23 | 1,227.27 |
| Note 19 : Inventories | | |
| Raw Materials | 2,654.27 | 2,103.29 |
| Packing Materials | 94.05 | 110.03 |
| Work-in-Progress | 1,871.84 | 1,868.41 |
| Finished Goods and Traded Goods (Refer note 44) | 3,461.16 | 3,076.15 |
| Stores, Spares, Dyes and Chemicals | 107.50 | 106.61 |
| | 8,188.82 | 7,264.49 |
| Share in Joint Venture | 16.44 | 28.75 |
| Total | 8,205.26 | 7,293.24 |
| Note 20 : Trade Receivables | | |
| Unsecured | | |
| Debts Outstanding for a period exceeding six months from the date they are due for payment : | | |
| - Considered Good | 44.92 | 74.58 |
| - Considered Doubtful | 18.93 | 74.60 |
| | 63.85 | 149.18 |
| Less : Provision for Doubtful Debts | 18.93 | 74.60 |
| | 44.92 | 74.58 |
| Other Debts : | | |
| - Considered Good | 2,692.68 | 2,403.83 |
| - Considered Doubtful | 19.06 | 21.25 |
| | 2,711.74 | 2,425.08 |
| Less : Provision for Doubtful Debts | 19.06 | 21.25 |
| | 2,692.68 | 2,403.83 |
| | 2,737.60 | 2,478.41 |
| Share in Joint Venture | 12.15 | 13.87 |
| Total | 2,749.75 | 2,492.28 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Note 21 : Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | 2.42 | 5.66 |
| Cheques on Hand | 0.06 | - |
| Bank Balances | | |
| - In Current Accounts | 1,504.91 | 739.27 |
| - Fixed Deposits (less than 3 months maturity) | 63.00 | 104.73 |
| - In Exchange Earners Foreign Currency Accounts | - | 0.12 |
| Other bank balances | | |
| - Fixed Deposits* | 147.55 | 625.92 |
| - In Margin Money Deposit Accounts | 4.04 | 3.38 |
| - Unpaid Dividend Account | 1.60 | 0.47 |
| | 1,723.58 | 1,479.55 |
| Share in Joint Venture | 0.80 | 2.04 |
| Total | 1,724.38 | 1,481.59 |
| * Includes Fixed Deposit of Rs. 0.03 million (March 31, 2012 : Rs. 0.5 million) under lien with Sales Tax Authorities | | |
| Note 22 : Short-term Loans and Advances | | |
| Unsecured considered good, unless otherwise stated : | | |
| Loans to Related Parties | | |
| - Welspun Logistics Limited | - | 0.63 |
| - Welspun Captive Power Generation Limited | 2.70 | - |
| - Welspun Corp Limited | 1.97 | - |
| - Welspun Projects Limited | 0.88 | - |
| - Welspun Maxsteel Limited | 0.33 | - |
| - Welspun Enegry Limited | 0.18 | - |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 588.80 | 1,160.03 |
| Others | | |
| Balances with Customs, Excise, Sales Tax and other Government Authorities | | |
| - Considered Good | 2,093.85 | 1,074.70 |
| - Considered Doubtful | 34.65 | 25.39 |
| | 2,128.50 | 1,100.09 |
| Less : Provision for Doubtful Balances | 34.65 | 25.39 |
| | 2,093.85 | 1,074.70 |
| Security Deposits to Related Parties | | |
| - Welspun Realty Private Limited | 19.20 | 19.20 |
| - Mertz Securities Limited | 1.00 | 1.00 |
| - Vipuna Trading Limited | - | 30.42 |
| Security Deposits to Others | 11.76 | 19.51 |
| | 2,720.67 | 2,305.49 |
| Share in Joint Venture | 6.49 | 4.00 |
| Total | 2,727.16 | 2,309.49 |
| Note 23 : Other Current Assets | | |
| Minimum Alternative Tax Credit Entitlement | - | 296.37 |
| Technology Upgradation Fund Credit Receivable | 263.24 | 302.42 |
| Mark-to-Market gain (Net) on Forward/ Swap Contracts | 337.60 | - |
| Interest Accrued on Bonds/ Certificate of Deposits | 8.17 | 56.40 |
| Interest Accrued on Others | 1.40 | - |
| Interest Accrued on Deposits | 77.56 | 105.25 |
| Others | 24.75 | - |
| Gratuity Fund (Net) | 7.14 | 7.76 |
| | 719.86 | 768.20 |
| Share in Joint Venture | 11.37 | 3.75 |
| Total | 731.23 | 771.95 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|------------------------------|------------------------------|
| Note 24 : Revenue from Operations | | |
| Sale of Products | | |
| Finished Goods and Traded Goods | 32,603.59 | 29,235.57 |
| Share in Joint Venture | 71.07 | 101.92 |
| | 32,674.66 | 29,337.49 |
| Other operating revenue | | |
| Sales Tax Benefit | 793.47 | 625.74 |
| Sale of Scrap | 470.30 | 376.25 |
| Claims Received | 21.51 | - |
| Job Work and Processing Charges | 25.06 | 11.30 |
| Export Benefits | | |
| - Service Tax Income on Export | 46.52 | - |
| - Duty Entitlement Pass Book Scheme Benefits | 1.80 | 835.45 |
| - Focus Market Scheme Benefits | 505.84 | 310.39 |
| - Duty Drawback Benefits | 1,961.19 | 888.82 |
| | 3,825.69 | 3,047.95 |
| Share in Joint Venture | 6.55 | 7.87 |
| | 3,832.24 | 3,055.82 |
| Revenue from Operation (Gross) | 36,506.90 | 32,393.31 |
| Less : Excise Duty | 33.78 | 187.85 |
| Revenue from Operation (Net) | 36,473.12 | 32,205.46 |
| Note 25 : Other Income | | |
| Interest Income | | |
| On Fixed Deposits | 78.40 | 118.12 |
| On Bonds and Certificate of Deposits | 74.15 | 64.91 |
| On Others | 16.50 | 21.00 |
| On Income Tax Refund | 0.30 | 0.28 |
| Discount and Rebate received | 53.47 | 38.30 |
| Rent | 8.59 | 8.42 |
| Dividend Income | 42.47 | 36.36 |
| Insurance Claim | 0.74 | 0.05 |
| Profit on Redemption/ Sale of Units in Mutual Funds | 1.89 | - |
| Profit on Sale of Bonds/ Certificate of Deposits | 46.49 | 23.23 |
| Liabilities/ Provisions/ Sundry Balances Written Back | 86.33 | - |
| Provision for Doubtful Debts Written Back | - | 4.19 |
| Profit on Cancellation of Forward/ Swap Contracts | - | 32.38 |
| Commission | 0.38 | 11.47 |
| Service Charges | 8.00 | - |
| Income on Statusholder Incentive Scrip | 16.52 | - |
| Miscellaneous | 57.73 | 98.99 |
| | 491.96 | 457.70 |
| Share in Joint Venture | 0.25 | 2.77 |
| Total | 492.21 | 460.47 |
| Note 26 : Materials consumed (Refer note 44) | | |
| Opening Stock of Raw Material, Packing Material, Work-in-Process, Finished Goods and Stock-in-Trade | 7,157.88 | 4,419.86 |
| Add : Adjustment on account of merger | - | 2,801.92 |
| | 7,157.88 | 7,221.78 |
| Add: Purchases of Raw Material, Packing Material and Stock-in-Trade | 18,513.84 | 15,844.33 |
| | 25,671.72 | 23,066.11 |
| Less: Closing Stock of Raw Material, Packing Material, Work-in-Process, Finished Goods and Stock-in-Trade | 8,081.32 | 7,157.88 |
| | 17,590.40 | 15,908.23 |
| Share in Joint Venture | 93.70 | 90.85 |
| Total | 17,684.10 | 15,999.08 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|------------------------------|------------------------------|
| Note 27 : Employee Benefits Expense | | |
| Salaries, Wages, Allowances and Other Benefits | 2,548.29 | 2,821.76 |
| Contribution to Provident and Other Funds | 145.66 | 147.38 |
| Staff and Labour Welfare | 54.96 | 66.18 |
| | 2,748.91 | 3,035.32 |
| Share in Joint Venture | 17.24 | 15.04 |
| Total | 2,766.15 | 3,050.36 |

The Group has classified the various benefits provided to employees as under :

I Defined Contribution Plans

(Rs. million)

| During the year, the Group has recognised the following amounts in the Statement of Profit and Loss: | 2012 - 2013 | 2011 - 2012 |
|---|---------------|---------------|
| Employers' Contribution to Provident Fund & Pension Scheme* | 112.33 | 102.34 |
| Employers' Contribution to Employee's State Insurance * | 15.38 | 15.06 |
| Employers' Contribution to Superannuation Scheme* | 1.48 | 2.08 |
| Other Social Security Funds * | 16.47 | 27.90 |
| | 145.66 | 147.38 |
| The Group's share of expenses in jointly controlled entity recognised in the Statement of Profit and Loss . | 1.43 | 1.33 |

* Included in Contribution to Provident and Other Funds

II Defined Benefit Plan

Contribution to Gratuity Fund

Certain Companies operate gratuity plan through the Employees Trusts. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

| a. Major Assumptions | 2012-2013 % p.a. | 2011-2012 % p.a. |
|---|---------------------|---------------------|
| Discount Rate | 8.25 | 7.75- 8.75 |
| Expected Rate of Return on Plan Assets | 8.6-8.7 | 8.5-8.60 |
| Salary Escalation Rate @ | 5 to 10 | 5 to 10 |
| @ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. | | |

(Rs. million)

| b. Change in the Present Value of Obligation | 2012-2013 | 2011-2012 |
|--|-----------|-----------|
| Opening Present Value of Obligation | 110.23 | 114.06 |
| Transfer of to Welspun Global Brands Limited pursuant to demerger scheme | 1.77 | 0.00 |
| Current Service Cost | 46.51 | 37.68 |
| Interest Cost | 9.64 | 9.67 |
| Benefit/ Exgratia paid | (19.95) | (23.48) |
| Actuarial Loss/ (gain) on Obligations | (16.51) | (25.93) |
| Closing Present Value of Obligation | 131.69 | 112.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| c. Change in Fair Value of Plan Assets | 2012-2013 | 2011-2012 |
|--|-----------|-----------|
| Opening Fair Value of Plan Assets | 117.99 | 108.74 |
| Expected Return on Plan Assets | 10.15 | 9.24 |
| Actuarial (Loss)/ gain on Obligations | 1.06 | (4.11) |
| Contributions | 23.68 | 25.26 |
| Benefits paid | (14.05) | (21.14) |
| Closing Fair Value of Plan Assets | 138.83 | 117.99 |

(Rs. million)

| d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Present Value of Funded Obligation | 131.69 | 112.00 |
| Fair Value of Plan Assets | 138.83 | 117.99 |
| Funded Status | 138.83 | 117.99 |
| Present Value of Unfunded Obligation | - | (1.77) |
| Assets recognised in the Balance Sheet and included under Loans and Advances and Other Current Assets (Refer Note 23) | 7.14 | 7.76 |

(Rs. million)

| e. Amount recognised in the Balance Sheet | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Present Value of Obligation | 131.69 | 112.00 |
| Fair Value of Plan Assets | 138.83 | 117.99 |
| Liabilities recognised in the Balance Sheet and included under Long-term Provisions (Refer Note 8) and Short-term Provisions (Refer Note 12) | | (1.77) |
| Assets recognised in the Balance Sheet and included under Other Current Assets (Refer Note 23) | 7.14 | 7.76 |

(Rs. million)

| f. Expenses Recognised in the Statement of Profit and Loss | 2012-2013 | 2011-2012 |
|---|--------------|--------------|
| Current Service Cost | 46.51 | 37.68 |
| Interest Cost | 9.64 | 9.67 |
| Expected Return on Plan Assets | (10.15) | (9.24) |
| Net Actuarial Loss/ (gain) recognised in the year | (17.57) | (21.82) |
| Total expenses recognised in the Statement of Profit and Loss | 28.43 | 16.29 |
| The Group's share of expenses recognised in the Statement of Profit and Loss in jointly controlled entity | 0.30 | 0.28 |
| The Group's share of (Assets)/Liability recognised in the balance sheet in jointly controlled entity | 0.14 | (0.09) |

| g. Major Category of Plan Asset as a % of total Plan Assets | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Insurer managed funds | 100.00 | 100.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| h. | Amounts recognised in current year and previous four years | As At March 31, 2013 | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2010 | As At March 31, 2009 |
|----|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Defined Benefit obligation at the end of the year | 131.69 | 112.00 | 89.56 | 55.60 | 52.16 |
| | Fair Value of Plan Assets | 138.83 | 117.99 | 94.01 | 65.13 | 50.55 |
| | (Surplus)/ Deficit | (7.14) | (5.99) | (4.45) | (9.53) | 1.61 |
| | Experience gain/ (loss) adjustments on plan liabilities | (17.97) | 12.12 | 5.86 | 3.57 | (0.84) |
| | Experience gain/ (loss) adjustments on plan assets | 1.00 | (4.11) | 0.51 | 14.73 | (7.53) |
| | Actuarial gain/(loss) due to change in assumptions | (3.17) | - | (23.63) | (2.99) | (0.36) |

| i | Expected Contribution to the funds in the next year | As At March 31, 2013 | As At March 31, 2012 |
|---|---|----------------------|----------------------|
| | Gratuity | 29.95 | 37.88 |

III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 59.09 million (March 31, 2012: Rs. 48.25 million).

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|--|---------------------------|---------------------------|
| Note 28 : Finance Costs | | |
| Interest on Long -term Borrowings | 758.05 | 1,095.27 |
| Interest on Short- term Borrowings | 974.69 | 550.89 |
| Interest to Others | 20.13 | 51.51 |
| Discounting and Bank Charges | 221.49 | 218.27 |
| | 1,974.36 | 1,915.94 |
| Share in Joint Venture | 2.57 | 2.52 |
| Total | 1,976.93 | 1,918.46 |
| Note 29 : Depreciation and Amortisation Expense | | |
| Depreciation on Tangible assets | 1,397.71 | 1,316.99 |
| Amortisation on Intangible assets | 49.13 | 59.25 |
| | 1,446.84 | 1,376.24 |
| Share in Joint Venture | 1.78 | 1.88 |
| Total | 1,448.62 | 1,378.12 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Rs. million)

| | Year ended March 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|------------------------------|------------------------------|------------------------------|
| Note 30 : Other Expenses | | | |
| Stores and Spares Consumed | | 561.81 | 481.83 |
| Dyes and Chemicals Consumed | | 1,785.43 | 1,472.15 |
| Contract Labour Charges | | 651.72 | 526.84 |
| Job Work Expenses | | 591.84 | 428.38 |
| Power, Fuel and Water Charges | | 2,632.72 | 2,404.49 |
| Excise Duty [Refer Note (a) below] | | - | (0.53) |
| Repairs and Maintenance: | | | |
| Plant and Machinery | | 84.80 | 84.33 |
| Factory Building | | 35.45 | 22.14 |
| Others | | 112.46 | 102.90 |
| Claims, Discounts and Rebates | | 289.50 | 238.20 |
| Brokerage and Commission | | 328.66 | 344.94 |
| Freight, Forwarding and Coolie Charges | | 693.52 | 597.74 |
| Directors' Sitting Fees | | 1.52 | 1.02 |
| Rent | | 286.33 | 482.91 |
| Rates and Taxes | | 66.77 | 133.25 |
| Printing and Stationery | | 14.53 | 18.00 |
| Travelling and Conveyance | | 203.81 | 196.12 |
| Legal and Professional Charges | | 153.04 | 173.88 |
| Security Expenses | | 29.24 | 29.78 |
| Insurance | | 91.22 | 81.64 |
| Communication | | 39.92 | 63.33 |
| Postage and Courier | | 36.64 | 36.08 |
| Loss on Sale/ Discarding of Fixed Assets (Net) | | 20.26 | 163.39 |
| Loss on Redemption/ Sale of Units in Mutual Funds | | - | 0.22 |
| Provision for Doubtful Debts | | 16.94 | 53.57 |
| Loss on Cancellation/ Settlement of Forward Contracts (Net) | | 232.35 | 454.01 |
| Exchange Loss (Net) | | 444.86 | 126.95 |
| Bad Debts/ Advances Written off | 75.81 | - | 10.87 |
| Less: Provision for Doubtful Debts | 65.54 | | - |
| | | 10.27 | 10.87 |
| Design and Development Expenses | | 47.91 | 54.05 |
| Royalty | | 164.20 | 205.63 |
| Advertising and Sales Promotion | | 219.52 | 263.82 |
| Donations [Refer Note (c) below] | | 65.91 | 12.76 |
| Auditors' Remuneration | | | |
| - As Auditors | | 17.55 | 13.42 |
| - In other capacity - As Tax Auditors | | 2.67 | 2.13 |
| - Certification and Other Matters | | 2.83 | 0.49 |
| - Out of Pocket Expenses | | 0.03 | 0.15 |
| Miscellaneous | | 119.98 | 200.47 |
| | | 10,056.21 | 9,481.35 |
| Share in Joint Venture | | 20.74 | 12.94 |
| Total | | 10,076.95 | 9,494.29 |
| (a) Represents Excise duty related to difference between the closing stock and opening stock. | | | |
| (b) Expenses capitalised as a part of Capital Work-in-progress | | | |
| Interest Cost | | 35.81 | 41.74 |
| Salary Cost | | 32.08 | 20.96 |
| Other Expenses | | 126.30 | 5.75 |
| Total | | 194.19 | 68.45 |
| (c) Donations includes a political contribution of Rs. 1.5 million made to Bhartiya Janata Party. | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**31 Contingent Liabilities**

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|---|-------------------------|-------------------------|
| Excise, Customs and Service Tax Matters | 700.82 | 673.68 |
| Stamp Duty Matter [including share of joint venture of Rs 0.14 million (Previous Year Rs 0.18 million)] | 6.84 | 6.24 |
| Sales Tax Matters | 48.63 | 42.38 |
| Income Tax Matters [including share of joint venture of Rs 31.88 million (Previous Year Rs 29.62 million)] | 167.65 | 29.62 |
| Claims against the group not acknowledged as debts | 55.32 | 5.51 |
| Bill Discounted in respect of Export Debtors | 1,477.52 | 1,537.71 |
| Bank Guarantees | 125.24 | 983.72 |
| Corporate Guarantees | 900.00 | 900.00 |
| Others: | | |
| The arrears of dividend on 980,392 8% Redeemable Preference shares of Rs.10 each, fully paid-up (Including Dividend distribution tax) | 3.65 | 2.70 |

32 Capital and other commitments:**(a) Capital Commitments**

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances) | 3,811.03 | 304.29 |

(b) Other Commitments

(Rs. million)

| Description | As At March 31, 2013 | As At March 31, 2012 |
|--|-------------------------|-------------------------|
| In accordance with the EPCG Scheme, imports of capital goods are allowed to be made duty free and under Advance License Scheme, imports of raw material are allowed to be made duty free, subject to the condition that the Company will fulfill, in future, a specified amount of export obligation within a specified time. Based on the current operating plan, the Company would fulfill its export obligation within the specified time period. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Company. | 9.27 | - |

33 During an earlier year, the Company had recognized deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain Excise and Value Added Tax incentives as 'capital receipts' for income tax purposes. Income Tax authorities have passed orders treating these incentives as revenue in nature. The Company has filed appeals against the aforesaid orders. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year end could be significantly impacted.

34 During the previous year, the Company had inadvertently made certain investments aggregating Rs. 1,197.29 million in the bonds issued by certain public sector undertakings without obtaining prior approval of the shareholders by way of a special resolution as required under Section 372A of the Companies Act, 1956. Subsequent to March 2012, these investments were sold. Further, the Company has filed a suo motu application to the Company Law Board in the Financial Year 2012-13 for the compounding of this offence and adjudication by the Company Law Board is pending.

35 The composite scheme of arrangement (the "Scheme") between Welspun Global Brands Limited (WGBL) (Transferor Company), the Company (First Transferee Company) and Welspun Retail Limited ("WRL" - Second Transferee Company) was approved by the High Court of Gujarat at Ahmadabad by its order dated November 26, 2012. The order has been filed with the Registrar of Companies on December 7, 2012. Pursuant to the Scheme 10,475,496 equity shares of Rs. 10 each included in Share Suspense Account were allotted during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- 36 The Company's wholly owned subsidiary in Switzerland, Welspun AG (WAG) was liquidated on March 27, 2013. Loss on liquidation of Rs. 37.99 million has been included in exceptional items.
- 37 On March 28, 2013, the Company sold its entire shareholding in Welspun Mexico S. A. de C. V. for a sale consideration of USD 999. Gain on disposal of investment of Rs 6.91 million has been included in exceptional items.
- 38 As at March 31, 2013, a subsidiary, Welspun Retail Limited, has recognized deferred tax assets aggregating Rs. 301.13 million. The deferred tax assets have been recognised on the basis of virtual certainty supported by convincing evidence that they will be realised. The Subsidiary has confirmed sales orders/ commitment letters which will generate sufficient profits to realise these deferred tax assets.

39. Derivative Instruments outstanding as at March 31, 2013 :

The Group is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted receivable, payables denominated in foreign currency. In line with the Group's risk management policies and procedures, the Group enters into foreign currency forward contracts and currency option contracts to manage its exposure. These contracts are for a period of maximum twelve months and forecasted transactions are expected to occur during the same period.

- (a) The following are outstanding foreign currency forward, option contracts and other derivative contracts against the receivables (including forecasted) and payables.

| (i) Non-Designated Hedges | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|---------------------------|---------------|-------------------------------|-------------|-------------------------------------|-------------------------------|-------------|-------------------------------------|
| | | Notional Amount | | Fair Value Gain/ (Loss) Rs. million | Notional Amount | | Fair Value Gain/ (Loss) Rs. million |
| | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in million) | Rs. million | |
| Coupon Only Swap | USD-INR | 21.43 | 1,000.00 | (2.97) | 21.43 | 1,000.00 | (11.23) |
| Forward Contracts (Buy) | EURO-USD | 1.00 | 69.50 | (3.91) | - | - | - |

| Designated Cash Flow Hedges | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|-----------------------------|---------------|-------------------------------|-------------|-------------------------------------|-------------------------------|-------------|-------------------------------------|
| | | Notional Amount | | Fair Value Gain/ (Loss) Rs. million | Notional Amount | | Fair Value Gain/ (Loss) Rs. million |
| | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in million) | Rs. million | |
| Forward Contracts (Sell) | USD-INR | 311.23 | 16,895.36 | 322.17 | 284.17 | 14,480.84 | (389.92) |
| Forward Contracts (Sell) | USD-GBP | - | - | - | 0.63 | 50.53 | 0.31 |

- (ii) In addition to the above, the Group has following outstanding foreign currency forward contracts to hedge foreign currency exposure against payable/ receivable as at March 31, 2013:

| | Currency Pair | March 31, 2013 | | | March 31, 2012 | | |
|--------------------------|---------------|-------------------------------|-------------|--|-------------------------------|-------------|--|
| | | Notional Amount | | On Re-statement "Gain/ (Loss) Rs. million" | Notional Amount | | On Re-statement "Gain/ (Loss) Rs. million" |
| | | Foreign Currency (in million) | Rs. million | | Foreign Currency (in million) | Rs. million | |
| Forward Contracts (Buy) | USD-INR | - | - | - | 1.00 | 52.80 | (1.59) |
| Forward Contracts (Sell) | USD-INR | 16.00 | 868.56 | 15.44 | 17.74 | 905.14 | (1.63) |

- (b) Net Profit on derivative instruments of Rs. 322.17 million recognised in Hedging Reserve as on March 31, 2013, is expected to be recycled to Statement of Profit and Loss by March 31, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**40 Details of Employees Stock Options**

On June 30, 2009, the Company issued Employee Stock Options (ESOP) under the Employee Stock Options Scheme (the "Scheme") to employees of the Company with a right to subscribe to equity shares ("New Options") at a price of Rs. 35.60 per equity share (closing market price as on June 30, 2009) with an option to existing grantees, who were granted options on May 17, 2006 ("Old Options"), to receive New Options on surrender of Old Options. All employees holding Old Options on June 30, 2009 chose to surrender the Old Options. The salient features of the Scheme are as under:

- (i) Vesting : Options to vest over a period of four years from the date of their grants as under:
- 20% of the Options granted to vest at each of the 1st and 2nd anniversaries of the date of grant.
 - 30% of the Options granted to vest at each of the 3rd and 4th anniversaries of the date of grant.
- (ii) Exercise : Options vested with an employee will be exercisable within 3 years from the date of their vesting by subscribing to the number of equity shares in the ratio of one equity share for every option at the Exercise Price. In the event of cessation of employment due to death, resignation or otherwise, the Options may lapse or be exercisable in the manner specifically provided for in the Scheme.

| | |
|---------------------------|---|
| Date of Grant | June 30, 2009 |
| Number of Options Granted | 2,265,000 |
| Vesting Conditions | The options would vest only if the option grantee continues to be in employment of the Company at the time the options are due to vest. |
| Exercise Period | 3 years |
| Exercise Price | Rs. 35.60 |

| Summary of Stock Options | March 31, 2013 | | March 31, 2012 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | No. of Stock Options | Weighted Average Exercise Price (Rs.) | No. of Stock Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at the beginning of the year | 1,179,250 | 35.60 | 1,606,250 | 35.60 |
| Options granted during the year | - | - | - | - |
| Options exercised during the year | 539,250 | 35.60 | 36,000 | 35.60 |
| Options forfeited/ lapsed during the year | 88,000 | 35.60 | 391,000 | 35.60 |
| Options outstanding at the end of the year | 552,000 | 35.60 | 1,179,250 | 35.60 |
| Options vested but not exercised at the year end | 163,500 | 35.60 | 330,250 | 35.60 |

Information in respect of options outstanding as at March 31, 2013

| No. of Stock Options | Weighted Average remaining life in years | Weighted Average Exercise Price (Rs.) |
|----------------------|--|---------------------------------------|
| 110,400 | 0.25 | 35.60 |
| 110,400 | 1.25 | 35.60 |
| 165,600 | 2.25 | 35.60 |
| 165,600 | 3.25 | 35.60 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of underlying share has been determined by an independent value. Since, on the date of grant of option, quoted market price of the underlying equity shares of the Company was equal to the exercise price of an option, no expense or liability arising from the Scheme has been recognized.

The Company's earnings per share would have been as under, had the compensation cost for employees stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes' model

| | (Rs. million) | |
|--|----------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Profit/(Loss) for the year | 2,248.23 | (133.72) |
| Less: Additional Employee Compensation Cost based on Fair Value (net of tax) | 0.65 | 2.78 |
| Profit after taxation as per Fair Value Method | 2,247.58 | (136.50) |
| Earnings Per Share (EPS) | | |
| Basic | | |
| Number of Shares (Weighted average) | 99,700,852 | 99,468,710# |
| Basic Earnings/(Loss) Per Share as reported | 22.55 | (1.34) |
| Performa Basic Earnings/(Loss) Per Share | 22.54 | (1.37) |
| Diluted | | |
| Number of Shares (Weighted average) | 100,096,195 | 99,468,710 |
| Diluted EPS as reported | 22.46 | (1.34) |
| Performa Diluted EPS | 22.45 | (1.37) |

Includes 10,475,496 shares of Rs. 10 each to be issued to shareholders of erstwhile Welspun Global Brands Limited, pursuant to the Scheme of Arrangement with effect from April 1, 2011.

| | Grant Date : June 30, 2009 | | | |
|------------------------------------|----------------------------|-----------------|-----------------|-----------------|
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
| | June30, 2010 | June30, 2011 | June30, 2012 | June30, 2013 |
| Variables | 20% | 20% | 30% | 30% |
| Stock Price | 34.85 | 34.85 | 34.85 | 34.85 |
| Volatility | 63.52% | 59.33% | 54.45% | 53.18% |
| Risk free Rate | 6.15% | 6.31% | 6.46% | 6.61% |
| Exercise Price | 35.60 | 35.60 | 35.60 | 35.60 |
| Time to Maturity | 2.50 | 3.50 | 4.50 | 5.50 |
| Dividend Yield | 0% | 0% | 0% | 0% |
| Option Fair Value | 14.83 | 16.69 | 17.85 | 19.42 |
| Weighted Average Option Fair Value | 17.49 | | | |

Effect of share - based payment plan on the Balance Sheet and Statement of Profit and Loss:

| | (Rs. million) | |
|---|----------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Expense arising from employee share -based payment plan | - | - |
| Deferred Stock Compensation | - | - |

41 Segment Information for the year ended March 31, 2013.

(i) Information about Primary Business Segment

The Group is exclusively engaged in the business of Home Textiles which, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountant of India, is considered to constitute a single primary segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the period are all as reflected in the financial statements for the year ended March 31, 2013 and as on that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(ii) Information about Secondary Geographical Segments:

(Rs. million)

| | India | | Outside India | | Total | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Revenue | 2,516.57 | 4,376.91 | 33,956.55 | 27,828.55 | 36,473.12 | 32,205.46 |
| Carrying Amount of Segment Assets | 31,897.51 | 29,439.97 | 6,681.50 | 5,919.52 | 38,579.01 | 35,359.49 |
| Capital Expenditure incurred to acquire segment assets | 1,299.85 | 2,218.64 | 47.92 | 132.66 | 1,347.77 | 2,351.30 |

Notes:

- (a) The Segment revenue in the geographical segments considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India.
 - Revenue outside India includes sales to customers located outside India, earnings outside India and export benefits on sales made to customers located outside India.
- (b) Segment revenue and assets include the respective amounts identified to each of the segments and amounts allocated on a reasonable basis.

42 (i). Related Party Disclosures**(i) Relationships**

| Control | | |
|--|--|---|
| (a) | Joint Venture Company | Welspun Zucchi Textiles Limited (WZTL) |
| (b) | Associate Company | Welspun Captive Power Generation Limited (WCPGL) |
| (c) | Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year | Welspun Corp Limited (WCL) (Formerly known as Gujarat Stahl Rohren Limited (WGSRL)) |
| | | Vipuna Trading Limited (VTL) |
| | | Welspun Syntex Limited (WSYNL) |
| | | Welspun Investments and Commercials Limited (WICL) |
| | | Welspun Realty Private Limited (WRPL) |
| | | Welspun Logistics Limited (WLL) |
| | | Remi Metals Gujarat Limited (RMGL) |
| | | Welspun Steel Limited (WPSL) (Formerly Known as Power and Steel Limited) |
| | | Welspun Wintex Limited (WWL) |
| | | Welspun Mercantile Limited (WML) |
| | | Krishiraj Trading Limited (KTL) |
| | | Mertz Securities Limited (MSL) |
| | | Welspun Polybuttons Limited (WPBL) |
| | | Welspun Energy Limited (WEL) |
| | | Wel-treat Enviro Management Organisation Limited (WEMO) |
| | | Welspun Maxsteel Limited (WMSL) |
| | | Welspun Projects Limited (WPL) |
| | | Welspun FinTrade Limited (WFTL) |
| | | Welspun Finance Limited (WFL) |
| | | Welspun Urja Gujarat Private Limited (WUGPL) |
| | | Welspun Foundation for Health and Knowledge (WFHK) |
| | | Welspun Solar AP Private Limited (WSAPL) |
| | | Welspun Solar MP Private Limited (WSMPL) |
| Welspun Energy UP Private Limited (WEUPL) | | |
| Welspun Trading Limited (WTL) | | |
| Welspun Urja India Limited (WUL) | | |
| Welspun Pipe Inc. | | |
| Welspun Infra Limited (W Infra) | | |
| Viraj Renewable Energy Power Limited (VREPL) | | |
| Welspun Steel Resources Private Limited (WSPRL) | | |
| Methodical Investment and Trading Company Private Limited (MITCPL) | | |
| (d) | Key Management Personnel | B.K.Goenka (BKG) R. R. Mandawewala (RRM) |
| (e) | Relatives of Key Management Personnel | Dipali Goenka (DBG) |
| | | Radhika Goenka (RBG) |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
42. (ii) Following are the transactions with related parties mentioned in (i) above and the year-end balances

| PARTICULARS | WCCL | VTL | W5YNL | WZTL | WICL | WPL | WSAPL | WSMPL | WEUPL | WCPGL | WRPL | WLL | RMGL | WPSL | WTL | WWL | WML | WUIL | Wespun Pipe | KTL | Total Carried Forward |
|--|----------|--------|----------|---------|---------|------|-------|-------|-------|----------|----------|---------|---------|---------|------|-------|-------|------|-------------|-----|-----------------------|
| Transactions during the year | | | | | | | | | | | | | | | | | | | | | |
| Repayment of Loans, Advances and Deposits given | - | (4.26) | - | - | (9.30) | - | - | - | - | - | 19.20 | - | - | - | - | - | - | - | - | - | 19.20 |
| Loans, Advances and Deposits received | - | (4.27) | - | (4.40) | 79.50 | - | - | - | - | - | (18.00) | - | - | - | - | - | - | - | - | - | (31.56) |
| Repayment of Loans, Advances and Deposits received | - | - | - | - | - | - | - | - | - | - | (1.20) | - | - | - | - | - | - | - | - | - | (8.67) |
| Purchase of Goods (Including Taxes) | 1,168.62 | - | 332.43 | 27.46 | - | - | - | - | - | - | - | - | - | 0.40 | - | - | - | - | - | - | 1,528.91 |
| Purchase of Services/ Expenses incurred | (831.67) | - | (241.56) | (37.93) | - | - | - | - | - | - | - | - | - | (38.35) | - | - | - | - | - | - | (1,149.51) |
| Sale of Goods/ DEPB Licenses (Including Taxes) | 4.59 | (7.49) | 5.18 | 0.13 | - | - | - | - | - | - | 60.74 | 21.33 | - | 26.45 | - | - | - | - | 0.00 | - | 118.42 |
| Job Charges Received | 55.29 | - | 7.18 | 14.04 | - | 0.71 | 0.81 | 0.26 | 0.06 | - | (39.92) | (17.25) | 0.15 | 15.31 | 0.04 | - | - | 0.02 | 0.01 | - | 93.87 |
| Sale of Services/ Expenses incurred | (3.34) | - | (12.42) | (2.86) | - | - | - | - | - | - | - | - | - | (1.57) | - | - | - | - | - | - | (28.43) |
| Sale of Fixed Assets | 26.80 | - | 0.43 | 2.24 | - | - | - | - | - | 2.70 | - | - | 0.02 | 2.77 | - | - | - | - | - | - | (2.86) |
| Purchase of Fixed Assets / Capital Goods | (84.20) | - | (5.25) | (3.91) | - | - | - | - | - | - | - | - | (20.83) | - | - | - | - | - | - | - | (114.19) |
| Interest Expense | (0.15) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.15) |
| Managerial Remuneration | 15.03 | - | 0.13 | - | - | - | - | - | - | - | - | - | - | 8.16 | - | - | - | - | - | - | 23.32 |
| Share Application Money Paid | (5.93) | - | - | - | - | - | - | - | - | - | - | - | - | (10.21) | - | - | - | - | - | - | (16.14) |
| Investment Made during the year | - | - | - | - | 7.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.38 |
| Sale of Investment during the year | - | - | - | - | (8.70) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.70) |
| Equity Dividend Paid | 4.80 | - | - | 5.00 | - | - | - | - | - | - | - | - | - | - | - | 14.36 | 19.12 | - | - | - | 84.55 |
| Loans, Advances and Deposits received (Including interest accrued but not due) | (7.40) | - | (5.25) | (10.00) | (81.31) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (98.71) |
| Loans, Advances and Deposits given (Including interest accrued on loan) | 1.97 | - | - | - | - | - | - | - | - | 2.70 | 151.47 | - | - | - | - | - | - | - | - | - | 156.14 |
| Trade Receivables (Net of Bills Discounted with Banks) | 0.76 | - | - | 4.83 | - | - | - | - | - | - | (170.67) | - | - | - | - | - | - | - | - | - | (170.67) |
| Trade Payables and Others | (8.55) | - | (0.22) | (#) | - | - | - | - | - | - | - | (0.63) | 0.03 | (0.33) | - | - | - | - | - | - | 5.59 |
| Investments | 0.13 | - | 4.81 | 2.01 | - | - | - | - | - | - | - | - | - | 0.51 | - | - | - | - | - | - | (4.72) |
| Provision for diminution in value in investment | - | - | (17.17) | (2.41) | - | - | - | - | - | - | - | - | - | (#) | - | - | - | - | - | - | 7.49 |
| Corporate Guarantee Given | - | - | 18.94 | 34.56 | - | - | - | - | - | 527.15 | - | - | - | (#) | - | - | - | - | - | - | 580.65 |
| Share Application Money Pending Allotment | - | - | (13.34) | - | - | - | - | - | - | (0.15) | - | - | - | - | - | - | - | - | - | - | (53.65) |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13.34 |
| | - | - | - | - | - | - | - | - | - | 900.00 | - | - | - | - | - | - | - | - | - | - | (13.34) |
| | - | - | - | - | - | - | - | - | - | (900.00) | - | - | - | - | - | - | - | - | - | - | 900.00 |
| | - | - | - | - | - | - | - | - | - | 122.85 | - | - | - | - | - | - | - | - | - | - | (900.00) |
| | - | - | - | - | - | - | - | - | - | (554.50) | - | - | - | - | - | - | - | - | - | - | 122.85 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (554.50) |

Note :
 Previous years figures are given in Brackets
 # Less than Rs 10,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
 42. (ii) Following are the transactions with related parties mentioned in (i) above and the year-end balances

| PARTICULARS | Total Brought Forward | MSL | WPBL | WEL | WEMO | WMSL | WPL | MITCPL | WFL | WUGPL | WPHK | W INFRA | VREPL | WSRPL | BKG | RBG | DBG | RRM | TOTAL |
|--|-----------------------|--------|--------|--------|---------|--------|----------|--------|-------|-------|--------|---------|--------|-------|-----|-----|-----|-----|------------|
| Transactions during the year | | | | | | | | | | | | | | | | | | | |
| Repayment of Loans, Advances and Deposits given | 19.20 | 1.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20.21 |
| Loans, Advances and Deposits received | (31.56) | (1.00) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (32.56) |
| Repayment of Loans, Advances and Deposits received | (8.67) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.67) |
| Purchase of Goods (Including Taxes) | 79.50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 79.50 |
| Purchase of Services/ Expenses Incurred | (1.20) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1.20) |
| Purchase of Goods/ DEPR/Licenses (Including Taxes) | 1,528.91 | - | 2.56 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,531.47 |
| Sale of Goods/ DEPR/Licenses (Including Taxes) | (1,149.51) | - | (1.26) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,150.77) |
| Job Charges Received | 118.42 | 3.79 | - | - | - | (#) | - | 0.15 | - | - | 0.54 | - | - | - | - | - | - | - | 122.36 |
| Sale of Fixed Assets | 93.87 | (3.09) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (99.84) |
| Share Application Money Paid | (28.43) | - | (0.12) | (1.59) | - | (1.64) | (0.44) | - | - | - | - | (1.32) | (0.52) | - | - | - | - | - | 94.57 |
| Investment Made during the year | (2.86) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (34.01) |
| Interest Expense | 34.96 | - | - | 0.18 | - | 0.33 | 0.88 | - | - | - | - | - | - | - | - | - | - | - | (2.86) |
| Managerial Remuneration | (114.19) | - | - | - | - | (0.39) | - | - | - | - | - | - | - | - | - | - | - | - | 36.35 |
| Share Application Money Paid | (6.15) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (114.58) |
| Investment Made during the year | 23.32 | - | - | - | - | - | 243.87 | - | - | - | 0.17 | - | - | - | - | - | - | - | (0.15) |
| Interest Expense | (16.14) | - | - | - | - | - | (197.00) | - | - | - | - | - | - | - | - | - | - | - | 267.36 |
| Managerial Remuneration | (8.70) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (213.14) |
| Share Application Money Paid | 95.88 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.38 |
| Investment Made during the year | (424.50) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.70) |
| Share Application Money Paid | 527.53 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 22.07 |
| Share Application Money Pending Allotment | 0.53 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (28.32) |
| Share Application Money Pending Allotment | 84.55 | - | - | - | - | - | - | 0.01 | 34.82 | 0.99 | - | - | - | - | - | - | - | - | (62.70) |
| Share Application Money Pending Allotment | (98.71) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (23.81) |
| Share Application Money Pending Allotment | 156.14 | 8.00 | - | 0.18 | 75.00 | 0.33 | 27.53 | - | - | - | - | - | - | - | - | - | - | - | 95.88 |
| Share Application Money Pending Allotment | (170.67) | (9.01) | - | - | (75.00) | - | (12.64) | - | - | - | - | - | - | - | - | - | - | - | (424.50) |
| Share Application Money Pending Allotment | 5.59 | - | 0.01 | - | - | - | - | - | - | - | 0.01 | - | (1.32) | - | - | - | - | - | 527.53 |
| Share Application Money Pending Allotment | (4.72) | - | (0.01) | (1.10) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8.70) |
| Share Application Money Pending Allotment | 7.49 | - | 0.44 | - | - | 0.01 | 11.19 | - | - | - | 58.25 | 0.17 | - | - | - | - | - | - | (8.70) |
| Share Application Money Pending Allotment | (19.58) | - | (0.09) | - | - | - | (9.95) | - | - | - | (7.00) | - | - | - | - | - | - | - | (7.00) |
| Share Application Money Pending Allotment | 580.65 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 58.25 |
| Share Application Money Pending Allotment | (53.65) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (7.00) |
| Share Application Money Pending Allotment | 13.34 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (50.00) |
| Share Application Money Pending Allotment | (13.34) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9.80 |
| Share Application Money Pending Allotment | 900.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (98.71) |
| Share Application Money Pending Allotment | (900.00) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 267.18 |
| Share Application Money Pending Allotment | 122.85 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (267.32) |
| Share Application Money Pending Allotment | (654.50) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5.61 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (7.15) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | 38.61 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (25.99) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (79.42) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | 580.65 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (53.65) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | 13.34 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (13.34) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | 900.00 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (900.00) |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | 122.85 |
| Share Application Money Pending Allotment | | | | | | | | | | | | | | | | | | | (554.50) |

Note :
 Previous year's figures are given in Brackets
 # Less than Rs 10,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

43 Leases

A. Where the Company is a lessee:

Operating Lease

The Company, some of its subsidiaries and its jointly controlled entity have taken various residential, office premises, godowns, equipment and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for eleven months to sixty months.

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

| Particulars | (Rs. million) | |
|--|-------------------------|-------------------------|
| | As At March 31, 2013 | As At March 31, 2012 |
| Not later than 1 year | 165.47 | 157.64 |
| Later than 1 year and not later than 5 years | 380.78 | 277.70 |
| Later than 5 years | 103.58 | 45.32 |

The aggregate rental expenses of all the operating leases for the year are Rs 286.36 million (Previous Year: Rs. 482.94 million) which includes the Company's share of Rs. 0.03 million (Previous Year Rs. 0.03 million) in Jointly controlled entities.

44 Certain Subsidiary Companies' accounting systems do not track purchases/ consumption of raw materials, packing material and purchases of traded goods separately. Hence, for the purposes of presentation in Note 26, opening stock of raw materials, packing material, work in progress, finished goods and traded goods are grouped together, purchase of raw materials, packing material and traded goods are grouped together and closing stock of raw material, packing material, work in progress, finished goods and traded goods are grouped together. Similarly, inventories of finished goods and traded goods are grouped together in Note 19.

45 Earnings/ (Loss) per Share

| Particulars | (Rs. million) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2013 | Year ended March 31, 2012 |
| Profit/ (Loss) after Tax (A) | 2,248.23 | (133.72) |
| Number of Equity Shares for Basic Earnings Per Share | | |
| - Weighted Number of equity shares outstanding during the year (B) | 99,700,852 | 99,468,710# |
| Add: Weighted Average number of outstanding employee stock options | 395,343 | * |
| Weighted Number of diluted equity shares outstanding during the year (C) | 100,096,195 | 99,468,710 |
| Basic Earnings/ (Loss) per share (A/B) (Rs.) | 22.55 | (1.34) |
| Diluted Earnings/ (Loss) per share (A/C) (Rs.) | 22.46 | (1.34) |
| Nominal value of an equity share (Rs.) | 10 | 10 |

* There is no increase in of no. of shares in respect of outstanding employee stock options for the purpose of calculation of diluted earnings per share as the average market value of the shares for the last six months is lower than the exercise price.

Include 10,475,496 shares of Rs. 10 each to be issued to shareholders of erstwhile Welspun Global Brands Limited, pursuant to the Scheme of Arrangement with effect from April 1, 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

46 Provision for Contingencies

| Particulars | (Rs. million) | | |
|--------------------------|-----------------------------------|--|---------|
| | Indirect Taxes (Refer Note 12) | Litigation and Disputes (Refer Note 8) | Total |
| Opening Balance | - | 11.10 | 11.10 |
| | (-) | (-) | (-) |
| Provided during the year | 25.00 | 1.29 | 26.29 |
| | (-) | (11.10) | (11.10) |
| Closing Balance | 25.00 | 12.39 | 37.39 |
| | (-) | (11.10) | (11.10) |

Figures in brackets relate to previous year

- (a) Provision for Indirect Taxes is made towards likely demands that may arise on completion of assessments.
- (b) Provision for litigation and disputes is made towards legal notices received for non-payment of rent in case of stores taken on lease.

47 The previous year comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

Signatures to Notes to Consolidated financial statements

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : May 15, 2013

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : May 15, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

| Name of the subsidiary company | Welspun AG** | Welspun Mexico SA de CV*** | BESA Developers and Infrastructure Private Limited | Welspun Retail Limited | Welspun Holdings Pvt. Ltd. | Welspun Home Textiles UK Ltd. | Welspun Holdings Limited* | Christy Home Textiles Limited | Welspun UK Limited | Christy 2004 Limited | Christy UK Limited | Christy Europe GmbH | ER Kingsley (Textiles) Limited | Welspun USA Inc.** | WDH | KOJO CANADA | Welspun Mauritius Enterprises Limited | Novelty Home Textiles S A DE C V | |
|--|--------------|----------------------------|--|------------------------|----------------------------|-------------------------------|---------------------------|-------------------------------|--------------------|----------------------|--------------------|---------------------|--------------------------------|--------------------|-----------|-------------|---------------------------------------|----------------------------------|--|
| | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | 31-Mar-13 | |
| Financial Year of the subsidiary ended on | | | | | | | | | | | | | | | | | | | |
| Share Capital | - | - | 0.10 | 403.64 | 124.45 | 697.44 | 123.37 | 0.08 | 0.08 | - | - | 1.76 | 0.16 | 9.69 | 45.79 | 2.54 | 16.54 | 13.77 | |
| Reserves & Surplus | - | - | (14.65) | 2,141.41 | 292.64 | (359.37) | 205.26 | 60.69 | 67.46 | 709.52 | 2.15 | (9.93) | 48.48 | 318.73 | (178.18) | (68.06) | (0.29) | (21.26) | |
| Total Assets | - | - | 782.61 | 5,691.14 | 417.76 | 599.31 | 1,390.31 | 853.86 | 2,506.74 | 1,092.40 | 242.10 | 43.02 | 48.63 | 3,089.05 | (123.78) | (65.19) | 16.45 | 2.49 | |
| Total Liabilities | - | - | 797.16 | 3,148.94 | 0.66 | 261.24 | 1,061.68 | 793.08 | 2,439.20 | 382.88 | 239.95 | 51.19 | 0.00 | 2,760.64 | 8.61 | 0.33 | 0.20 | 9.97 | |
| Investments(excluding investments in subsidiaries) | - | - | - | 2.86 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Turnover | - | 0.02 | - | 31,058.25 | - | - | 2,018.69 | - | 1,864.23 | - | - | 154.50 | - | 7,553.37 | 1.27 | 9.55 | - | 1.25 | |
| Profit (Loss) before Taxation | 1,301.25 | 120.28 | (14.65) | 641.92 | (0.86) | (11.49) | (65.08) | (10.31) | (43.14) | - | - | (7.56) | - | 156.17 | (29.40) | (10.55) | 2.05 | 90.50 | |
| Provision for Taxation | - | - | - | 231.02 | - | - | - | - | - | - | - | - | - | 25.90 | - | 0.03 | - | 0.09 | |
| Profit (Loss) after Taxation | 1,301.25 | 120.28 | (14.65) | 410.90 | (0.86) | (11.49) | (65.08) | (10.31) | (43.14) | - | - | (7.56) | - | 130.26 | (29.40) | (10.58) | 2.05 | 90.41 | |
| Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |

* Consolidated Figure for the Company and all its subsidiaries is given.

** On March 27,2013, Welspun AG has been liquidated

*** On March 28,2013, Company disposed off its investment in Welspun Mexico S.A. de C. V.