WELSPUN

Dare to Commit

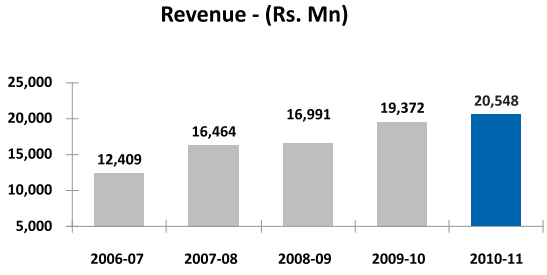
WELSPUN INDIA LTD.

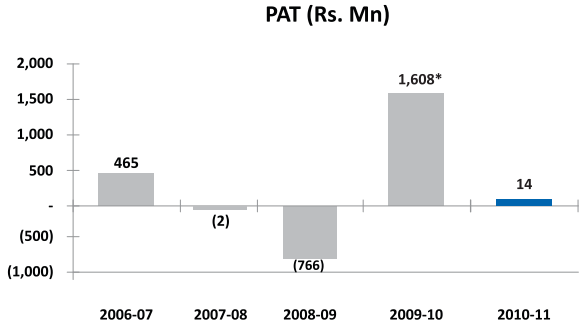
WE

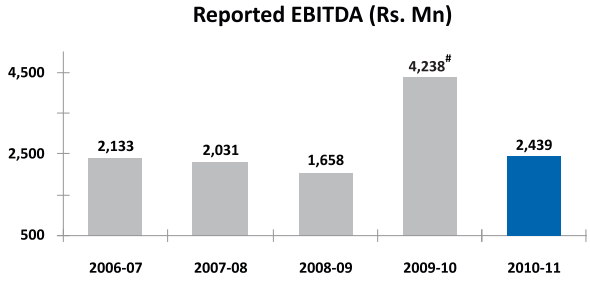
Believe in **YOU**

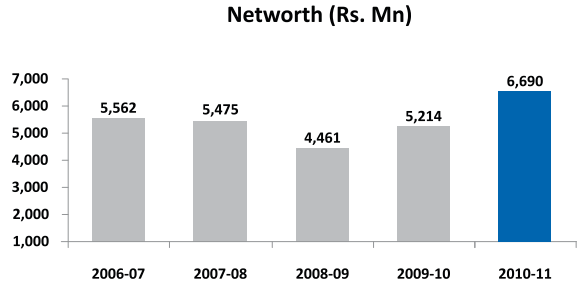
26th Annual Report for 2010-2011

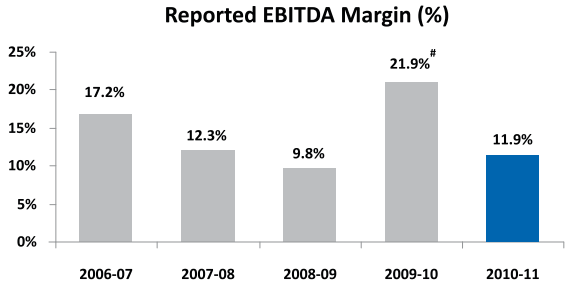
FINANCIAL HIGHLIGHTS (Consolidated)

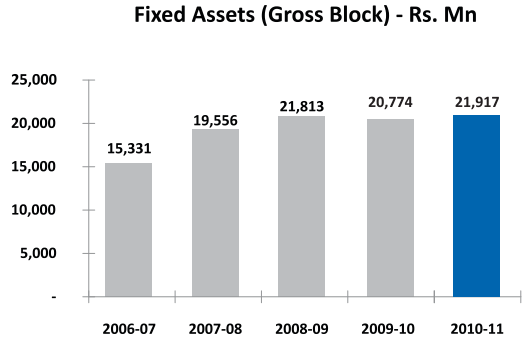












Note: FY 10 figures are after the Demerger of company's marketing and investment division into separate entities namely Welspun Global Brand Ltd. and Welspun Investment Ltd.

Operating EBITDA for FY10 is Rs. 3,527.36 mn and EBITDA margin is 18.21%.

* In FY10 Pursuant to the demerger, a gain of Rs. 710.85 mn arising on disposal of investments in the subsidiaries and an associates pursuant to the demerger has been recognized in the consolidated Profit and Loss Account and included in other income adding to the resultant PAT in FY10 .

WELSPUN

Dare to Commit

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 publicity update any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

Board of Directors	
Mr. B. K. Goenka Chairman	Mr. Ram Gopal Sharma (Director)
Mr. R. R. Mandawewala (Managing Director)	Mr. A. K. Dasgupta (Director)
Mr. M. L. Mittal (Executive Director – Finance)	Mr. Arun Todarwal (Nominee – Dunearn Investments (Mauritius) Pte. Ltd.)
Mr. Dadi B. Engineer (Director)	Mr. Shailendra Nadkarni (Nominee – IDBI Bank)

Company Secretary	Audit Committee
Mr. Shashikant Thorat	Mr. Ram Gopal Sharma
	Mr. Dadi B. Engineer
Auditors	Mr. A. K. Dasgupta
Price Waterhouse & Co.	Mr. Arun Todarwal

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. Arun Todarwal	Mr. R. R. Mandawewala
Mr. Ram Gopal Sharma	Mr. M. L. Mittal

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

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

Key Management Team

Mr. B. K. Goenka
Chairman

Mr. R.R. Mandawewala
Managing Director

Mr. M.L. Mittal
Executive Director (Finance)

Ms. Dipali Goenka
*Executive Director

Mr. Bharat B Sharma
*Director, Operations,
WIL Anjar

Mr. Swapan S Nath
*Director, Operations
WIL Vapi

Mr. Akhil Jindal
*Director,
Corporate Affairs

** Not a member of the Board of Directors*

Message from Chairman

My dear fellow Stakeholders,

The Textile Industry in India was severely impacted by the global slow down and recession during the period under review. However, lately internationally there has been a gradual recovery. The demand in export markets like USA and Europe are improving. At the retail level too, there has been an increase in demand, both domestically and internationally and we expect it to continue at an upward pace across geographies.

Back home, indication are that the disposable income will continue to increase significantly over the next decade. This will provide impetus to the textile industry which is on the threshold of higher consumer demand and on growth path due to such increased demand. Welspun being an integrated Home Textiles supplier for all consumer requirements is well poised to take advantage of this situation.

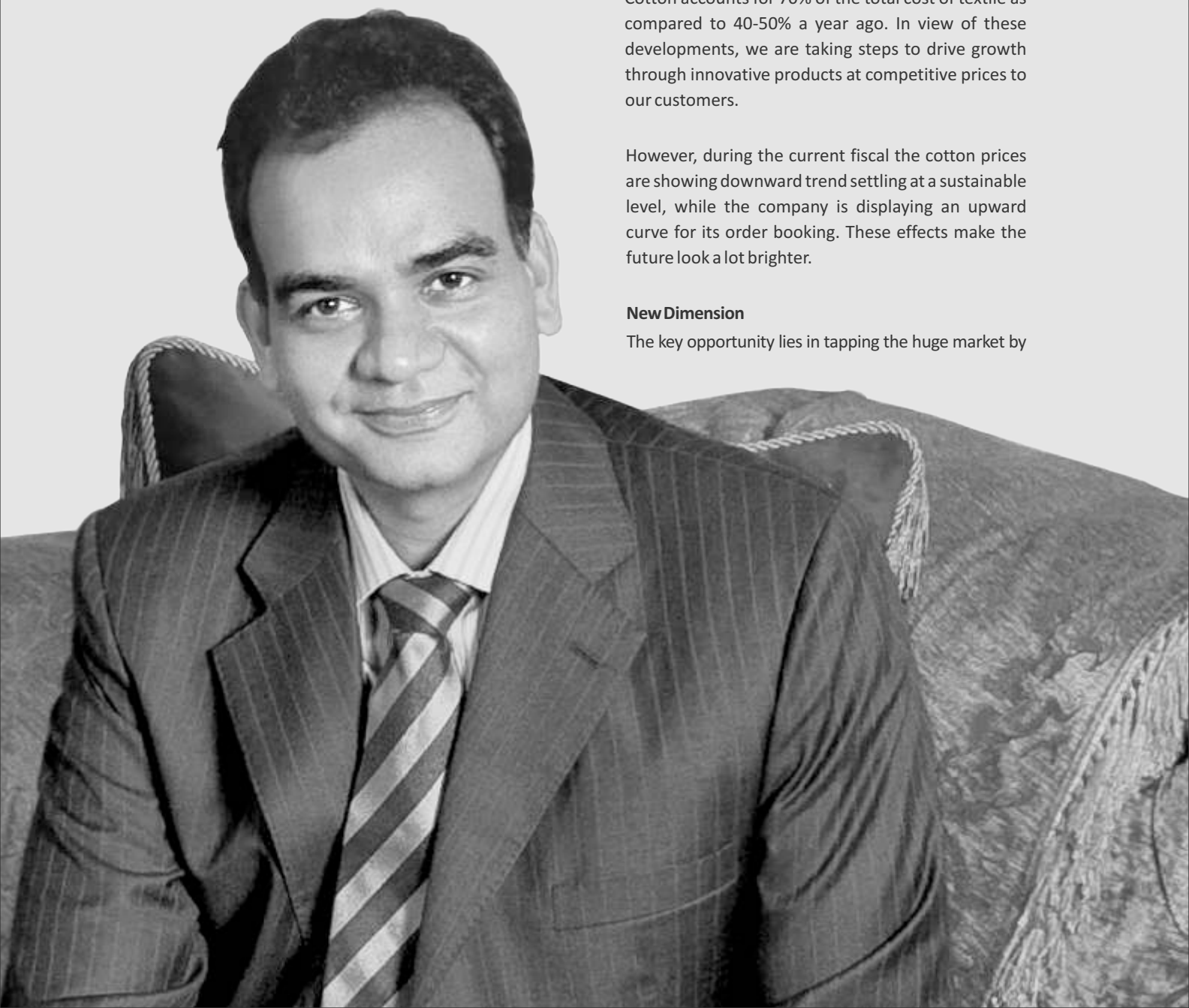
Cotton Scenario

The textile industry went through a tough year struggling with the surging and fluctuating prices of raw materials. Since 2010, the prices of raw materials, especially cotton, have been surging to an uncontrollable level. Steep rise in cotton prices, which is the key input for manufacturing textiles, is impacting profitability of manufacturers. The "Cotlook Index" in March 2011 reached a high of 243.6, which was a rise of 182% as compared to March 2010. Cotton accounts for 70% of the total cost of textile as compared to 40-50% a year ago. In view of these developments, we are taking steps to drive growth through innovative products at competitive prices to our customers.

However, during the current fiscal the cotton prices are showing downward trend settling at a sustainable level, while the company is displaying an upward curve for its order booking. These effects make the future look a lot brighter.

New Dimension

The key opportunity lies in tapping the huge market by



leveraging the brand and our extensive presence across the globe. Having a distinction of being one of the Top 3 Home Textiles Manufacturers in the World, and with our products sold across 32 countries; we have added yet another feather in our cap by acquiring the assets of KOJO Worldwide - the most recognized name in the Hospitality Industry- for soft goods in the US, Mexico, Canada and Latin America. Along with KOJO, we are in a position within the hospitality industry to provide a "Total Soft Goods Solution" from linens and towels to decorative beddings to window treatments of all types.

We will now provide our current and future customers with a single manufacturing source which will streamline their design, purchasing and ordering needs coupled with a state-of-the- art "real time" B2B purchasing system. The benefits to the customer will also accrue, from the innovative hospitality soft goods design capabilities acquired from KOJO Worldwide. Together with KOJO we will provide the first-ever vertical of total soft goods solution for the hospitality industry, by controlling the growing of cotton to product designs, to lab testing, to forecasting, to purchasing and delivering, these quality soft goods products to the customers' doorstep through an established global logistics network.

Moreover, we also launched the catalogue business in UK which is getting good response from the customers. To leverage the proximity of scale we recently shifted our bedding facility from Ciudad de Juarez to Rosarito in Mexico. With its proximity to San Diego, the facility is geographically closer to the US market, which is one of the largest markets for our fashion bedding and basic bedding product categories. With this move we will be able to save on transportation costs and will be able to delivery our products faster to the end customers in the US. Additionally, we will also benefit from the import duty exemption in the US under NAFTA (North American Free Trade Agreement).

Product Development and Innovation

We believe that product development and innovation are the two key areas to create a sustainable competitive advantage. With the cotton prices sky rocketing alternate fibers and blends are being looked at as an option to counter the extreme proportions that cotton prices have attained. Being the pioneers in textile industry, extra emphasis is given on product innovation and technological excellence. Using inputs from consumer research and through tracking the new developments, we have added new towel products like nanospun, eco-lite (quick dry), cotton bamboo, eucalyptus and texture towels to our product base.

On the Bed Linen front, we have added products like Ever Smooth MXL Wrinkle Free, Quick Dry Sheets, Flexifit Sheets and the Perfect Sheet incorporating all the qualities mentioned earlier. Altogether, we have one registered product patent and seven trademarks under our name.

Corporate Social Responsibility

With our commitments firmly rooted into Corporate Sustainability and Social Responsibility, we as an organisation, constantly commit ourselves towards the betterment of the society where we resides in.

It was yet another golden moment for Welspun when we were honoured for India Shining CSR Award – "Outstanding CSR in Textile Sector" at the CSR Thought Leadership Conclave hosted by Wockhardt – a pharmaceutical giant. The award ceremony was graced by many notable personalities such as Noble Peace Laureate - His Holiness Dalai Lama, Noble Peace Laureate - Prof. Muhammad Yunus and Cabinet Minister for Minority Affairs and Water Resources, Government of India, Dr. Salman Khurshid. This award is a testimony to the good work that we as a company are trying to do for the community and I hope that we continue with this noble cause.

In conclusion, I would like to heartily thank our investors, the Board, the management, our dedicated employees and the community at large for their consistent support and commitment to Welspun; as well as our esteemed customers for their confidence on us.

B. K. Goenka
Chairman

live your dream

Houses are all about how much room is given for imagination. Every individual has this dream of owning the most beautiful house and we at Welspun help you to live this dream by designing the best of home furnishings.

DIRECTORS' REPORT

To,
The Members,
WELSPUN INDIA LIMITED

Your directors have pleasure in presenting their 26th Annual Report on the Audited Financial Statements of the Company for the financial year ended March 31, 2011.

I. FINANCIAL HIGHLIGHTS

(Rs. in Millions except EPS)

Particulars	Current year 31.03.2011	% age to Total Income	Previous year 31.03.2010	% age to Total Income
Turnover	19,907.62	96.48	18,235.41	96.93
Other Income	726.20	3.52	577.30	3.07
Total Income	20,633.82	100.00	18,812.71	100.00
Profit before Interest, Depreciation and Tax (PBIDT)	2,949.40	14.29	3,637.86	19.34
PROFIT BEFORE TAX (PBT)	1,028.67	4.99	1,704.56	9.06
Less: Provision for taxation	349.48	1.69	554.50	2.95
PROFIT / (LOSS) AFTER TAX (PAT) from ordinary activities	679.19	3.29	1,150.06	6.11
Less: Provision for diminution in value of investments, loans and advances	1,677.03	8.13	-	-
PROFIT / (LOSS) AFTER TAX (PAT)	(997.84)	-4.84	1,150.06	6.11
Add: Balance brought forward from the previous year	3,046.18	-	2,001.65	-
Profit available for appropriation	2,048.34	-	3,151.71	-
Less: Proposed Equity Dividend	-	-	73.09	-
Less: Preference Dividend	-	-	17.41	-
Less: Final dividend for previous year	15.60	-	-	-
Less: Tax on Proposed Equity Dividend	2.60	-	15.03	-
Balance carried to next year	2030.14	-	3,046.18	-
Earnings Per share (EPS)				
- Basic before Extraordinary items	7.71	-	15.73	-
- Diluted before Extraordinary items	7.66	-	15.73	-
- Basic and Diluted after Extraordinary items	(11.33)	-	15.73	-

During the year under report, the Company registered a growth of 9.17% in Turnover. Further, the Company witnessed a fall of 18.92% in PBIDT, 39.65% in PBT, and 186.76% in PAT over those in the previous year. The financial year 2010-11 was turbulent year for your Company. Steep increase in prices of cotton severely affected performance of global textile industry and this has resulted in reduced margins for your Company.

Product wise Production, Sales and Capacity Utilisation were as under:

	Towel (MT)		Bed Sheets (million Mtrs)		Cotton Yarn (MT)		Rugs (MT)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Production	39,416.38	38,966.67	37.20	39.31	31,737.82	31,387.30	5,078.87	2,921.96
Sales	36,035.21	36,284.19	37.50	39.93	738.29	1,180.08	4,987.44	2,930.33
Capacity installed	41,500.00	41,500.00	45.00	45.00	33,130.00	33,130.00	10,151.00	10,151.00
%age of Production to Capacity	94.98%	93.90%	82.67%	87.34%	95.80%	94.74%	50.03%	28.78%
Contribution to sales(%)	21%	35%	18%	21%	39%	40%	22%	29%

II. DIVIDEND

On the back of struggling year witnessed by the Company, the Board of Directors did not recommend any dividend for the financial year 2010-11.

III. QUALITY AND RESEARCH & DEVELOPMENT

Your Company continues to emphasize qualitative growth and believes that quality of its product has to be its strength in this complex market environment. Your Company is committed to bring about positive change in each and every process

and has a team fully focused on Research & Development. Particulars of activities relating thereto have been given in Annexure II hereto.

IV. DIRECTORS

In the ensuing Annual General Meeting, Mr. Dadi B. Engineer and Mr. A. K. Dasgupta will be retiring by rotation and being eligible have offered themselves to be reappointed. Mr. Dadi B. Engineer and Mr. A. K. Dasgupta are independent directors. Further, details about these directors are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with this report. The Board recommends their reappointment.

V. 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 the Annexure I forming part of this report.

VI. SUBSIDIARY COMPANIES:

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 viz. Welspun AG, Switzerland Welspun Mexico SA de CV, Mexico and Besa Developers and Infrastructure Private Limited, India, are not 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.

VII. AUDITORS' REPORT:

Report of M/s. Price Waterhouse & Co., the Statutory Auditors, on the Audited Financial Statements of the Company for the financial year ended March 31, 2011 contains a qualification regarding the accounts receivables balance of Rs. 696.02 million (March 31, 2010: Rs. 475.93 million) that is due from Welspun Retail Limited ("WRL"), a group company, as at March 31, 2011, in relation to which no valuation allowance has been estimated and adjusted in these financial statements which, in the statutory auditors' view, does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – Disclosure of Accounting Policies, as WRL has been incurring significant losses (Rs.199.73 million for the year ended March 31, 2011 and Rs. 1,205.96 million as at March 31, 2011 basis its audited financial statements as of and for the year ended March 31, 2011) and has also been unable to achieve its projected financial results in the previous and current financial reporting periods. The Company is of the view that, in order to turnaround WRL's operations, WRL has made a robust plan for widening its reach in the market by using new marketing strategies with aggressive cost reduction programs. Accordingly, in the opinion of the Management, the aforesaid accounts receivable as at March 31, 2011 is considered good and recoverable.

VIII. FIXED DEPOSIT

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

IX. EMPLOYEE STOCK OPTION SCHEME:

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

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 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. 9.11 mn, the Profit After Tax for the year would have been lower by Rs. 6.27 mn, the basic loss per share would have been higher by Re. 0.07 and diluted loss per share would have been higher by Re. 0.07, respectively.

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%	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	0.00%	0.00%	0.00%	0.00%

Mr. M. L. Mittal, Executive Director (Finance), being a senior management personnel has been granted 90,000 stock options. The other employees have been granted 21,75,000 options. The details of options granted to the employees are:

Total number of employees : 82

Max. number of options granted : 22,65,000

Avg. number of options granted : 27,622

Cumulative disclosure

The particulars with regard to the stock options as on March 31, 2011 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on March 31, 2011

	Nature of disclosure	Particulars	
a.	Options granted	22,65,000	
b.	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.	
c.	Options vested but not excercised and not lapsed	102,250	
d.	Options exercised	283,750	
e.	The total number of shares arising as a result of exercise of Options.	Total number of shares arising as a result of exercise of options shall be 22,65,000 of Rs. 10/- each.	
f.	Options lapsed /surrendered	375,000	
g.	Variation of terms of Option	----	
h.	Money realized by exercise of Options	Rs. 1,01,01,500	
i.	Total number of Options in force	16,06,250	
j.	(a) Details of options granted to / exercised by the Whole-time Directors	No. of Options granted	No. of Options exercised
	1. Mr. M.L. Mittal	90,000	18,000
	(b) 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	NIL
k.	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	
l.	Earnings Per Share (EPS) of Option calculated in accordance with Accounting Standard AS-20. Diluted before Extraordinary items Basic and Diluted after Extraordinary items	 Rs. 7.66 (Rs. 11.33)	
m.	Weighted average fair value of options.	Rs.17.49	

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.

IX. 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, 2011, the applicable accounting standards have been followed alongwith 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, 2011 on a 'going concern' basis.

X. 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.

XI. ACKNOWLEDGEMENT

Your directors express deep sense of appreciation for the assistance and co-operation received from the Financial Institutions, 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	B.K. Goenka	R. R. Mandawewala
May 30, 2011	Chairman	Managing Director

Annuexure I

Form A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

				2010-11	2009-10
A. POWER AND FUEL CONSUMPTION					
1	**ELECTRICITY**				
	(A)	**PURCHASED**			
		KWH Units (in '000s)		1,261.29	1,835.58
		Total Amount (Rs. in Lacs)		74.27	109.81
		Rate/Unit (Rs.)		5.89	5.98
	(B)	**OWN GENERATION UNIT**			
		(I)	**Through Diesel Generator (Furnace Oil)**		
			KWH Units (in '000s)	167,612	168,429
			Unit per Ltr of Furnace Oil	4.23	4.21
			Furnace Oil Consumption (Rs. in Lacs)	9,410.21	7,972
			Cost / KWH Unit (Rs.)	5.61	4.73
		(II)	**Through Diesel Generator (Diesel Oil)**		
			KWH Units (in '000s)	15.60	15.41
			Unit per Ltr of Diesel Oil	3.90	3.90
			Diesel Consumption (Rs. in Lacs)	1.41	1.39
			Cost / KWH Unit (Rs.)	9.05	9.05
		(III)	**Through Gas Turbine / Generator**		
			KWH Units (in '000s)	91,467	86,135
			Giga Calorie Consumption	237,028	235,502
			KWH per Giga Calorie of Natural Gas	385.89	365.75
			Gas Cost (Rs. in Lacs)	4,951.82	4,208.76
			Cost / KWH Unit (Rs.)	5.41	4.89
2	**COAL**			–	–
3	**FURNACE OIL & HSD**				
	(i) Furnace Oil				
	Quantity (K.Ltrs)			39,603	40,423.16
	Total Amount (Rs. in Lacs)			9,412.97	8,064.99
	Cost/ Unit of Furnace Oil (Rs.)			23.77	19.95
	(ii) Diesel Oil				
	Quantity (K.Ltrs)			4.00	3.95
	Total Amount (Rs. in Lacs)			1.41	1.39
	Cost / Unit of Diesel Oil (Rs.)			35.30	35.30
4	**NATURAL GAS**				
	Quantity (Giga Calorie)			237,028	235,501.73
	Total Amount (Rs. in Lacs)			4,951.82	4,208.76
	Cost / Giga Calorie of Natural Gas (Rs.)			2,089.13	1,787.14
5	**OTHERS/INTERNAL GENERATION**			-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	STANDARD	CURRENT YEAR	PREVIOUS YEAR
Cotton Yarn & Terry Towels and Bed Sheet	Mt	92,263	92,557
Electricity	Kwh	2.82	2.77
Furnace Oil	Ltr	0.43	0.44
Coal	-	-	-
Others	-	-	-

Annuexure II

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		1) Development of woven rug. 2) Development of Terry Print concept in the towel. 3) Development of color guard technology. 4) High density supersoft towel by re-engineered fine yarn. 5) Cotton linen towel and rug. 6) Cotton polyester grindle fashion towel. 7) Micro polyester chenille rug.
02	Benefits derived as a result of the above R&D.		Made a premium range of products and attracted new business and customers.
03	Future plan of action		Development of towel and rugs with innovation in new processes and new products.
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnover.		 Rs. 20 mn Nil Rs. 20mn -
Technology absorption, adaptation and innovation			
01	Efforts, in brief, made towards technology absorption, adaptation and innovation.		1) Modifications and upgradation of old NP looms for weaving feasibility for woven rug. 2) Improved the production and quality of the product we installed following machines: a) Sectional warping machines. b) High speed air jet looms. c) Dyeing machine. d) Dryers. e) Dyeing machines. f) Hydro extractor. g) Length hemmimg machines.
02	Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.		1) Made new product woven rug. 2) Increased weaving production by 6 tones/day. 3) Increased dyeing production by 2.5 tones/day. 4) Increased dispatch capacity by 5 tones.
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: (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.		 1. Tsudokoma looms. 2. Sectional warping machine 2010-2011 Yes Not applicable

Research and Development (R&D) (Anjar Plant)

01	Specific areas in which R&D is carried out by the Company	:	• Development of new product catogories 1. Hygro Towel and Sheet 2. Terry Print Towel 3. Elongated Towel 4. Two Face Towel 5. Performance Towel and Sheet 6. Super Soft Peached Sheet 7. Luxurious Two Ply Sheets 8. Stay Soft Towels 9. Finest Zero Twist Towel 10. Pico Spun Towel • Towels & Sheets with specialty finishes for enhancing performance like 1. Moisture Management Sheet and Towel 2. Anti Allergy and Anti Dust Mite Finish 3. Aloe Vera and Vitamin E Finish 4. Anti Bed Bug Finish 5. Diamond Finish 6. Temperature Regulating Sheet • Towels & Sheets with specialty Fibers & Yarns for enhancing performance like 1. Wel-Excel Sheet 2. Cotton Silk Sheet and Towel 3. Cotton Modal Towel and Sheet 4. Micro Fibre Sheet 5. 100% Modal Sheet 6. Suvin Blended Towel with Extra Long Loops 7. Cotton Excel Towel and Sheet 8. Poly Modal Sheet 9. Cotton Poly Towel and Sheet 10. Welvet Sheet • Towels & Sheet for Hospitality Business: Different segment of our textile business and developed different type of samples as given below through different techniques. 1. Long lasting towel and sheet 2. Easy care towel and sheet • Special Printed Collections: Developed special printed collections to increase our product range in printed sheet for high end like – 1. Textured print 2. Monogramed pillow and towel • Special Designed Towel & Sheet: 1. Flexi pillow 2. Hygrofill washable pillow 3. Reversible sheet set 4. Universal flexifit 5. Abridged flexifit 6. Fitted with bed skirt 7. Quilted coverlets
02	Benefits derived as a result of the above R&D.		Achieved wide range of products and brand image
03	Future plan of action		To create wider range of sheets, towels and top-of-the-bed collections in future with innovations. To expand in the business of the specialty fabrics

Technology absorption, adaptation and innovation

01	Efforts, in brief, made towards technology absorption, adaptation and innovation		1. Designed processes to manufacture products made from special fibers 2. Upgradation in ERP system to accomplish tracking of material, data management and ready access to useful information 3. Established Organic product processing 4. Incorporated new technology in sheeting and weaving. 5. Installed auto-cutting system in sheeting cut & sew section. 6. Installed auto-conveyer system at cut & sew (sheeting) to improve product quality and productivity. 7. Installed fully automatic cut & sew system (sheeting). 8. Installed New Sanforizing machine at sheeting for effective finish on fabric. 9. Installed new technology in dyeing – to improve quality and efficiency. 10. Installed new finishing process for improving quality & production in towel. 11. Installed finish fabric machines to make wrinkle-free sheets. 12. Installed singeing machine in sheeting 13. Installed single end sizing machine in case of samples which has minimized the loss of production for sampling. 14. Installed Sample Process machine for improving speed of sampling.
02	Benefits derived as a result of the above efforts, etc. product improvement, cost reduction, product development, import substitution, etc.		Better feel and finish for the product to help better market penetration The continuous effort has resulted in achieving improvement and consistency of product quality.
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:		
(a)	Technology imported		1. Installed Testing lab equipments in spinning. 2. Preparatory (Warping/ Sizing). 3. Installed Singeing machines. 4. Installed automatic embroidery machine
(b)	Year of import		(From year 2004 to 2008)
(c)	Has technology been fully absorbed?		Yes
(d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		N.A.
	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. 126.25 mn Earned : Rs. 8.69 mn

believe in working ahead

Home is where the heart is and to make your home the best place in the world we constantly strive to innovate with our fabrics and designs putting extra emphasis on the minutest details to produce a world class product that will add that special touch to your home.

CORPORATE GOVERNANCE REPORT 2011

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

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

Name of Director	Category	Board Meetings Attended during the Year 2010-11	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 @
				PLC	PTC	Over-seas	Other	
Mr. B.K.Goenka - Chairman & Managing Director	P, E, C, S	4	-	14	5	7	-	1C, 5M
Mr. R.R.Mandawewala – Director	P, E, S	3	-	12	2	16	1	1C, 4M
Mr. M.L.Mittal - Executive Director (Finance)	E	4	-	9	7	3	-	4M
Mr. D.B. Engineer - Director	NE, I	3	-	8	3	-	-	4C, 4M
Mr. A.K Dasgupta - Director	NE, I	4	-	3	1	-	-	1C, 3M
Mrs. Revathy Ashok - Director	NE, I	4	-	-	-	-	-	-
Mr. Arun Todarwal – Nominee – Dunearn Investments	NE, S	4	-	7	1	-	-	1C, 8M
Mr. Ram Gopal Sharma – Director	NE, I	4	YES	4	-	-	-	1C, 4M
Mr. Shailendra Nadkarni – Nominee – IDBI Bank	NE, I	1	-	-	-	-	-	-

PLC = Public Limited Company incorporated in India
PTC = Private Limited Company incorporated in India
Over-seas = Bodies Corporate incorporated outside India
Other = Others including companies Incorporated under Section 25 of the Companies Act

@ Finance & Administration Committee, Remuneration Committee & Project Management Committee memberships not included as the same are not considered with reference to the limit of the committees on which a director can serve.

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

Four meetings of the Board of Directors were held during the financial year 2010-11. Dates of those four meetings were May 12, 2010, August 3, 2010, October 29, 2010 and February 14, 2011.

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 Listing Agreement.

B. Composition:

The Audit Committee was constituted by the Board of Directors on September 27, 1996. The Chairperson of the Committee is an independent director. Five meetings of the Committee were held during the year under review. Dates of those five meetings were May 12, 2010, August 3, 2010, October 29, 2010, February 14, 2011 and March 16, 2011. 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	5
Mr. D. B. Engineer	Member	Non-Executive Independent	4
Mr. Arun Todarwal	Member	Non-Executive Shareholder	5
Mr. A. K. Dasgupta	Member	Non-Executive Independent	5

The Company Secretary of the Company, Mr. Shashikant Thorat is the Secretary of the Committee. Executive Director (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. Two meetings of the Committee were held during the year. Dates of those two meetings were August 3,2010 and February 14, 2011. 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	Member
Mr. Dadi B. Engineer	Member
Mr. Ram Gopal Sharma (Member with effect from May 12, 2010)	Member

C. Remuneration to Executive Directors

The details of remuneration paid/ payable to the directors for the Financial Year 2010-11 are as under:

1.

Mr. B. K Goenka - Chairman	(Rs. in million)
Salary & Allowances	3.00
Perquisites	NIL
Commission *	10.35
Tenure	Dated October 11, 2010 to October 10, 2013
Notice Period	1 Month
Severance Fees	NIL
Stock Option	NIL

* @ 1 % on the profits determined under Section 349 of the Companies Act, 1956.

2) Mr. M.L.Mittal - Executive Director (Finance)

	(Rs. in million)
Salary & Allowances	3.8
Perquisites	0.23
Service Contract	-
Tenure	Upto June 30, 2011
Notice Period	1 month
Severance Fees	NIL
Stock Options (Granted)	90,000

D. Remuneration to Non Executive Directors:

The Non Executive Directors do not draw any remuneration from the Company. Non Executive directors (except Promoter Directors) are entitled to the sitting fees for every meeting of the Board and other Committees attended.

Non Executive Directors (except Promoter Directors) are paid Rs. 12,000 for attending a Board Meeting, Rs. 8,000 for Audit Committee Meeting, Rs. 3,000 for Remuneration Committee Meeting and Rs. 3,000 for attending the Share Transfer and Investor Grievance Committee. 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	64,000
2	Mr. A. K. Dasgupta	152,000
3	Mrs. Revathy Ashok	29,000
4	Mr. Arun Todarwal	92,000
5	Mr. Ram Gopal Sharma	92,000
6	Mr. Shailendra Nadkarni	12,000

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	22
Mr. B. K. Goenka	Member	10
Mr R.R.Mandawewala	Member	20
Mr. M.L.Mittal	Member	11

b. Number of Shareholders complaints received during the year:

During the Year under review, total 86 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	25
2.	Non receipt of warrant	34
3.	Non receipt of Annual Report	6
4.	Non receipt of demat credit / remat certificate	7
5.	Non receipt of Rejected demat request	7
6.	Non receipt of exchange certificate	4
7.	Non receipt of REP/SPL/consolidated/duplicate share certificate	1
8.	Others	2
	Total	**86**

All the complaints received during the year under review were solved within the time limit to the satisfaction of the investors/shareholders and no complaint was pending as at March 31, 2011 for a period over 30 days.

VI. MANAGEMENT

a. Management Discussion and Analysis

Management Discussion and Analysis of various businesses of the Company will be 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 do 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
23rd Annual General Meeting	Saturday, September 28, 2008	10.30 a.m.	Registered Office : Survey No.76, Village Morai, Vapi, Dist. Valsad, Gujarat – 396191
24th Annual General Meeting	Wednesday, September 29, 2009	10.30 a.m.	Registered Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110
25th Annual General Meeting	Tuesday, August 31, 2010	11.00 a.m.	Registered Office : Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110

VIII. DISCLOSURE

a. Details of related party transactions

Refer Note No. 23 (ii) of Schedule 19 to the Accounts in the Annual Statement for list of related party transactions

b. Details of information on appointment of new directors

A brief resume, nature of expertise in specific functional areas, names 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

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. 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 of the Chairman 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."

B.K. Goenka
Chairman

f. Certification by Executive Director (Finance)

A certificate obtained from Executive Director (Finance) 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.

g. Secretarial Audit

A qualified practicing Company Secretary carried out the Secretarial 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.

h. 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.

i. Details (in aggregate) of shares in the suspense account including freeze on their voting rights:

There are no unclaimed shares and hence no suspense account is required to be opened and credited with such shares and also there is no freeze on voting rights of any shares.

IX. MEANS OF COMMUNICATION

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) Business Standard (English Edition)
(iii) Economic Times (English Edition)
(iv) The Financial Express (English Edition)

Results are published immediately after the same are approved / taken on record by the Board of directors.
Address of Website on which quarterly results are posted: www.welspuntowels.com
Management Discussion and Analysis form part of this Annual Report.

X. GENERAL SHAREHOLDER INFORMATION

AGM will be held on Thursday, September 8, 2011 at 11.00 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 April 1 to March 31.
Date of Book Closure: Wednesday, August 24, 2011 to Tuesday, August 30, 2011 (Both days inclusive)

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.

Stock Code:

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

Market Price Data: High & Low price of equity shares on **Bombay Stock Exchange Limited** is as under.

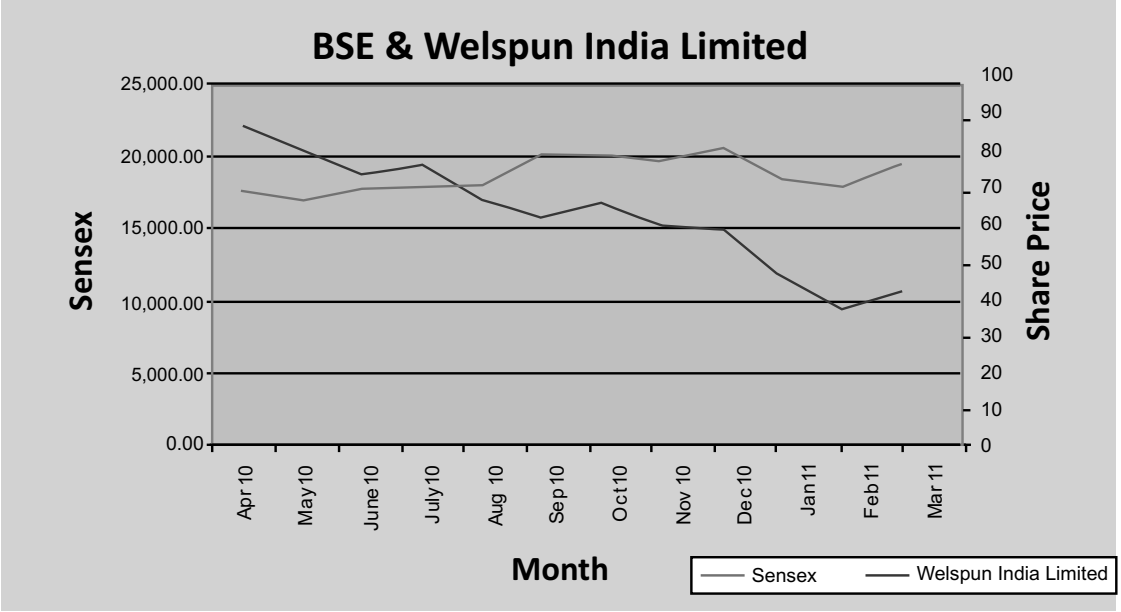
Month	High Amount(Rs.)	Low Amount (Rs.)
Apr - 2010	116.00	85.00
May - 2010	97.55	75.35
Jun - 2010	83.40	73.00
Jul - 2010	82.20	75.00
Aug - 2010	80.25	66.55
Sep - 2010	72.50	60.00
Oct - 2010	73.80	59.00
Nov - 2010	79.70	56.10
Dec - 2010	66.90	51.10
Jan - 2011	68.00	42.50
Feb - 2011	47.35	37.15
Mar - 2011	45.25	36.55

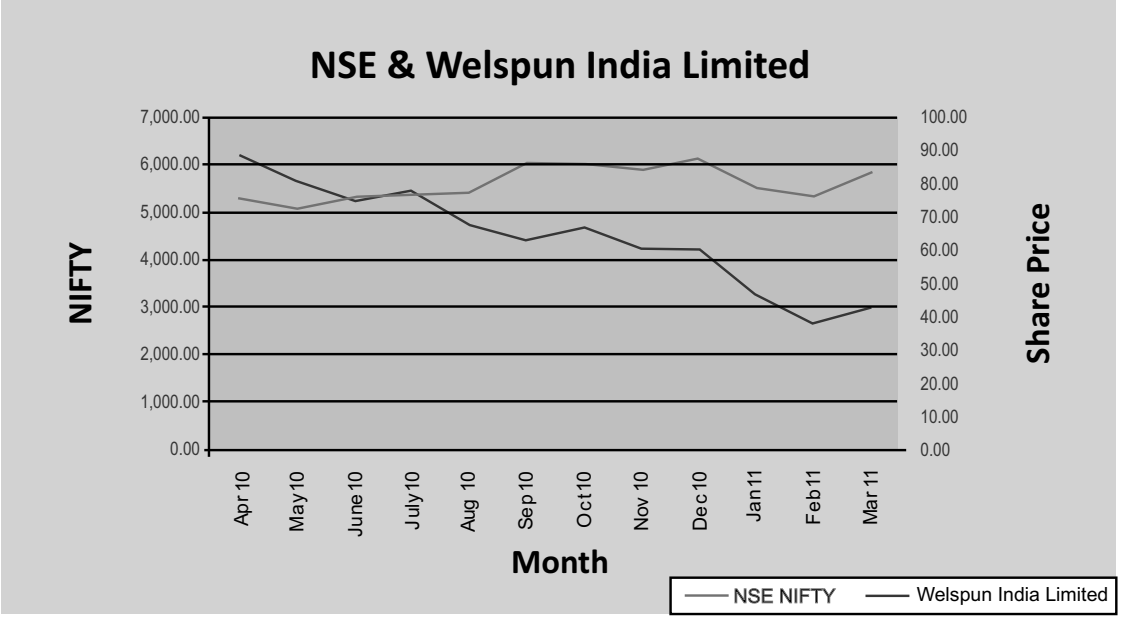
Market Price Data: High & Low price of equity shares on **The National Stock Exchange** is as under.

Month	High Amount (Rs.)	Low Amount (Rs.)
Apr - 2010	115.75	85.00
May - 2010	97.40	78.20
Jun - 2010	82.80	68.10
Jul - 2010	82.40	74.45
Aug - 2010	85.00	66.20
Sep - 2010	71.90	61.50
Oct - 2010	73.75	58.90
Nov - 2010	80.00	55.80
Dec - 2010	67.00	46.00
Jan - 2011	69.00	41.10
Feb - 2011	48.85	35.30
Mar - 2011	46.90	36.30

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

Month	BSE Index	Closing price of Shares (Rs.)	NSE Nifty	Closing price of Shares (Rs.)
Apr - 2010	17,558.71	88.15	5,278.00	88.65
May - 2010	16,944.63	81.85	5,086.30	80.90
Jun - 2010	17,700.90	75.00	5,312.50	75.00
Jul - 2010	17,868.29	77.55	5,367.60	77.70
Aug - 2010	17,971.12	67.70	5,402.40	67.75
Sep - 2010	20,069.12	63.10	6,029.95	63.00
Oct - 2010	20,032.34	67.00	6,017.70	66.75
Nov - 2010	19,521.25	60.80	5,862.70	60.60
Dec - 2010	20,509.09	59.65	6,134.50	59.90
Jan - 2011	18,327.76	46.15	5,505.90	46.40
Feb - 2011	17,823.40	37.65	5,333.25	37.65
Mar - 2011	19,445.22	42.60	5,833.75	42.70





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:

M/s. Link Intime India Private Limited

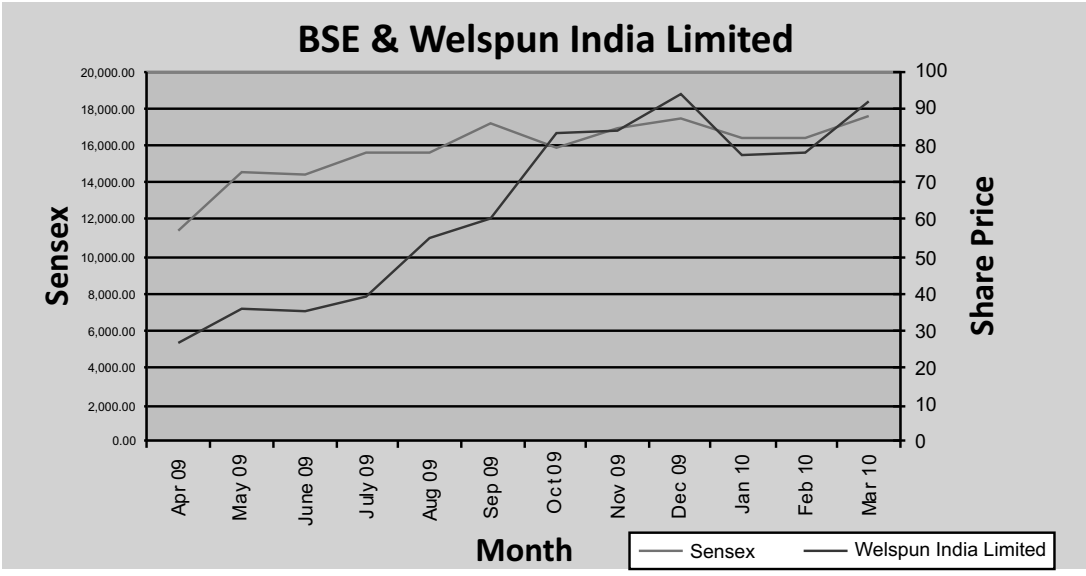
Unit: Welspun India Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400078
Tel. No: : 022 25946970 Email: rnt.helpdesk@linkintime.co.in

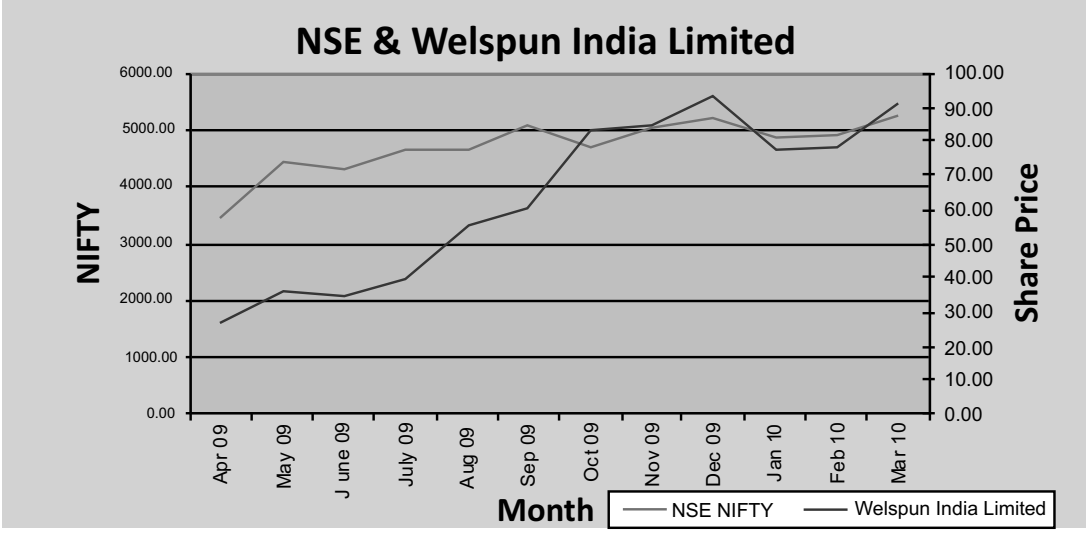
Share Transfer System:

Shares sent for transfer in physical form are registered by the Company's Registrars and Share Transfer Agents within 20 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:

No. of Equity Shares held	No. of shareholders	Percentage of Shareholders	Total No. of shares held	Percentage of Shares held
Upto-5000	41,281	99.34	79,98,496	8.99
5001-10000	128	0.31	9,22,472	1.04
10001-20000	64	0.15	9,05,337	1.02
20001-30000	19	0.05	4,60,370	0.52
30001-40000	9	0.02	3,18,180	0.36
40001-50000	6	0.01	2,69,258	0.30
50001-100000	11	0.03	8,50,894	0.95
100001- above	36	0.09	77,251,262	86.82
Total	**41,554**	**100.00**	**88,976,269**	**100.00**





Dematerialisation of shares and liquidity: 98.88% have been dematerialized and has reasonable liquidity on Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

Outstanding GDR's/ADR's/Convertible (As at March 31, 2011) – Nil.
Plant locations: Survey No.76, Village Morai, Vapi, Dist. Valsad, Gujarat - 396191 (India) and Village Varsamedi, Tal Anjar, Distt. Kutch, Gujarat – 370110 (India)

Address for correspondence:
Company Secretary
Welspun India Limited, Welspun House, 7th 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, 2011, 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, 2011, the Registrars of the Company have certified that as at March 31, 2011, there was no investor grievance remaining unattended/pending for more than 30 days.

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.

For S. S. Risbud & Co.
Company Secretaries

Sanjay S. Risbud
Proprietor

Mumbai
May 30, 2011

WE

believe in living up to your trust

For us customers are of paramount importance and we take utmost care to match up to their trust. It our business, it's very important to work closely with the customers to make sure the product created is as close to their requirements. It's critical to form a close working relationship with the client so that they feel valued, wanted and loved.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statement of Welspun India Ltd ("Welspun" or the "Company"), and the notes thereto for the year ended March 31, 2011. This MD&A covers Welspun's financial position and operations for the year ended March 31, 2011. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers used in the analysis are on a consolidated basis, the corresponding number for the previous year have been regrouped and reclassified wherever necessary.

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 development, information or event.

Company Overview

Welspun India Limited (WIL) continues to maintain its leading manufacturer status for a wide range of home textile products. WIL, through Welspun Global Brands Limited (WGBL), is a strategic vendor to some of the top global retailers. Its manufacturing, sales and distribution network is spread over 38 countries. Worldwide, the ranking of WIL amongst the top 3 manufacturers of terry towels, having capacities of 41,500 MT in Terry Towels, 10,151 MT in Rugs and 45 mn mtrs in Bed Sheets.

WIL's is selling its products largely through Welspun Global Brands Limited (WGBL) and Welspun Retail Limited (WRL). WGBL and WRL are the marketing and distribution arm of WIL in the international and the domestic markets respectively. WGBL is operating as the international sales and marketing intermediary of WIL. The major customers (through WGBL) in the international market include major retail chains, specialty stores and fashion stores like Target, WalMart, Bed Bath & Beyond, J C Penney, Tesco, IKEA and many others. WRL caters to the domestic market through a chain of company-owned and franchisee retail-outlets and other channels like Institutional, B2B and Distribution. WRL provides a one stop home solution for evolving customers with its brands 'Welhome' and 'Spaces- Home and Beyond'.

Global Overview

Economic Environment is turning positive in important markets

US economy in 2010, overcame the recessionary pressures, which it was facing in the previous year. Its GDP grew at a healthy 2.8% in 2010 while the world economy grew at 3.9%. Euro area (EU17) GDP grew at 1.7% with a projection of 1.4% growth for 2011. Developing countries GDP grew at 7% with South Asia growing at a whopping 8.7% . Comparative retail sales in the US, UK and Eurozone have shown strong sustainability with most months showing a positive growth year-on-year. Labour costs also saw an upward correction in India, China, Brazil and most other countries earlier recognized for their availability of cheap labour.

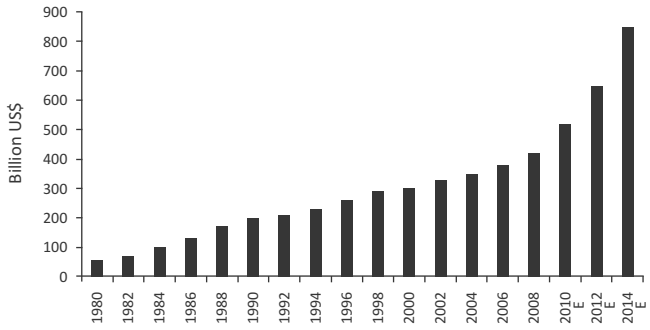
World Textile Market projected to show growth in the coming years

The global textiles and apparels trade is currently estimated at about US$ 500 billion. The global market for textile trade includes yarns, fabrics, apparel and non-apparel finished products. Welspun estimates that the global home textiles market is around US$ 25 billion, amounting to about 5% of the total global textile market. The home textiles market includes:

1. **Household textiles:** Rugs, bed linen, table linen, bathroom and kitchen linen, etc.
2. **Furnishing textiles:** Curtains, bedspreads and other furnishing articles for home interiors, etc.

Post the expiry of the Agreement on Textiles and Clothing in 2005, India's share of textile imports into the EU and the US has significantly increased. India is consistently among the top 3 leading suppliers of bed and bath linen in the EU . India along with China and Pakistan is amongst the top 3 suppliers of textile globally. (Source: Office of Textile & Apparels, OTEXA)

(figure 1)

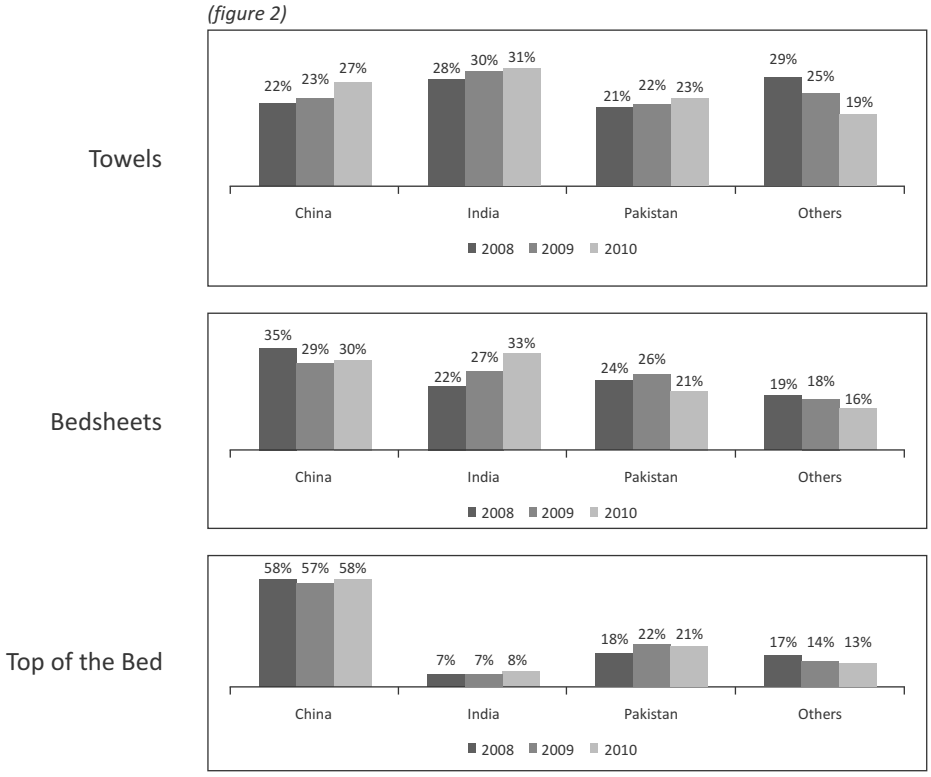


Global Demand - Supply Scenario

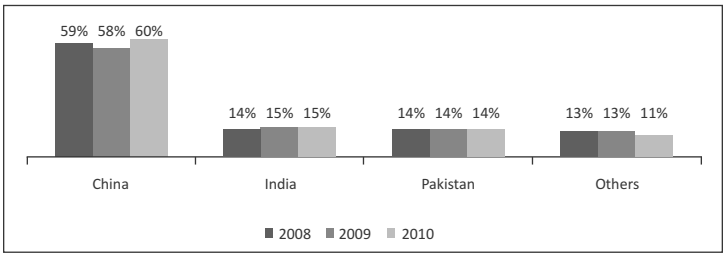
While starting at the end of second quarter of 2010-11 the cotton crisis spread across the globe and resulted in high prices of cotton breaking all previously attained records around the world. The crisis has been attributed to various reasons including floods in Pakistan, poor crop in China, export restrictions on cotton and yarn, growing domestic consumption in China, along with the fact that lesser cotton was grown this year due to competition from other crops. However, retail sales in most of the markets went on to gain momentum. Manufacturers started de-specking their offerings, introducing new technologies to offer better consumer value on one hand and reducing the costs on the other hand. Cotton blends have seen resurgence during the year and facilitated introduction of innovative products in the market. The largest consumers for home textile continue to be dominated from the markets of US, Europe and Japan. Over the years, consumer's wallet share for textiles has been declining leading to great demand in the value segment and relatively lower demand for premium segment. In the last quarter of FY10, we observed a cautious optimism in the consumer demand which has grown at a gradual pace across the geographies. The Industry is expected to grow at a CAGR of 14% over the next 4 years to reach approximately US $ 850 billion by 2014. The United States of America, India, China and Pakistan together account for 81% of the total home textiles imports. India is the largest supplier of terry towels and sheets in the United States at 30% and 33% of total imports respectively. As shown in figure 2, India has been slowly gaining share from China in US imports in the last few years.

India's Share in US Home Textile Imports (Source: OTEXA)

(figure 2)



Basic Bedding



Total Home Textile

Overview of the Indian Economy

Economic Indicators

India's GDP registered a growth of 8.5% during 2010-11, contributed mainly by manufacturing and services sectors. GDP growth estimates for 2011-12 provided by the Finance ministry indicated that the economy will better its performance and touch the 9% mark. Overall inflation rate for 2010-11 stood at 9.4% while Industrial production trend showed some weakness, registering a growth of 7.8% in 2010-11 against a growth of 10% seen during 2009-10. Core sectors recorded an overall growth of 5.7% during 2010-11 which is better than 5.4% growth seen in 2009-10. Exports grew phenomenally by 35% during the year, while imports increased by 21.2%. Strong tax revenues, 3G/BWA spectrum windfall and moderation in growth of overall expenditure have helped the Government to rein in fiscal deficit in 2010-11. (Source:FICCI)

(figure 3)

GDP Growth Trend in India

Industry Structure

The industrial restructuring process has led to significant changes in the location of production activities in the home textiles sector. In the last two decades, many Western European home textiles companies have moved manufacturing activities to countries in Eastern Europe or to non-European countries, where costs of production are lower. Home textile manufacturers in developed economies have responded to pressures by continuing to pursue the strategy of:

- Relocating production or sourcing to Low Cost Countries; and
- Development of value-added products and higher value to customers through product innovation and cost management

Major retailers have integrated their supply chain through production facilities or sourcing tie-ups. This results in most economic cost and best quality products being offered to customers across the globe. Besides, it also brings in multidimensional implications like lower cost, value for money, innovation in product and services, supply chain efficiency, environment awareness and stiff conditions to be complied for production facilities in line with global standard. The buyers are also required to monitor working conditions and manufacturing practices in all parts of the value chain, including those at

subcontracting companies.

Some trends that influence the production for household and furnishing textiles in the developed markets includes:

Availability of Raw Material: Cotton saw its most unpredictable year ever; with the benchmark index reaching as high as $2.5/lb from its usual $0.8/lb in the previous year. Manufacturers were caught unaware with this massive price rise and their inability to pass the entire cost increase to end consumers. Product innovation and use of alternative fibers have been the most prominent ways to deliver better value to customers in this high cost environment.

Increasing Internationalization: Textile retail companies have enhanced their sourcing activities on a global scale at a rapid pace and their products are available in many developed markets.

High Degree Value Chain Integration: Several producers have opened their own chain(s) and many suppliers have started a close and long-term co-operation with distribution channels, thereby increasing the entry barriers for new suppliers. Despite this market has witnessed huge amount of sales erosion and at the same time in many of the established players have also ceased to exist.

Consolidation: The industry has witnessed numerous mergers and acquisitions, bankruptcies, scaling down of operations as well as market capitalization getting eroded for top players across the industry and the emergence of newer players with cost advantages.

Innovation and Brands: Several manufacturers of home textiles have brought innovative products and designs for each market and have also resorted to private labels/ newer brands and established brands have changed hands at much lower royalty terms.

Market Structure

Consumers

In the recent years the customer has clearly indicated preference for value for money product with better quality and superior design preferences. As majority of purchases in the home textiles segment are made for replacement purposes and are also discretionary in nature. This consumption patterns also varies substantially by households across geographies due to differences in culture, traditions and tastes. Consumer preferences and economic environment have resulted in private label and textile discounters gaining ground and the super and hyper markets have been successful in pushing unknown or fancy brand names as well. Some of the emerging markets have also witnessed an interesting trend in consumption pattern as increasing per capita income is resulting in bigger aspirations and big brand purchases. Internationally renowned brands have initiated market presence in these markets and are looking forward to meaningful growth. In any case the home markets for bigger brands in the developed markets are not growing at a faster pace whereas newer markets are providing opportunity to grow.

Distribution channels

Importers purchase products from manufacturers abroad and we estimate that they generally add a 30-40% mark-up to cover commissions, credit risk, after-sales service and the cost of carrying a local inventory to meet small orders. In contrast to the agent, this importer holds his own stocks at his own risk.

Wholesalers cater to specialist shops as well as to department stores and home shopping companies. The wholesaler also holds stocks at own risk. This non-importing distributor purchases from domestic manufacturers and importers. The mark-up of wholesalers, Welspun estimates the mark-ups of wholesalers are approximately 20-30%. Large retail companies are increasingly purchasing from abroad, thereby bypassing these intermediaries.

Purchasing agents widely used by retailers and wholesalers due to their network and knowledge of foreign markets. They do not carry their own stock but purchase solely on request from their customers.

Domestic manufacturers either import the raw material required for the finishing operations or are primarily manufacturing products which are freight unfriendly or difficult to manage with long supply chains. These manufacturers have the advantage of proximity to the source of raw material as well as the customer.

Sales agents independent intermediaries between the (foreign) manufacturer and the retailer or retail organization, receiving a commission from the former. The sales agents do not take title to the merchandise, they are responsible for presenting samples to potential clients, obtaining orders, and forwarding these to the exporters.

Retailers constitute the final stage before products reach the consumer. A criterion for dividing the market is the composition of the total assortment: wholly or partly specialized in selling home textiles.

Indian Textiles Industry

The Indian textile industry contributes about 14 per cent to industrial production, 4 per cent to the country's gross domestic product (GDP) and 17 per cent to the country's export earnings (Source:IBEF). It provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. The industry is expected to grow from the present US$ 70 billion to US$ 220 billion by 2020, according to Mr Dayanidhi Maran, Union Minister of Textiles. In order to capture the additional market of US$ 150 Bn, investments to the tune of US$ 68 Bn across the textile supply chain will be required as shown in figure 4:

(figure 4)

Segment	Additional Production	Additional Capacities Required	Investment Required	
			In Rs. Crores	In US$ Bn.
Spun Yarn	3.9 Bn. kg	New spindles - 13.6 million Modernized spindles - 8 million	42,000	9
Filament Yarn	5.8 Bn. kg	Production from modernized capacity - 0.5 Bn. kg Production from brownfield expansion - 4.2 Bn. kg Production from greenfield projects - 1.1 Bn. kg	31,000	7
Weaving	50 Bn. sq. m.	New Shuttleless Looms - 77 thousand Second hand Shuttleless Looms - 65 thousand Automatic looms - 1 lakh Semi automatic - 2 lakhs Plain - 2.35 lakhs	37,000	8
Knitting	76 Bn. sq. m.	New Machines - 84 thousand Second hand machines - 56 thousand	25,000	5
Processing	95 Bn. sq. m.	-	90,000	19
Garment and Made-ups	38 Bn. pcs.	Machines required - 21 lakhs (for 2 shift working)	65,000	14
Technical Textiles	-		30,000	6
Total	-		3,20,000	68

(Source: Indian Textile and Apparel Compendium, 2010, Technopak)

Major Developments

The total cloth production has increased by 2.9 per cent during December 2010 as compared to December 2009, according to the Ministry of Textiles. The highest growth was observed in the powerloom sector (3.7%), followed by handloom sector (3.3%). The total cloth production during April-December 2010 has increased by 2.3% compared to the same period of the previous year. The production of spun yarn and cotton yarn increased by 6.0% and 8.6%, respectively during December 2010 as compared to December 2009. Cotton textiles have registered a growth of 10.8% (source: Central Statistical Organization) during April-January 2010-11, while textile products including wearing apparel have registered a growth of 4.3%, as per the Index of Industrial Production (IIP). India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 % to 8% and reach US$ 80 billion by 2020, source Ministry of Textiles press release, 2nd Nov-10.

Technical Textile Segment

Technical textiles are an important part of the textile industry. The Working Group for the Eleventh Five Year Plan (2007-12) has estimated the market size of technical textiles to increase from US$ 5.29 billion in 2006-07 to US$ 10.6 billion in 2011-12, without any regulatory framework and to US$ 15.16 billion with regulatory framework (source: Ministry of Textiles.) The Scheme for Growth and Development of Technical Textiles aims to promote indigenous manufacture of technical textile to leverage global opportunities and cater to the domestic demand. Further, the government is set to launch US$ 44.21 million mission for promotion of technical textiles, while the Finance Ministry has cleared setting up of four new research centers for the industry.

Government Initiatives

Government has announced the restructuring of the Technology Upgradation Funds Scheme (TUFS) to boost investments in Textiles sector. Investment under the Scheme has been increasing steadily. The Scheme for Integrated Textile Park (SITP) was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure facilities. Forty parks have been sanctioned till December 31, 2010 in nine states with total project cost of about US$ 931.1 million with Government contribution of US$ 320 million. When fully functional the parks would have an investment of US$ 4.3 billion (source: IBEF).

The Government has also launched the Integrated Skill Development Scheme for the Textiles & Apparel Sector, including Jute & Handicrafts, with an objective of capacity building of Institutions providing skill development & training in Textiles Sector. Under this Scheme, the Government has envisaged skill development of 2.7 million persons with an overall cost of US$ 530 million over the next five years (source: IBEF).

India - A Manufacturing Destination

India continues to enjoy some of the key advantages as a manufacturing location is set to become as a major centre for outsourcing of textile products for global markets. In the recent period the Indian economy has been growing but also has also witnessed higher inflation and higher interest rate regime. This has resulted in major increase in the cost structure including salary & wages. This coupled with increase in raw material prices has severely impacted the industry. The crude oil prices have also been in a very high range of more than USD 90 per barrel which in turn has increased transportation costs. With the volatility in foreign currency rates and appreciation of Indian rupees, the export earnings have taken a beating for the textiles industry in general. With the reorganization of export and imports in the textiles industry it is imperative on the part of government to provide boost to the textiles sector in terms of export benefits and lower interest cost. This is gaining more relevance given the high level of employment generated by the industry and the forex earnings made by the exports. Despite all this macro factors India continues to enjoy strategic advantage as a manufacturing destination as below:

Self sufficiency of raw materials

Firstly, India is amongst the top cotton growers in the world and is a net exporter of cotton. The same holds true for other raw materials for textiles, both natural and man-made. Currently, India is exporting raw cotton and this is creating huge impact on higher cotton prices, though they are aligned to global demand and supply forces. India needs to put a more strategic though process to build finished product capacities and leverage on raw material availability and enjoy better margin on value addition. This will create more employment and improve forex earnings in the country. Initiative to increase productivity would be an added advantage. On the other hand other Asian countries such as China, Bangladesh, Pakistan, Thailand and Indonesia are net importers of cotton and are also large exporters of finished textiles products. Thus India is well poised to use the raw material availability to its overall advantage in the global trade and as well as move up the value chain.

Labour Cost Advantage

Secondly, young and skilled pool of working class is another important cost competitiveness with the country. This enables easy availability of low cost skilled labor across different industries. The textile industry is no exception whereby India's cost of production ranks amongst the lowest in the world today (source: ITMF, 2010).

Design Skills, Innovations and Value Addition Capabilities

Thirdly, India with its talent pool has become the harbinger of global design, innovation and value added products for the global markets. This also enables to deliver smaller order sizes to large number of customers and also provide tailor made design and service solutions for all types of customers. This niche is well appreciated in the global context as compared to some of the other countries which typically stand for either very low cost of production or mass producers. India is well poised to deliver some of the best in class products in both the mid segment and the high end segments of the market.

Economies of Scale owing to a Huge Domestic Market

Fourthly, India enjoys a unique advantage of being one of the largest textile market itself and a large consumer base in the world, growing consistently over the years. Currently, domestic textile industry is being estimated to be around USD 52 billion (source: Indian Textiles and Apparel Compendium, 2010, Technopak). A large part of Indian textiles industry is still

unorganized but provides a huge advantage in terms of lower manufacturing overheads and better operational efficiencies possible with larger volumes. Indian producers are not only able to produce for both exports and domestic orders but are also able to bring best international practices & design and delivery for the domestic consumers. This market is shaping up in a great manner and is going be a big differentiator in the coming days.

The Home Textile Industry

World over, home textiles have always played an important role in the comfort, protection and decoration of households. The size of the global home textiles industry, estimated to be $70 billion has been growing with China, Pakistan and India remaining major players. Bangladesh too has emerged as an important supplier, thanks to its cheap labour, enterprising private sector operators and edge in terms of duty exemptions and concessions that it enjoys as a Least Developed Country (LDC). India and China have been the major preferred supplying countries as far as higher end products are concerned, while Pakistan and Bangladesh dominate the lower end of the market.(<Source: emergingtextiles.com>) Earlier, quota restrictions inhibited foreign manufacturers from developing economies of scale and the logistics & supply chain capabilities required to effectively service overseas replenishment demand. The removal of quotas in January 2005 has resulted in the elimination of the advantages enjoyed by manufacturers in the United States and improved the competitive position of the overseas manufacturers. Manufacturing plants in USA and Europe have been shutting down and adapting their business model to either relocating to low cost manufacturing locations, sourcing from Asia or getting acquired by companies from these manufacturing centers.

WELSPUN - A SWOT Analysis

Strengths
- Strategically located manufacturing facilities (Anjar and Vapi in Gujarat, India and Rosarito in Mexico)
- Economies of scale with modern manufacturing facilities
- Integration across the production chain (Spinning, weaving, processing, cut and sew, packing and logistics)
- Wide range of product portfolio (terry towels and bed linen, basic and decorative beddings and bath rugs)
- Focus on cost reduction
- Innovative Products
- Focus on quality (ISO 9001:2008 / ISO 14001:2004 certifications - by Intertek Systems Certification)

Weeknesses
- Does not have control over the entire value chain
- Volatility in raw material prices impacts the cost structure
- Limited ability to command desired price from large customers

WELSPUN

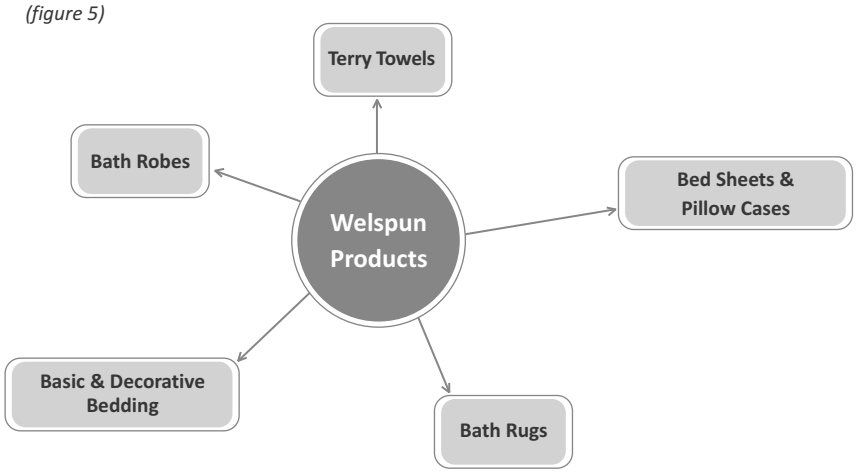
Opportunities
- Grow market share in important markets of US and Europe
- Leverage global scale capacities and product portfolio to offer complete solution to customers
- Multi-location production and distribution network to serve the clients in superior manner
- Enhance backward integration and derive higher margin on the entire value chain
- Leverage the brand capabilities in WGBL and WRL
- International design and innovation capability

Threats / Risks
- Intense completion in domestic market and international markets
- Volatile Forex exchange rates
- Rising input costs
- Volatile Crude Prices

WELSPUN PRODUCTS

Welspun with its wide range of home textile products include terry towels, bed sheets & pillow cases, bath robes, bath rugs, basic & decorative bedding.

(figure 5)



Terry Towels

Welspun is the 3rd Largest Terry Towels manufacturer in the World with its quality products manufactured in different shapes and sizes. These are beach towels, kitchen towels, baby hood towels, and for special use, such as hand towels, face towels and bath sheets. These towels are woven out of 100% cotton yarn, acquire significant hygroscopic property, which is a prime reason for using terry fabrics in home textiles in general and towels and bath robes in particular.

Bed Sheets & Pillow Cases

Welspun's bed sheets is ranked 4th by HTT for its quality and innovation. These bed sheets come in different shapes and sizes according to the bed sizes and mattress depth. Our bed sheets are made from cotton or various blends, such as polyester cotton, cotton bamboo, cotton silk and cotton eucalyptus. Blends provide the consumer ease of maintenance and cost effective of the product by the consumer.

Bath Rugs

Welspun's rugs are of various designs using its multi-level cut loop machine to create multiple fiber lengths within a rug. Our bath rugs are generally made of cotton, nylon or micro fiber and can be latex-backed, depending on consumer preferences. Based on customer requirements, we make rugs of different sizes and weights including reversible rugs.

Basic Bedding and Decorative Bedding

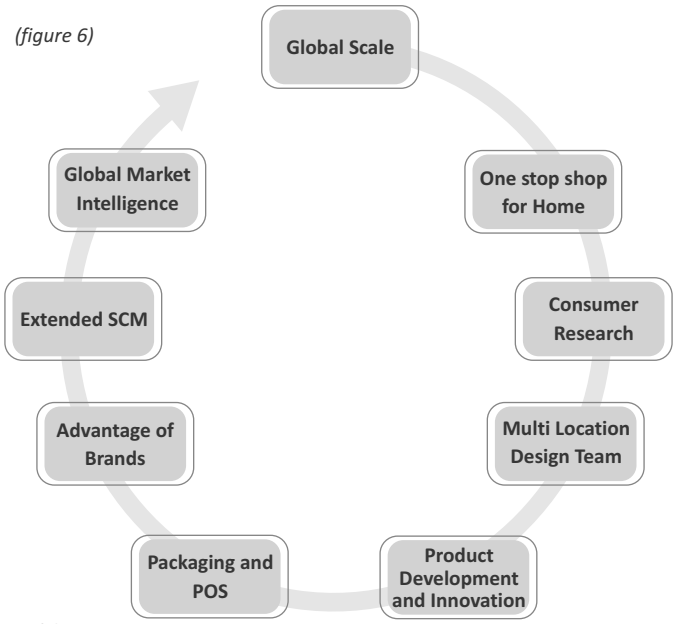
Welspun ranks 4th in Comforters (Decorative Bedding) by HTT. The basic bedding includes mattress pads, blown and garneted pillows and basic comforters while our decorative bedding products includes comforters, duvets, coverlets, bed skirts, shams, decorative pillows and bolsters. Most of these products are made of polyester fiber fill wadding. The fill used for each product varies according to customer requirements. Since the decorative products provide the look and feel to the bedroom, the products are design-oriented.

Bath Robes

Welspun manufactures bath robes in different designs, shades and weights as per customer requirements. Its ability to make piece dyed, yarn dyed, jacquard and velour bath robes. The bath robes are manufactured in different styles such as "kimono", "hood", "zipper", and "shawl". Welspun specializes in the manufacture of a specific category of bath robes called "wraps". It also provides embellishments, embroidery and prints as per customer requirements. The fabric for our bath robes is similar to the fabric of our towels, which enables us to leverage the product development and innovation undertaken in the production of terry towels.

Welspun's Business Strategy

(figure 6)



Global Scale:

- Towel capacity among the top 3 in the world#
- Sheet capacity among the top 2 in India and top four in the world
- Decorative bedding and rugs are also at global scale—among the top 4 capacities in the world
- Manufacturing base in India, Mexico and Portugal
- Distribution facilities in India, Ohio, Portugal & UK
- **One stop shop for Home:** Welspun is an integrated Home Textile supplier for all customer requirements. Its wide ranging product portfolio enables it to cater to the entire home furnishing requirements of its customers across the globe. Its expanding Product Portfolio has enabled it to become a "One stop shop for Home Textiles".
- **Consumer Research:** Welspun actively uses the organizations like NPD Group Inc. and 'Just Ask a Woman' to get insights into consumer requirements and identify the key product attributes to help in consumer communication. This consumer research is also shared with key retailers during strategic meetings and is the foundation for all product recommendations.

Multi Location:

- **Product Development and Innovation:** Welspun's Product Development & Innovation are key areas creating a sustainable competitive advantage over its peers globally. Using inputs from the consumer research and through tracking the new developments, we have added products like Ever Smooth MXL Wrinkle Free, Quick Dry Sheets, Flexifit sheets and the Perfect Sheet incorporating all the qualities mentioned.

  On the bath technologies side Welspun has added new bath technologies like Nanospun, Aerospun, Spot Stop, Hygro technology and texture towels to our product basket. On the Sleep Solutions side it has added technologies like Earth Pillow, Wonder Bed, Sneeze Eezzz, Hygrofill etc.

(figure 7)

- **Packaging and Point of Sale:** Welspun has marketing teams in USA and in India which work on development of packaging for different products. Point of sale communication is also developed in order to ensure the key functional product attributes are communicated to the consumer at the retail floor.
- **Advantage of Brands:** WIL supplies its products to the premium International and Domestic brands under WGBL like Welhome and Spaces Home & Beyond in Domestic and Christy, Sorema, Graciozza, Kngsley, and Luxus etc.
- **Extended SCM:** Welspun is among the few manufacturers who provide Collaborative Forecasting, Planning and Replenishment to its customers over more than 30 programs from POS to production at the plant level.
- **Global Market Intelligence:** Welspun has presence at multiple locations across the world and uses this presence to build the market intelligence for different markets. In addition to this, secondary research using published Industry sources helps to build the market intelligence.

Principal Factors Affecting Results of Operations

- Volatility in Cotton Prices which is the main Raw Material for the business
- General economic conditions
- Condition and performance of Indian and international textile industry
- Price and availability of raw materials/ factors of production
- Demand and supply of products across the globe
- Foreign exchange fluctuations: Most of the costs of our operations and income are in Indian Rupees. However, we do have indirect exposure to foreign exchange fluctuations as the sale prices of our products sold to WGBL are based on the prevailing exchange rate. Further, we are exposed to foreign exchange fluctuations in relation to our manufacturing facility in Mexico, as the costs of operation of this facility are in Peso and the income from its sales are in US Dollars.
- Global Competition

Welspun's efforts to sharpen competitive edge

- Welspun defined strategy, towards the improved product mix and optimized utilization of assets.
- Continue with the improvement in Retail Operations by
  - Improve Merchandising & Store Experience
  - Build Organizational Capability
  - Build brand awareness
  - Improve efficiencies, reduce closeouts, and increase in-stock availability
- Further expansion /modernization of its manufacturing capacities with an objective to attain increase in volume with lower overhead, better quality and replacement/ upgradation of technology.
- Focusing on increasing contribution of Innovative products to portfolio
- Cost optimization with an aim to become the lowest cost producer of home textiles globally and further aims to become the preferred partner in home textiles for global initiative with its business model.

In 2011-12, Welspun plans to:

- Sustain its market share of all products in USA and UK while improving its share in other geographies
- Stabilize the sales of licensed brand products in UK
- Increase sales in Europe through Sorema, while we have made an entry at many retailers now we need to leverage our presence to get significantly higher sales from Europe.
- Increase revenues in fashion bedding, basic bedding and bath rugs
- Product Development and Innovation to remain a focus area for growth especially in current volatile cotton scenario
- Strengthening of Process : Reducing turnaround times and quicker customer response
- Develop new markets like Korea, Japan, Russia and China
- Create innovative products for all markets
- Continuous focus on cost reduction at plants and subsidiaries across locations in each category of products

Research and Development

Welspun has a strong focus on research and development of products, processes and technology to endeavor and achieve a leading position in the international market. In order to achieve this Welspun is focusing on:

- Continuously monitoring our product quality
- Maintaining highly trained and experienced employees
- Using the latest technology available to create high quality products
- Developing new manufacturing and testing facilities to eliminate possibilities of defects in our products
- Providing training to our employees working in research and development as well as in other associated departments

Our management is committed to providing all necessary resources for research and development in order to achieve a leading position in the global market.

HUMAN RESOURCES POLICY

Our HR policies cover our objectives, eligibility & coverage, policies and procedures. We review, revise and update our Human Resource policies consistently to make them relevant, effective and useful to the employees.

OUTLOOK

The Textile business is passing through a tough phase due to increase in raw material cost , higher oil price , high inflation and higher wage cost, volatile forex rates and limited ability to pass on price rise due competitive business environment.

The opportunity lies in building efficiency in operating processes, better control over input costs, bring design and innovation in the product portfolio and providing complete solution to the customers. The markets in the developed countries are shaping up well despite some challenges in some of the countries and the potential for domestic Indian market continues remain loss. We believe the home textile business will see increasing share in the organized sector and better capacity utilization and sweating of assets will deliver better profitability.

However during the current fiscal the cotton prices are now showing the downward trend and settling at a sustainable level, while the company is showing an upward curve in order booking for its products. With such encouraging twin effects the future prospects looks promising.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

At Welspun, 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. Welspun'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, Welspun 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. Welspun has successfully implemented an enterprise wide solution (ERP) in its textile plants.

DISCUSSION OF FINANCIAL PERFORMANCE

The Company has shown robust performance during the year. The significant developments which have major impact on financial numbers were:

Sales growth of 6.07%, backed by

- Higher Sales volume of Bed Linen Product by 23.2%
- Higher Sales volume of Rugs by 70.2%.
- Higher realization in line with higher raw material costs
- Whereas, revenues from Mexico subsidiary operations were lower at Rs. 511.37 million in FY11 against Rs. 730.25 million in FY10 due to lower level of activity.

KEY FINANCIAL DATA - Consolidated

(Rs. in million, except per share data)

Particulars	FY 10-11	%	FY 09-10	%	YOY Change	YOY % Change
Net Sales (net of excise)	**20,548.11**	**100.00**	**19,371.62**	**100.00**	**1,176.49**	**6.07**
Other Income	736.68	3.59	683.61	3.53	53.06	7.76
Gain on disposal of Subsidiaries and Associates pursuant to Demerger	-	-	710.85	3.67	(710.85)	(100.00)
Cost of Material	10,603.26	51.60	9,481.33	48.94	1,121.93	11.83
Manufacturing Expenses	5,514.37	26.84	4,829.37	24.93	685.00	14.18
Employee Cost	1,670.64	8.13	1,316.50	6.80	354.14	26.90
Selling Administration and Other Expenses	1,057.04	5.14	900.67	4.65	156.36	17.36
Reported EBIDTA	**2,439.49**	**11.87**	**4,238.21**	**21.88**	**(1,798.72)**	**(42.44)**
Financial Expenses	800.89	3.90	925.73	4.78	(124.84)	(13.49)
Depreciation	1,203.34	5.86	1,126.26	5.81	77.08	6.84
Taxes	403.05	1.96	571.36	2.95	(168.31)	(29.46)
Net Income from Ordinary Activites	**32.21**	**0.16**	**1,614.86**	**8.34**	**(1,582.65)**	**(98.01)**
Share of Associate's Net (Loss)/ Profit	(18.19)	(0.09)	(6.57)	(0.03)	(11.62)	176.92
PAT (Profit After Tax)	**14.02**	**0.07**	**1,608.29**	**8.30**	**(1,594.27)**	**(99.13)**
EPS (Basic and Diluted)	0.16	-	22.00	-	(21.85)	(99.28)

TABLE: SALES & PRODUCTION VOLUME (Major Products)

Particulars	Unit	FY 11	FY 10	% Growth
Production Volume				
Terry Towels	MT	39,416	38,967	1.2%
Bed Linen Products	000 Mts	37,203	39,305	-5.3%
Rugs	MT	5,079	2,922	73.8%
Bath Robes	000 Nos	313	277	13%
Sales Volume				
Terry Towels	MT	36,035	36,284	-.7%
Bed Linen Products	000 Mts	37,496	30,436	23.2%
Rugs	MT	4,987	2,930	70.2%
Bath Robes	000 Nos	306	290	5.63%

1. REVENUE

a. Net Sales

Net Sales stood at Rs.20,548.11 million in FY11 recording a growth of 6.07% over the previous financial year. The revenue growth was lead by higher volumes on account of improved market conditions on the back of demand growth across the world for major products and higher realization with increasing input costs. The Sales volume showed a remarkable growth in Bath Linen products and Rugs manufactured by WIL in FY11 as compared to FY 10.

WIL continues to avail the export benefits in accordance with the agreed terms and conditions with WGBL. The export benefits were Rs.1,705.26 million in FY11 as against Rs. 1,398.26 million in the previous year.

b. Other income

Income from other sources grew by increased by 7.76 % from Rs. 683.61 million in FY10 to Rs. 736.68 million in FY11 primarily on account of excise and sales tax benefits and profit on cancellation of forward/ swap contracts in FY11.

2. EXPENDITURE

a. Cost of Materials

Consumption of raw materials grew by 11.83% from Rs. 9,481.33 million in FY10 to Rs. 10,603.26 million. This was mainly on account of steep rise in cotton prices, the primary raw material for our products. However, percentage increase in cost of material as compared to Sales was higher by 2.66% in FY11.

Against the revenue growth of 6.07% the cost of material has increased by 11.83% indicating the fact that only part of increase in costs have been passed to customers and improved product mix has been a contributor as well.

b. Manufacturing Expenses

Manufacturing expenses has increased by 14.18% and are at Rs.5, 514.37 million in FY11 primarily on account of increase of Power, Fuel and Water charges by Rs. 203.13 million (up by 12.14%), Job Work expenses by Rs. 195.20 million (up by 93.94%) and Store and Spare cost by Rs. 129.18 million (up by 46.44%) and marginal increase in various cost components. This has resulted in manufacturing expenses growing from 24.93% in previous year to 26.84% of sales in the current year.

c. Employee Cost

The employee cost grew to Rs. 1,670.64 million in FY11 with increase in salary & wages, increase in man power count and increasing provisions for gratuity & leave entitlement.

d. Selling, Administration and Other Expenses

The selling administration and other expenses has increased by Rs. 156.37 million and scaled upto Rs. 1,057.04 million largely due to higher rent charges, higher legal and foreign exchange losses. Whereas, some of the expenses are lower like freight, forwarding and coolie charges as export dispatches were replaced with domestic sales to WGBL.

e. Finance Expenses (Net)

The net interest cost in FY11 was lower at Rs. 800.89 million as against Rs. 925.73 million in FY10 despite increase in the loan funds. The Company has mainly benefited by judiciously managing its funds and deriving interest income earned on surplus funds.

f. Depreciation

Depreciation was higher at Rs. 1,203.34 million in FY11 as against Rs.1, 126.26 million in FY10 primarily on account of commissioning of new plant and machinery.

g. Taxes

In the current year, total tax provisions were Rs. 403.05 million as compared Rs. 571.36 million in the previous year, which is in line with current year's profits.

3. MARGINS

a. EBIDTA

The EBIDTA has is lower from Rs. 4,238.21 million in FY10 to Rs. 2,439.49 million in FY11 due to lower increases in prices and all round increase various cost components as explained above. This resulted in lower operating EBITDA margins at 11.87% in FY 11 as compared to 21.88% in FY 10.

b. Profit After Tax

Profit after tax in FY11 was Rs. 14.02 million as against a profit of Rs. 1,608.29 million of profit in the previous year.

4. EARNING PER SHARE (Basic)

(Rs. In million)

The Earning per Share for the year ending March 31, 2011 (Basic) (before extra-ordinary item) was Rs. 0.16 against Rs. 22.00 per share in the previous year.

5. TABLE: BALANCE SHEET

Particulars	As At March 31, 2011	As At March 31, 2010	Change
SHAREHOLDERS' FUNDS			
Share Capital	939.76	780.90	158.86
Reserves and Surplus	5,749.79	4,433.16	1,316.62
Total	**6,689.55**	5,214.06	1,475.49
LOAN FUNDS			
Secured Loans	16,571.96	16,391.51	180.44
Unsecured Loans	834.50	417.38	417.12
Total	**17,406.46**	**16,808.89**	**597.57**
DEFERRED TAX LIABILITY (NET)	1,878.45	1,561.98	316.47
TOTAL	**25,974.46**	**23,584.93**	**2,389.53**

(Rs. In million)

Particulars	As At March 31, 2011	As At March 31, 2010	Change
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	21,917.23	20,774.31	1142.92
Less: Depreciation	6,316.81	5,331.59	985.22
Net Block	**15,600.42**	**15,442.72**	157.70
Capital Work-in-progress	836.45	271.32	565.13
Total	**16,436.87**	**15,714.04**	**722.83**
INVESTMENTS	**1,006.73**	**149.35**	**857.38**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4,596.60	3,607.55	989.05
Sundry Debtors	1,452.56	1,797.64	-345.08
Cash and Bank Balances	1,469.06	863.90	605.16
Loans, Advances and Other Current Assets	3,849.21	3,555.52	293.69
Total	**11,367.43**	**9,824.61**	1,542.82
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	2,666.41	1,931.39	735.03
Provisions	170.16	171.68	-1.53
	2,836.57	2,103.07	733.50
NET CURRENT ASSETS	**8,530.86**	**7,721.54**	**809.32**
TOTAL	**25,974.46**	**23,584.93**	**2,389.53**

6. Networth

The Net-worth of the Company stands at Rs. 6,689.55 million as at March 31, 2011 reflecting an increase of Rs. 1,475.49 million as compared to period ending at March 31, 2010. This was mainly on account of increase in the share capital and share premium due to issue of shares to QIP Investors and marginal impact of ESOP share issue to employees.

Return on Net worth (RONW) was 0.24% in the FY11. The Net sale to Net worth ratio is 3.07 for the period ending March 31, 2011.

The Book Value of equity shares stands at Rs 75.18 per equity share as at 31st March 2011.

The details of movement in various heads of Net worth are as under:

a. Share Capital

The Issued, Subscribed and Paid-up Share Capital as at March 31, 2011 stands at Rs. 939.76 million comprising of

- 88,976,269 - Equity Shares of Rs. 10 each fully paid up against 73,089,519 in previous year
- 500,000 - 0% Redeemable Cumulative Preference Shares of Rs. 100 each

During the year, the Company raised Rs. 1560.3 million by issuing 15,603,000 shares of Face Value 10/- per share at Rs. 100/- per share by "Qualified Institutional Placement" (QIP). The Company has also issued 283,750 Equity Shares due on exercise of options under ESOP Plans.

b. Reserves and Surplus

i) **Securities Premium account:** The Securities Premium account stands at Rs. 3,212.00 million due to addition of premium amount on issue of 283,750 Equity Shares - on exercise of options under ESOP Plans of Rs. 7.26 million and premium of Rs. 1,404.27 million received on account of issue of new shares under QIP.

ii) **Capital Redemption Reserve:** The balance as of 31st March, 2011 amounted to Rs. 428.38 million which is same as in the previous financial year.

iii) **Capital Reserve:** The balance as of 31st March, 2011 amounted to Rs. 48.43 million which is same as in the previous financial year.

iv) **Foreign exchange translation reserve** stands at Rs. (46.86) million against Rs. (43.78) million in the previous year.

v) **Profit and Loss account:** The balance in the Profit and Loss Account as on March 31, 2011 has decreased marginally to Rs. 2,107.84 from Rs. 2,112.02 million after providing for the dividend on its share capital for previous year to the extent of Rs. 18.20 million (including dividend distribution tax) (including dividend distribution tax)

7. Loan funds

The Gross Debt as on March 31, 2011 stands at Rs. 17,406.46 million which is higher by Rs. 597.57 million over the previous year. Major movements during the year are:

- Rupee term loan increased by Rs. 120.02 million
- Working Capital Loans has increased by Rs. 160.36 million.
- Term Loans for Joint Ventures has increased by Rs.22.58 million.
- Increase in unsecured loans by Rs. 417.13 million on account of increase in buyer's credit from banks during the year.
- Foreign currency term loan decreased by Rs. 122.51 million mainly on account of repayment.

The Net Debts as on March 31, 2011 stands at Rs. 15,061.99 million (Rs. 15,944.99 million) after reducing the cash and bank balance and liquid investment of Rs. 2,344.47 million (Rs. 863.90 million), which is marginally lower over the year.

8. Fixed Assets

Gross Block has increased by Rs. 1,142.92 million to Rs. 21,917.23 million in FY11 mainly largely on account of increase in Plant and Machinery.

9. Inventory

Inventory as on March 31, 2011 increased by Rs. 989.05 million to Rs. 4,596.60 over the previous year. The inventory turnover days have also increased to 82 days in FY11 as compared to 68 days in FY10.

10. Debtors

Sundry Debtors decreased from Rs.1,797.64 million as on March 31, 2010 to Rs.1,452.56 million as on March 31, 2011. The debtors turnover days have thus improved from 34 days in FY10 to 26 days in FY11.

11. Cash and Bank Balances and Liquid Investment

Cash and Bank balances and liquid Investment and as at 31st March 2011 increased to Rs. 2,344.47 million as against Rs. 863.90 million as at 31st March 2010 mainly due increase in fixed deposit and liquid investments.

12. Loans and Advances

The loans and advances increased from Rs. 3,555.52 million as at 31st March 2010 to Rs. 3,849.21 million as at 31st March 2011.

13. Current Liabilities

The current liabilities have increased by Rs. 733.50 million to Rs. 2,836.57 million in FY11, mainly on account of increase in the balance outstanding on acceptances. Current liabilities are at 50 days (40 days in FY 10) of Net Sales.

14. Cash Conversion Cycle

Cash conversion cycle for the current year has improved to 58 days as against 62 days in the previous year. This reflects the Company's efficiency in converting its resource inputs into cash flows and blocking low insignificant capital in the process.

KEY FINANCIAL INDICATORS:

(Rs. in million except ratios)

Particulars	As at 31-Mar-11	As at 31-Mar-10
Net Worth	6,689.55	5,214.06
Average Networth	5,951.81	4,837.30
Net Sales	20,548.11	19,371.62
Net Sales/ Average Net Worth	3.45	4.00
Net Proft/Loss after Tax	14.02	1,608.29
Net Debt/Equity Ratio	2.25	3.06
Inventory Turnover Ratio	4.47	5.37
Inventory (Days)	81.65	67.97
Debtors Turnover Ratio	14.15	10.78
Debtors Sales Outstandings (DSO)	25.80	33.87
Creditors Turnover Ratio	7.24	9.21
Creditors Sales Outstandings	50.39	39.63
Current Ratio	4.01	4.67
EBITDA	2,439.49	4,238.21
EBIT	1,236.15	3,111.95
Debt/ EBITDA	7.14	3.97
Return on Average Capital Employed	5.0%	13.3%
Return on Average Net Worth	0.24%	33.25%

Cautionary Statement:

Statements in the Management Discussion and Analysis describing Welspun's objectives, projections and estimates are forward looking statements and progressive, within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental factors.

ROBUST GROWTH JOURNEY

Revenue (Consolidated)		
Rs. 20,548 mn	2011	Sustainability award for Process Innovation by Indian Carbon Outlook India Shining Star CSR Award by Wockhardt
Rs. 19,372 mn	2010	Raised Rs. 1,560 mn of Equity through 'Qualified Institutional Placements' route - being one of the two Textile companies to achieve this in the recent time.
Rs. 16,991 mn	2009	1st April 2009 - De-merger of Marketing and Investment arms into separate companies
Rs. 16,464 mn	2008	Bath rugs manufacturing facility at Vapi, Guajarat
Rs. 12,409 mn	2007	Fashion & Basic bedding facility @ Mexico Acquired 76% stake in Bath Rug manufacturer SOREMA, Portugal
Rs. 6,735 mn	2006	Acquired 85% stake in Christy, U.K., a 150 year old heritage brand
Rs. 4,696 mn	2005	Set Up of manufacturing facility @ Anjar for manufacturing Terry towels and Bed Linen
Rs. 3,739 mn	2004	Award in Operational Excellence by J C Penney, Texprocil Export Awards
Rs. 2,428 mn	2002	Vendor of the Year Award from Wal-Mart & J C Penney
	2000	Welspun USA set up in New York,
	1997	Bathrobes Joint Venture with Zucchi, Italy
	1995	Cotton Yarn Spinning Unit
	1994	Terry Towels unit started at Vapi
	1985	Incorporated in January

Corporate Social Responsibility

Welspun is committed to conduct business in a socially responsible and ethical manner. Our company is in sync with mutually accountable and responsible synergies which help us to serve with passion to our Customers, Shareholders, Employees & Society at large. To meet our commitment we seek to respect the rule of law, adopt appropriate international standards and strictly follow our 3 Guiding Principles i.e. The 3 'E's - EDUCATION, EMPOWERMENT and Health and ENVIRONMENT.

In addition to our guiding principles, we at Welspun, strictly follow Ethical Business Conduct and practice the principles of accountability, honesty and integrity in all aspects of our businesses. Besides this, we also adhere to all the laws that regulate and apply to the company, its systems and the conduct of its businesses.

At Welspun we work with governments and agencies (including the Universal Declaration of Human Rights by the UN) to support and respect Human Rights within our sphere of influence. We promote universal respect for observance of human rights and fundamental freedom - particularly those of our employees, the communities within which we operate and parties with whom we do business, without distinction as to ethnicity, origin, religion, gender, language or disability.

Continuing with our pledge to reach out to the larger society Welspun has established Welspun Foundation for Health and Knowledge. The foundation is instrumental in creating impact wherever we have business presence. In our endevour to social development we adhere to our 3 guiding principles i.e Education, Empowerment and Health and Environment.

Education Initiative:
To improve and enhance the quality of education system Welspun has collaborated with government and non-profit organizations that have positively impacted 3000 tribal, rural and urban children.

Collaboration with Non-Profit Organizations:
Naandi Foundation: (Quality Education Programme at Primary School level)

Welspun Foundation for Health and Knowledge signed an agreement with **Naandi Foundation** to initiate quality education based project for **three** Municipal Corporation of Greater Mumbai (MCGM) schools in Mumbai.

With our financial support Naandi Foundation reached out to 230 school going children. The project will be expanded in the year 2011-12 to reach out to the more children to provide quality education.

Light of Life Trust: Project Anando: (Quality Education at Secondary School Level) at Salav, Alibaug, Maharashtra.

Light of Life Trust to initiate quality education based project at Salav in Sanjay Nagar. With Welspun's financial support Light of Life Trust is running centre for 65 Katakari tribal children.

The project is being executed on pilot basis and then will be scaled up in other needy communities nearby Welspun Maxsteel business location.

Environment Initiative:
Bombay Natural History Society: (Hornbill Club Project) at Salav, Alibaug, Maharashtra.

Hornbill Club Project on Environment and Conservation programme initiated in Welspun Vidya Mandir Salav, and Welspun Vidya Mandir Anjar – programme covers around four hundred and ninety students from standard 5th to 8th and 15 teachers. Welspun's environment based initiatives are to improve the standard of operations and have successfully managed net reduction of CO2 emission. In addition, Welspun transformed once devastated deserts to green-belt by planting – programme covers around four hundred and ninety students from standard 5th to 8th and 15 teachers.

Welspun's environment based initiatives are to improve the standard of operations and have successfully managed net reduction of CO2 emission. In addition, Welspun transformed once devastated deserts to green-belt by planting 100,000 saplings in and around Anjar.

Welspun has collaborated with non-profit organization to create environment awareness and conservation amongst communities.

Empowerment and Health Projects at Anjar - Kutch and Salav - Maharashtra
Health Initiative:
Welspun's health centers are providing health facilities for underprivileged population from the neighboring villages, particularly on general health, mother and child health care and also by sponsoring major health expenditure.

Women Empowerment initiative at Varsamedi, Anjar:
Empowerment is one of the important principles Welspun foundation work on. Welspun pioneered Mission Mangalam Scheme with Gujarat Government. This initiative brings livelihood options by building capacities and providing trainings to the rural women. Approximately 125 women are trained under this scheme. The same project has been replicated in Bhadreshwar as Public Private Partnership.

Skill development and livelihood project at Welspun Grams for women
Two centers for women are being run to develop cutting and stitching skills and to bring livelihood to them. Approximately 75 women from both the centers have been trained and given jobs.

Self Help Groups at Salav:
Ten self help groups have been formed in villages to empower women by providing various skills and building their capacities. Approximately 250 women are participating enthusiastically in activities and training being provided to them. The main aim behind forming SHG's is to mobilize women for their own development as well as communities.

Computer centre at Salav

With the growing need to computer skills and the availability of jobs a computer training centre is started in Salav village for the basic computer literacy. In last three months 120 students have been benefitted with this initiative. Along with the computer skills other soft skills sessions have also been organised for the students by Maxsteel employee volunteers.

Adoption of Industrial Training Institute at Vansda in Navsari District

Welspun India Ltd, (WIL) Vapi has adopted an ITI in Vansda, District, and Navsari under the Central Govt. Scheme of "ITI upgradation by Public-Private Partnership" where three new trades i.e Spinning, Weaving and Cut & Sew are being introduced. The theoretical classes are taken care of by MS University Professors and On-Job Training is imparted by WIL, Vapi unit. The successful student of these trades will be given opportunity to be absorbed in WIL.

Tie up with MPSTME College, Sirpur, Vapi

WIL has tied up with MPSTME College, Sirpur and Vapi where students belong mainly to rural background. Around 13 students are being provided opportunity of six months practical training in WIL. The boarding, lodging & transportation for these students are extended by WIL free of cost and are being trained to be made fit for the industry as soon as they complete their academics. Job opportunity will be provided by Welspun to them on completion of their course.

Volunteerism at Welspun

Volunteerism is one of the crucial elements in all our CSR initiatives at all our locations. Our employee's volunteers participate enthusiastically and consistently. Their participation is strategically planned that helps to get different set of skills.

Joy of Giving Week with Light of Life Trust

As part of Joy of Giving Week the Light of Life Trust organised Spandan programme to raise funds wherein children from their Alibaug and Karjat performed. This performance was supported by Welspun with buying tickets for our Welspun Vidya Mandir community club members and teachers.

Charitable Donations:

Partnered with Save The Children India to support victims of cloud burst in Ladakh.

Donation of desks and benches to Government run primary school, Korlai village in Alibaug benefiting around 350 students.

Supported orphanage/homes with donations like bed sheets and towels

Creating awareness and employee participation

Organised Blood donation Camp at Welspun Head Office

123 employees donated blood in the blood donation camp organised in Welspun HO on 27th May 2011. Employees have been provided with the blood donation card to avail blood in emergency.

World Environment Day

World environment day organised at Welspun HO in order to bring about awareness on environment related issues through the competition. Overwhelming response received by Welspunites. Three best ideas to protect the environment were awarded.

School Material Distribution Drive
Welspun employees donated school material like text books, stationary that was Vatsalya foundation working for street children organization.

Corporate Yoga Sessions for Welspun Employees
Corporate Yoga Sessions by Mrs. Preeti Mandawewala is organised at Anjar, Vapi, Silvassa, Zagadia, Dahej and Welspun Vidya Mandir Anjar. In all 700 employees benefitted from the sessions.

Special Achievement
Welspun is honoured with India Shining CSR Award – "Outstanding CSR in Textile Sector" hosted by Wockhardt.

The award ceremony was presided by Noble Peace Laureate - The Dalai Lama, Noble Peace Laureate - Prof. Muhammad Younis and Union Cabinet Minister Dr. Salman Khurshid.

At the Wockhardt Foundation's first 'CSR Thought Leadership Conclave' 2011 Industry Leaders emphasized the need for focusing on social development for economic growth.

dwell on your smile

A smile speaks a thousand words and we vouch for it through our products. The greatest reward for us is the effervescent smile on our customers face. In the years to come it is this smile which will inspire us to achieve for more.

Financials Section

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AUDITORS' REPORT TO THE MEMBERS OF WELSPUN INDIA LIMITED

1. We have audited the attached Balance Sheet of Welspun India Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.

4. *We draw your attention to Note 7(b) on Schedule 19 to the financial statements, regarding the accounts receivables balance of Rs. 696.02 million (March 31, 2010: Rs. 475.93 million), which include Rs.108.33 million (March 31, 2010: Rs.52.07 million) outstanding for more then one year, that is due from Welspun Retail Limited ("WRL"), a group company, as at March 31, 2011, in relation to which no valuation allowance has been estimated and adjusted in these financial statements which, in our view, does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – Disclosure of Accounting Policies, as WRL has been incurring significant losses (Rs.199.73 million for the year ended March 31, 2011 and Rs. 1,205.96 million as at March 31, 2011 basis its audited financial statements as of and for the year ended March 31, 2011) and has also been unable to achieve its projected financial results in the previous and current financial reporting periods.*

5. Without qualifying our opinion, we draw your attention to:

   (a) Note 8 on Schedule 19, regarding the Company's dependence on Welspun Global Brands Limited ('WGBL') and WRL for selling its products consequent to the demerger of the marketing arm of the Company effective April 1, 2009. If the arrangement between the Company, WGBL and WRL are discontinued, the business of the Company could be adversely impacted.

   (b) Note 9 on Schedule 19, regarding corporate guarantees, aggregating Rs. 3,593 million at the year end, issued consequent to the demerger of the marketing arm of the Company referred to in paragraph 5 (a) above, to the bankers of WGBL in relation to the debt facilities provided by them to WGBL, and other corporate guarantees disclosed in Note 3 on Schedule 19, aggregating Rs. 5,145.52 million at the year end, issued on behalf of WGBL, Welspun USA Inc. ('WUSA'), Welspun Captive Power Generation Limited (WCPGL), Welspun Mexico SA de CV (WELMEX) and Welspun Home Textiles UK limited ('WHTL'). If WGBL, WUSA, WCPGL and WHTL are unable to meet their obligation as they fall due, the financial condition and cash flows of the Company could be adversely impacted.

   (c) Note 4 on Schedule 19, regarding the recognition of deferred tax assets during the year, aggregating Rs. 303.64 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 based on the judgement in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. However, this case has not attained finality as the judgement has been challenged by the tax authorities in the apex court. If the final decision in the matter is eventually decided against the Company, then the carrying value of the deferred tax assets at the period end could be significantly impacted.

AUDITORS' REPORT TO THE MEMBERS OF WELSPUN INDIA LIMITED

6. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) *Except for the indeterminate effects of the matter referred to paragraph 4 above,* we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, *except for the indeterminate effects of the matter referred to paragraph 4 above*, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, *except for the matter referred to paragraph 4 above,* the Balance Sheet, Profit and Loss Account 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, *except for the indeterminate effects of the matter referred to in paragraph 4 above,* the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give, a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

      (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date;

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership Number F055158

Place: Mumbai
Date: May 30, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Welspun India Limited on the financial statements for the year ended March 31, 2011

1. (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 between the book records and the physical inventory have been noticed. 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 of by the Company during the year.

2. (a) The inventory (excluding stocks with third parties and materials 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.

3. (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.

   (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.

4. 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, fixed assets and for the sale of goods. 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, no major weakness have been noticed or reported.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

   (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.

6. 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.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. 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.

ANNEXURE TO AUDITORS' REPORT

9. (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 regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales-tax and excise duty as at March 31, 2011 which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amounts (Rs. in million)*	Period to which the amount relates	Forum where the dispute is pending
Gujarat Sales Tax Act, 1969	Sales Tax including penalty and interest	10.52	2000-01, 2003-04 and 2004-05	Joint Commissioner of Sales Tax (Appeals - 2), Vadodara
Central Excise Act, 1944	Excise Duty including penalty and interest	1.31	March 2004 to July 2006	Commissioner of Central Excise and Custom (Appeals), Daman
Central Excise Act, 1944	Excise Duty	69.57	September 2005 to July 2006	Joint Secretary, Ministry of Finance, Department of Revenue

** Net of amounts paid under protest*

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. 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 or debenture holders as at the Balance Sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. 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.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to

ANNEXURE TO AUDITORS' REPORT

the information and explanations given to us, there are no funds raised on a short term basis which have been used for long-term investment.

18. 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.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issues during the year.

21. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership Number F055158

Place: Mumbai
Date: May 30, 2011

BALANCE SHEET AS AT MARCH 31,2011

	SCHEDULES	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	**1**	939.76	780.90
Reserves and Surplus	**2**	5,682.69	5,397.96
		6,622.45	6,178.86
LOAN FUNDS			
Secured Loans	**3**	16,371.68	16,163.59
Unsecured Loans	**4**	834.50	417.38
		17,206.18	16,580.97
DEFERRED TAX LIABILITIES (NET)	**5**	1,878.76	1,562.09
		25,707.39	24,321.92
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	**6A**	21,492.40	20,314.49
Less: Depreciation		6,203.94	5,245.96
Net Block		15,288.46	15,068.53
Capital Work-in-progress		830.03	239.82
		16,118.49	15,308.35
Incidental Expenditure Pending Capitalisation/ Allocation	**6B**	-	-
INVESTMENTS	**7**	1,065.88	929.44
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	**8**	4,527.32	3,544.27
Sundry Debtors	**9**	1,330.43	1,733.53
Cash and Bank Balances	**10**	1,452.72	830.12
Loans and Advances and Other Current Assets	**11**	3,766.77	4,035.04
		11,077.24	10,142.96
LESS: CURRENT LIABILITIES AND PROVISIONS	**12**		
Liabilities		2,441.87	1,912.23
Provisions		112.35	146.60
		2,554.22	2,058.83
NET CURRENT ASSETS		8,523.02	8,084.13
		25,707.39	24,321.92
NOTES TO ACCOUNTS	**19**		

The Schedules referred to herein form an integral part of the Balance Sheet.

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman
M. L. Mittal
Executive Director (Finance)

R.R.Mandawewala
Managing Director
Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	SCHEDULES	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
Income			
Sales	**13**	20,362.51	18,355.74
Less : Excise Duty		454.89	120.33
		19,907.62	18,235.41
Other Income	**14**	726.20	577.30
		20,633.82	18,812.71
Expenditure			
Materials and Manufacturing Expenses	**15**	15,595.89	13,378.73
Employees' Remuneration and Benefits	**16**	1,478.58	1,163.63
Selling, Administration and Other Expenses	**17**	609.95	632.49
Finance Expenses (Net)	**18**	785.60	870.05
Depreciation	**6A**	1,135.13	1,063.25
		19,605.15	17,108.15
Profit Before Taxation from Ordinary Activities		1,028.67	1,704.56
Provision For Taxation			
- Current Tax		202.02	288.93
Less : Minimum Alternative Tax Credit Availed		(201.21)	(288.93)
- Short/ (Excess) Provision for Tax in respect of Earlier Years		4.60	(16.76)
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Years		27.40	49.00
- Deferred Tax (Refer Note on Schedule 5 and Note 4 on Schedule 19)		316.67	522.26
		349.48	554.50
Profit After Taxation from Ordinary Activities		679.19	1,150.06
Less: Extraordinary Items (Refer Note 7(a) on Schedule 19)			
- Provision for diminution in value of Investments (net of deferred Tax: Rs. Nil)		739.12	-
- Provision for doubtful loans and advances (net of deferred Tax: Rs. Nil)		937.91	-
Profit After Taxation		(997.84)	1,150.06
Profit and Loss Account Balance Brought Forward		3,046.18	2,001.65
Profit Available for Appropriation		2,048.34	3,151.71
Appropriations:			
Proposed Dividend			
- Equity Shareholders		-	73.09
- Preference Shareholders		-	17.41
Final Dividend for Previous Year (Refer Note 10(b) on Schedule 19)		15.60	-
Tax on Final Dividend		2.60	15.03
Profit and Loss Account Balance carried to the Balance Sheet		2,030.14	3,046.18
		2,048.34	3,151.71
Earnings/ (Loss) Per Share (Rs.) - (Refer Note 27 on Schedule 19)			
- Basic before Extraordinary Items		7.71	15.73
- Diluted before Extraordinary Items		7.66	15.73
- Basic and diluted after Extraordinary Items		(11.33)	15.73
NOTES TO ACCOUNTS	**19**		
The Schedules referred to herein form an integral part of the Profit and Loss Account.			

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman
M. L. Mittal
Executive Director (Finance)

R.R.Mandawewala
Managing Director
Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 1 : CAPITAL		
Authorised		
125,000,000 (March 31, 2010: 125,000,000) Equity Shares of Rs. 10 each	1,250.00	1,250.00
500,000 (March 31, 2010 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	50.00	50.00
	1,300.00	1,300.00
Issued, Subscribed and Paid Up		
88,976,269 (March 31, 2010 : 73,089,519) Equity Shares of Rs. 10 each fully paid up (Refer Notes 1 (xv), 10(a) and 11 on Schedule 19)	889.76	730.90
500,000 (March 31, 2010 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up (Refer Note 12 on Schedule 19)	50.00	50.00
	939.76	780.90
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	1,888.11	2,638.11
Add : Additions during the year (Refer Note 10 (a) on Schedule 19)	1,411.53	-
	3,299.64	2,638.11
Less : Adjustment on Demerger	-	750.00
Less : Expenses on Qualified Institution Placement adjusted as per Section 78 of the Companies Act, 1956 (Refer Note 10(a) on Schedule 19)	87.64	-
	3,212.00	1,888.11
Capital Redemption Reserve	428.38	428.38
Capital Reserve - Forfeiture of Equity Warrants	48.18	48.18
Hedging Reserve Account (Refer Note 21(b) on Schedule 19)	-	-
Foreign Exchange Translation Reserve		
As per last Balance Sheet	(12.89)	-
Add : Additions during the year		
- Realignment of subordinated loan of Welspun AG	(22.36)	(12.89)
- Realignment of Share Application Money pending allotment of Welspun USA Inc.	(0.76)	-
	(36.01)	(12.89)
Profit and Loss Account	2,030.14	3,046.18
	5,682.69	5,397.96
SCHEDULE 3 : SECURED LOANS		
From Banks (Refer Note 13(a) and 13(b) on Schedule 19)		
- In Rupee	12,400.10	12,280.08
- In Foreign Currency	85.10	157.39
(Repayable within one year Rs. 2,507.56 million; March 31, 2010 : Rs. 1,001.39 million)		
Working Capital Loans from Banks (Refer Notes 13(c) on Schedule 19)	3,886.48	3,726.12
	16,371.68	16,163.59
SCHEDULE 4 : UNSECURED LOANS		
Interest Free Sales Tax Loan	-	0.01
(Repayable within one year Rs. Nil ; March 31, 2010 : Rs. 0.01 million)		
Buyers' Credit	745.70	328.57
Inter-Corporate Loan from Welspun Investments and Commercials Limited	88.80	88.80
(Repayable within one year : Rs. 8.80 million ; March 31, 2010 : Rs. Nil)		
	834.50	417.38
SCHEDULE 5 : DEFERRED TAX LIABILITIES (NET)		
(Refer Notes 1(viii)(b) and 4 on Schedule 19)		
Deferred Tax Liabilities arising on account of Timing differences in :		
- Depreciation	2,152.01	2,063.49
- Others	9.37	-
	2,161.38	2,063.49
Deferred Tax Assets arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	3.55	3.64
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	10.86	4.48
- Provision for Employee Benefits	20.16	12.03
- Unabsorbed Depreciation as per the Income Tax Act, 1961 (Refer Note below)	247.56	480.47
- Others	0.49	0.78
	282.62	501.40
	1,878.76	**1,562.09**

Note:
The Income Tax Department had disallowed certain expenditure claimed by the Company in its income tax return for the Assessment Years 2004-2005 and 2005-2006. During the year, the Income Tax Appellate Tribunal High Court decided the matter in the Company's favour, consequent to which, the Company has recognised deferred tax asset aggregating Rs. 10.31 million on unabsorbed depreciation pertaining to the aforesaid assessment years.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 6A : FIXED ASSETS
(Refer Notes 1(ii), (iv), (v), (xii), (xiii), 6 and 26 on Schedule 19)

(Rs. in million)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at March 31, 2010	Additions during the year	Deletions/ Adjusments during the year	Transfer on Demerger	As at March 31, 2011	Accumulated upto March 31, 2010	For the Year	On Deletions during the year	Transfer on Demerger	Accumulated upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land	99.25	33.70	-	-	132.95	-	-	-	-	-	132.95	99.25
Buildings	3,324.53	52.60	-	-	3,377.13	420.34	91.64	-	-	511.98	2,865.15	2,904.19
Leasehold Improvements	49.22	-	-	-	49.22	7.87	5.29	-	-	13.16	36.06	41.35
Plant and Machinery (Refer Note below)	16,376.88	1,349.04	299.84	-	17,426.08	4,617.96	995.19	154.74	-	5,458.41	11,967.67	11,758.92
Vehicles	41.45	2.97	4.26	-	40.16	18.98	3.63	2.25	-	20.37	19.79	22.47
Furniture and Fixtures	154.31	9.20	8.26	-	155.25	40.35	10.74	4.36	-	46.73	108.52	113.96
Office Equipment	74.30	6.65	3.39	-	77.56	14.02	6.35	1.30	-	19.07	58.49	60.28
Computers	138.75	49.27	15.67	-	172.35	93.00	13.24	14.14	-	92.10	80.25	45.75
Computer Software	54.24	6.58	0.68	-	60.14	31.88	9.05	0.36	-	40.57	19.57	22.36
Goodwill	1.56	-	-	-	1.56	1.56	-	-	-	1.56	-	-
TOTAL	**20,314.49**	**1,510.01**	**332.10**	**-**	**21,492.40**	**5,245.96**	**1,135.13**	**177.15**	**-**	**6,203.94**	**15,288.46**	**15,068.53**
Previous Year	19,121.19	1,370.18	174.75	2.13	20,314.49	4,231.42	1,063.25	48.43	0.28	5,245.96		
Capital Work-in-progress [(including Capital Advances Rs. 279.86 million (March 31, 2010 : Rs. 90.75 million)]											**830.03**	**239.82**
											16,118.49	**15,308.35**

Note:
Deletions/ Adjustments for Plant and Machinery includes adjustments for the capital subsidy of Rs. 12.20 million (Previous Year : Rs. 113.85 million) granted under the Technology Upgradation Fund (TUF) Scheme.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 6B : INCIDENTAL EXPENDITURE PENDING CAPITALISATION/ ALLOCATION		
(Refer Note 1(iii) on Schedule 19)		
Opening Balance	-	54.05
Less : Transferred to :		
Plant and Machinery	-	51.62
Buildings	-	2.43
	-	54.05
Incidental Expenditure Pending Capitalisation/ Allocation	-	-
SCHEDULE 7 : INVESTMENTS		
(Refer Note 1(vi) on Schedule 19)		
Long Term (At Cost)		
Non - Trade (Unquoted)		
Investment in Government Securities		
National Saving Certificates (Lodged with District Magistrate, Valsad)	0.01	0.01
Trade (Unquoted)		
In Wholly Owned Subsidiaries		
17,000 (March 31, 2010 : 17,000) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland (Refer Note 7(a) on Schedule 19)	739.12	739.12
Less : Provision for Diminution	739.12	-
	-	739.12
10,000 (March 31, 2010: 10,000) Equity Shares of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10
In Others		
2,750,000 (March 31, 2010 : 2,750,000) Equity Shares of Rs. 10 each fully paid up of Welspun Zucchi Textiles Limited	34.56	34.56
15,000 (March 31, 2010 : Nil) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited	0.15	-
100 (March 31, 2010 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
184,210 (March 31, 2010 : 184,210) Equity Shares of US $ 0.10 each, fully paid up of Welspun USA Inc. (Refer Note 5 on Schedule 19)	33.92	33.92
1,500 (March 31, 2010 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	116.13	116.13
Trade (Quoted)		
283,500 (March 31, 2010 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited	18.94	18.94
Less : Provision for Diminution	13.34	13.34
	5.60	5.60
Non Trade (Quoted)		
8 (March 31, 2010 : 8) Equity Shares of Rs. 10 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
Current (at lower of cost and fair value) - Quoted		
500 (March 31, 2010 : Nil) Certificate of Deposit - Punjab National Bank (Refer Note 10(b) on Schedule 19)	49.14	-
801 (March 31, 2010 : Nil) 9.34% West Bengal State Electricity District Company Limited Bonds of Face Value of Rs. 1,000,000 each	826.27	-
	1,065.88	929.44
Aggregate of Unquoted Investments - At Book Value	184.86	923.84
Aggregate of Quoted Investments - At Book Value	881.02	5.60
- At Market Value	882.78	3.49
* Less than Rs.10,000		
SCHEDULE 8 : INVENTORIES		
(Refer Note 1(vii) on Schedule 19)		
Raw Materials (Including materials in transit Rs. 35.03 million, March 31, 2010 : Rs. Nil)	1,811.79	1,673.53
Work-in-Process	2,073.88	1,398.24
Finished Goods	453.83	277.70
Stores, Spares, Dyes and Chemicals	187.82	194.80
	4,527.32	3,544.27

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 9 : SUNDRY DEBTORS		
(Refer Note 7(b) on Schedule 19)		
Unsecured		
Debts Outstanding for a period exceeding six months :		
- Considered Good	436.91	170.64
- Considered Doubtful	2.98	2.98
	439.89	173.62
Other Debts :		
- Considered Good	893.52	1,562.89
	1,333.41	1,736.51
Less : Provision for Doubtful Debts	2.98	2.98
	1,330.43	1,733.53
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash on Hand	0.83	0.83
Cheques on Hand	1.30	0.95
Balances with Scheduled Banks		
- In Current Accounts	245.83	174.09
- In Fixed Deposit Accounts	1,199.56	653.99
[includes deposits aggregating Rs. 1,185.29 million (March 31, 2010: Rs. 529.39 million) pledged with banks against term loans, overdraft, letters of credit and bank guarantee facilities]		
- In Margin Money Deposit Accounts	0.87	-
- In Exchange Earners Foreign Currency Accounts (USD 86,508; March 31, 2010 : USD 5,897)	3.86	0.26
- Unclaimed Dividend	0.47	-
	1,452.72	830.12
SCHEDULE 11 : LOANS, ADVANCES AND OTHER CURRENT ASSETS		
(Refer Notes 7(a) and 28 on Schedule 19)		
LOANS AND ADVANCES		
Unsecured		
Loans to Subsidiary Companies		
- Welspun AG, Switzerland (Refer Note 7(a) on Schedule 19)	936.23	476.57
Less : Provision for Doubtful Loan	936.23	-
	-	476.57
- BESA Developers and Infrastructure Private Limited	6.50	31.50
Loan to Others		
- Welspun USA Inc.	-	112.25
Intercorporate Deposit to Welspun Global Brands Limited	963.86	1,113.87
Advance to Subsidiary Company		
- Welspun AG, Switzerland (Refer Note 7(a) on Schedule 19)	1.68	1.62
Less : Provision for Doubtful Advances	(1.68)	-
	-	1.62
Equity Share Application pending allotment		
- Welspun Captive Power Generation Limited	130.00	-
- Welspun USA Inc. (Refer Note 5 on Schedule 19)	111.49	-
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	22.41	62.23
- Considered Doubtful	7.72	7.72
	30.13	69.95
Less : Provision for Doubtful Advances	7.72	7.72
	22.41	62.23
Balances with Customs, Excise, Sales Tax and other Government Authorities	963.04	843.51
Advance Tax and Tax Deducted at Source (Net of Provision for tax March 31, 2011: Rs. Nil; March 31, 2010 : Rs. 529.17 million)	-	47.03
Minimum Alternative Tax Credit Entitlement	623.24	449.43
Gratuity Fund (Net) (Refer Notes 1(ix) and 22 on Schedule 19)	4.44	9.53
Deposits	220.00	263.72
	3,044.98	3,411.26

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
OTHER CURRENT ASSETS		
Technology Upgradation Fund Credit Receivable	514.85	470.43
Interest Accrued on loan given to Subsidiaries and others	0.40	59.17
Interest Accrued on Bonds/ Certificate of Deposits	30.93	-
Interest Receivable under Subvention Scheme	1.36	0.31
Mark-to-Market gain (Net) on forward/ swap contracts	31.30	-
Interest Accrued on Deposits	142.95	93.87
	721.79	623.78
	3,766.77	4,035.04
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	817.98	-
Sundry Creditors		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 17 on Schedule 19)	6.69	1.07
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	1,501.07	1,771.98
Advance Received from Customers	12.71	2.05
Temporary Overdraft with Scheduled Banks	29.62	60.64
Interest Accrued but not Due	73.33	76.49
Unclaimed Dividend	0.47	-
	2,441.87	1,912.23
PROVISIONS		
Taxation (Net of Advance Tax and Tax Deducted at Sources of Rs. 690.50 million)	45.33	-
Proposed Dividend	-	90.50
Tax on Proposed Dividend	-	15.03
Fringe Benefits Tax (Net of Advance Tax Rs. 36.11 million ; March 31, 2010 : Rs. 36.11 million)	1.90	1.90
Leave Entitlement (Refer Notes 1(ix)(c) and 22 on Schedule 19)	65.12	39.17
	112.35	146.60
	2,554.22	**2,058.83**

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
SCHEDULE 13 : SALES			
Sales - Export		9.99	1,177.57
Sales - Local		18,647.26	15,779.91
		18,657.25	16,957.48
Export Benefits		1,705.26	1,398.26
		20,362.51	18,355.74
SCHEDULE 14 : OTHER INCOME			
Rent (Tax Deducted at Source Rs. 0.90 million, Previous Year : Rs. 0.80 million)		8.17	7.32
Dividend		15.07	4.47
Insurance Claim		0.02	0.05
Profit on Redemption/ Sale of Units in Mutual Funds		-	0.02
Profit on Sale of Bonds		4.53	0.28
Liabilities Written Back as no Longer Required		6.94	2.56
Provision for Gratuity no longer required Written Back		-	3.60
Provision for Doubtful Advances Written Back		-	0.91
Provision for Doubtful Debts Written Back		-	13.40
Profit on Cancellation of Forward/ Swap Contracts		44.20	2.36
Exchange Gain (Net)		-	82.50
Job Work and Processing Charges		2.25	25.69
Excise and Sales Tax Benefit		585.52	408.05
Interest on Income Tax Refund		11.44	-
Miscellaneous		48.06	26.09
		726.20	577.30
SCHEDULE 15 : MATERIALS AND MANUFACTURING EXPENSES			
Raw Materials Consumed			
Opening Stock	1,673.53		504.21
Add: Purchases	11,093.49		9,903.55
	12,767.02		10,407.76
Less: Closing Stock	1,811.79		1,673.53
		10,955.23	8,734.23
Cost of Traded Goods Sold		26.01	69.24
(Increase)/ Decrease in Stocks			
Opening Stock			
- Finished Goods	277.70		332.41
- Work-in-Process	1,398.24		1,077.64
	1,675.94		1,410.05
Closing Stock			
- Finished Goods	453.83		277.70
- Work-in-Process	2,073.88		1,398.24
	2,527.71		1,675.94
		(851.77)	(265.89)
Manufacturing Expenses			
Stores and Spares Consumed	387.37		323.66
Dyes and Chemicals Consumed	1,322.87		1,306.45
Contract Labour Charges	395.82		336.29
Job Work Expenses	402.98		216.32
Excise Duty on Closing Stock	(5.27)		7.59
Power, Fuel and Water Charges	1,861.42		1,658.05
Packing Charges	967.75		929.54
Repairs and Maintenance:			
Plant and Machinery	113.14		48.06
Factory Building	20.34		15.19
		5,466.42	4,841.15
		15,595.89	**13,378.73**

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Allowances and Other Benefits (Refer Note 22 on Schedule 19)	1,303.96	993.58
Contribution to Provident and Other Funds (Refer Note 22 on Schedule 19)	107.23	91.25
Managerial Remuneration (Refer Note 16 on Schedule 19)	17.38	34.96
Staff and Labour Welfare	50.01	43.84
	1,478.58	**1,163.63**
SCHEDULE 17 : SELLING, ADMINISTRATION AND OTHER EXPENSES		
Claims, Discounts and Rebates	84.80	106.55
Brokerage and Commission	1.07	3.14
Freight, Forwarding and Coolie Charges	28.00	137.21
Electricity Expenses	9.43	13.08
Repairs and Maintenance - Others	16.63	11.76
Directors' Sitting Fees	0.43	0.16
Rent (Refer Note 26 on Schedule 19)	94.32	84.13
Rates and Taxes	7.71	17.58
Stamp Duty Expense	-	2.50
Printing and Stationery	7.59	6.49
Travelling and Conveyance	86.33	77.24
Legal and Professional Charges	35.40	27.94
Security Expenses	16.70	13.17
Insurance	32.63	29.62
Communication	12.54	9.70
Postage and Courier	5.31	4.18
Loss on Sale/ Discarding of Fixed Assets (Net)	15.25	10.91
Loss on Redemption/ Sale of Units in Mutual Funds	0.03	-
Bad Debts/ Advances Written off	1.57	14.31
Design Development and Testing Expenses	2.60	6.47
Royalty	-	1.03
Exchange Loss (Net)	85.80	-
Advertising and Sales Promotion	13.34	21.35
Donations	15.75	16.50
Auditors' Remuneration		
- As Auditors	2.90	1.53
- In other capacity - As Tax Auditors	0.30	0.27
- Certification and Other Matters	0.09	0.09
- Out of Pocket Expenses	0.05	0.14
Miscellaneous	33.38	15.44
	609.95	**632.49**
SCHEDULE 18 : FINANCE EXPENSES (NET)		
Interest on Fixed Loans (Net of interest subsidy of Rs. 610.53 million, Previous Year : Rs. 614.21 million)	753.87	775.19
Interest on Working Capital Loans	251.09	234.01
Interest to Others	12.00	6.68
Discounting and Bank Charges	52.73	39.24
	1,069.69	1,055.12
Less:		
Interest on Fixed Deposits (Tax Deducted at Source Rs. 1.27 million, Previous Year : Rs. 1.73 million)	79.97	52.61
Interest on Loans given to Subsidiaries and Others (Tax Deducted at Source Rs. 8.17 million, Previous Year : Rs. 15.32 million)	88.31	106.66
Interest on Bonds and Certificate of Deposits	67.23	-
Interest on Others (Tax Deducted at Source Rs. 0.12 million, Previous Year : Rs. 0.02 million)	11.00	0.52
Cash Discount Received	37.58	25.28
	284.09	185.07
	785.60	**870.05**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

SCHEDULE – 19 : NOTES TO ACCOUNTS

1. Significant Accounting Policies

(i) Accounting Convention

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the "Act") and the other relevant provisions of the Act.

(ii) Fixed Assets

Fixed Assets are stated at cost (net of cenvat credit, wherever applicable) less accumulated depreciation and impairment loss, if any. The cost includes cost of acquisition, construction, erection, installation etc., preoperative expenses (including trial run) and borrowing costs incurred during pre-operational period. Cost of software includes license fees and implementation/ integration expenses.

(iii) Incidental Expenditure Pending Capitalisation/ Allocation

Incidental expenditure pending capitalisation/ allocation represents expenses incurred during setting-up of manufacturing facility including preoperative expenses for trial runs and borrowing cost incurred prior to the date of commencement of commercial production. These expenses are net of sales during trial run and other income accrued prior to the commencement of commercial production.

(iv) Borrowing Costs

Borrowing costs directly attributable to the acquisition/ construction of fixed assets are apportioned to the cost of the fixed assets up to the date on which the asset is put to use/ commissioned.

(v) Depreciation

(a) Depreciation on fixed assets, other than leasehold improvements and computer software, 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.

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

(c) Computer software is amortised on the straight-line method over a period of five years.

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

(vi) Investments

Long term investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at the lower of cost and fair value.

(vii) Inventories

(a) Inventories are valued at lower of cost and net realisable value.

(b) Cost of raw materials, stores and spares and traded goods is determined on first-in-first-out basis. Cost of work-in-process and finished goods comprises of raw material, direct labor, other direct costs and related overheads but exclude interest expense. Net realisable value is the estimate of the selling price in the ordinary course of the business, less the estimated costs of completion and estimated selling expenses.

(viii) Accounting for Taxes on Income/ Minimum Alternate Tax Credit

(a) Current Taxation

The current tax is determined as the amount of tax payable in respect of taxable income for the year as per The Income Tax Act, 1961, of India.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

(b) Deferred Taxation

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current/ substantially enacted rate of tax to the extent that the timing differences are expected to crystallise.
- Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation as per the Income Tax Act, 1961, of India to the extent deferred tax amount exceeds net deferred tax liabilities, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

(c) Minimum Alternate Tax Credit

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

(ix) Employee Benefits

(a) Defined Contribution Plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, Employee's State Insurance Fund and Employee's Pension Scheme towards post employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

(b) Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation, calculated using projected unit credit method, by an independent actuary at the year end.

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.

Actuarial gains and losses which comprise experience adjustments and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

(c) Employee Leave Entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

(x) Foreign Currency Transactions, Derivative Instruments and Hedge Accounting

(a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account except for monetary items that in substance forms part of Company's net investment in a non-integral foreign operation are recognised in Foreign Exchange Translation Reserve. Non-monetary foreign currency items are carried at cost.

(b) In respect of forward contracts, other than forward 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

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

recognised in the Profit and Loss Account 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.

(c) In respect of forward contracts and currency options 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, foreign currency fluctuations 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 Profit and Loss Account 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 Profit and Loss Account as they arise.

(xi) Revenue Recognition

(a) Sales revenue is recognised on transfer of significant risks and rewards of ownership of the goods to the buyer. 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. Realised exchange differences on export debtors are included in sales.

(b) In case of sales made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB) 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.

(c) Dividends are accounted for when the right to receive dividend is established.

(xii) Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets 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 Fixed Loans'.

(xiii) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(xiv) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made as specified in Accounting Standard 29 – " Provisions, Contingent Liabilities and Contingent Assets", notified under Section 211(3C) of the Act.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

(xv) Employees Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

(xvi) Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/ materialised.

2. Contingent Liabilities:

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Excise, Customs and Service Tax		
Alleged improper re-credit of duty paid through PLA under Notification no. 39/2001 –CE dated July 31, 2001 in respect of goods sold from the factory during the period from February 2006 to September 2007. The Assistant Commissioner of Central Excise passed the order against the Company. The Company paid pre-deposit of Rs. 100 million as required by Central Excise authorities and obtained stay on payment of remaining amount. The case was remanded back to the lower authority to consider the claim of the Company by Commissioner Appeals. Further, separate show cause notice had been issued by Commissioner of Central Excise seeking recovery of allegedly improper re-credit of duty along with interest and penalty. The Company is in the process of filing reply against this show cause notice. The case is remanded back by Tribunal to lower authority and directed them for reassessments of liability vide order dated March 29, 2011.	318.58	318.58
Alleged improper grant of refund for duty paid through PLA by Assistant Commissioner under Rule 18 of Central Excise Rules during the period from September 2005 to July 2006. The Commissioner (Appeals) of Customs and Central Excise had passed the order against the Company. The Company has filed Revision Application with the Joint Secretary, Ministry of Finance, Department of Revenue.	69.57	69.57
Alleged improper Cenvat credit availed and non-payment of excise duty under Notification No. 214/86 – CE dated 25-03-1986, on furnace oil used for manufacturing of goods on job work during the period April 2002 to May 2005. The Company has filed its reply against the show cause notices issued by Joint Commissioner and Commissioner of Customs and Central Excise, Daman.	3.67	3.50
Alleged improper abatement of service tax on payments made to Goods Transport Agency under Notification No. 32/04-ST dated December 31, 2004. The Company has filed its reply against the show cause notice issued by the Commissioner of Central Excise and Customs, Daman.	50.46	47.98
Alleged availment of service tax credit based on improper documents. The Company has received an order from Commissioner, Central Excise and Customs, Daman demanding the amount of duty, interest and penalty. The Company filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman	-	0.16

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Alleged improper Cenvat credit availed on "racks" classified as capital goods, which are used for storage of finished goods. The Company received an order from Additional Commissioner, Central Excise & Customs; Daman dated 11.02.2009 demanding the amount of duty, interest and penalty. The Company paid Rs. 0.69 million under protest and filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman in March 2009. The Company has obtained stay order with respect to the payment of duty.	2.00	1.91
Alleged improper availment of Cenvat credit on service tax paid on insurance premium paid for availing insurance services that are not used in or in relation to manufacture of final products. During the year Commissioner of Central Excise and Customs (Appeals), Daman decided this matter in favour of the Company.	-	0.04
Alleged non-reversal of cenvat credit contained in raw material stock, raw material in process and raw material contained in finished stock on exit from cenvat scheme. The Commissioner of Central Excise issued a show cause notice seeking recovery of the non-reversed amount. During the year, the Company has received favorable order with respect to part of the amount in dispute. The Company has filed an appeal before Commissioner of Central Excise and Customs (Appeals) for the balance amount disallowed.	10.52	96.40
Alleged erroneous sanction of refund of service tax by Assistant Commissioner of Central Excise. The Deputy Commissioner of Central Excise issued a show cause notice regarding recovery of the refund erroneously sanctioned. The Company has submitted its reply to the Deputy Commissioner of Central Excise.	3.04	3.04
Alleged improper availment of Cenvat credit on service tax paid on sales commission. The Company has received a show-cause notice from Assistant Commissioner of Central Excise and Customs, Vapi against which a reply has been filed by the Company.	20.24	-
Alleged improper availment of Cenvat credit on service tax on outward freight of transportation for export clearance. The Company has received a show-cause notice from Additional Commissioner Central Excise Custom and Service Tax (Daman) against which reply has been submitted to Commissioner of Central Excise.	7.49	-
Alleged improper availment of Cenvat credit on service tax on commission on sales. The Company has submitted its reply for the show cause notice received to Commissioner of Central Excise.	0.04	-
Alleged misinterpretation of Notification No 4/ 2006-2007 under the Customs Act for which a reply to the show causes notice has been submitted.	1.24	-
Alleged availment of Cenvat credit on service tax. The Company has received an order from Commissioner, Central Excise and Customs, demanding the amount of duty, interest and penalty. The Company has filed an appeal against the order with Commissioner of Central Excise and Customs (Appeals).	0.20	-
Alleged dual availment of duty drawback and DEPB scheme simultaneously. Appeal of Central Excise department was rejected by Central Excise and Customs (Appeals). The Central Excise Department has filed appeal with Revisionary Authority, New Delhi.	1.14	-
Alleged improper payment of service tax on services received and used in export of goods and applied for refund under 17/2009-ST without taking credit of the same. The department has rejected the refund claims made by the Company and issued a show cause notice dated March 7, 2011. The Company has filed its reply against the show cause notice to Deputy Commissioner, Central Excise Division, Gandhidham.	0.35	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Alleged availment by the Company re-credit under 39/2001-CE to the extent of balance of cenvat credit lying as at 31-03-2005, which was rejected by the department. The show cause notice is being contested by the Company with Additional Commissioner of Central Excise and Service tax on the grounds of devoid of merits.	3.74	-
Stamp Duty :		
Disputed stamp duty liability on De-merger Scheme. The Company paid Rs. 1.74 million under protest.	4.46	4.46
Sales Tax :		
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2003 to 2004 and raised the demand on purchase of Furnace oil during the year 2003 to 2004 in respect of purchases made by the Company at a concessional rate of tax. The Company had deposited Rs. 0.09 million under protest and has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	1.28	1.17
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2004 to 2005 and raised the demand on purchase of Furnace oil during the year 2004 to 2005 in respect of purchases made by the Company at a concessional rate of tax. The Company has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	7.87	7.31
The Assistant Commissioner of Sales Tax has passed an order vide No. 3442 dated February 24, 2005 on purchase of Furnace oil during the year 2000-2001 at a concessional rate of tax. Deputy Commissioner Sales Tax re-assessed and passed revised order vide No. 3181/83 on December 5, 2005 increasing the original demand. The Tribunal has granted stay order for this matter	1.46	1.32
Others:		
Claims against the Company not acknowledged as debts	7.85	2.89
Bills discounted in respect of export debtors	-	75.96

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
3. a) Guarantees given by banks on behalf of the Company	220.16	111.85
b) Corporate Guarantees / Undertakings given by the Company :		
- Guarantee issued in lieu of the indemnity and undertaking provided in an earlier year in favour of Bank of India, Manchester Branch, for securing loan of GBP 10 million (March 31, 2010 : GBP 10 million) granted to Welspun Home Textiles UK Limited for acquisition of CHT Holdings Limited.	717.95	679.56
- Guarantees aggregating USD 8.62 million (March 31, 2010 : USD 8.62 million) on behalf of Welspun USA Inc. (WUSA) to Nautica Apparel Inc. in respect of all payment obligations of WUSA under license agreements entered between WUSA and Nautica Apparel Inc.	384.41	387.04
- Guarantee on behalf of Welspun Mexico SA de CV (WELMEX) (Subsidiary Company) to HSBC México, S.A. Institución de Banca Múltiple, Grupo Financiero (HSBC Mexico) to secure repayment of advances, credit and such other facilities extended / to be extended by HSBC Mexico to WELMEX	300.00	300.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
- Guarantee of USD 19 million (March 31, 2010: USD 19 million) on behalf of WUSA to Verde Chihuahua Industrial S de RL de CV (Verde), in respect of all payments by WUSA as a tenant under lease agreement between WUSA and Verde. Subsequently lease agreement was reassigned to WELMEX.	847.31	853.10
- Guarantee of USD 1.12 million (March 31, 2010: USD 1.12 million) on behalf of WELMEX to Nautica Apparel Inc. in respect of all payment obligations of WELMEX under the License Agreement entered between WELMEX and Nautica Apparel Inc.	49.95	50.29
- Guarantee on behalf of Welspun Global Brands Limited (WGBL) in favour of Bank of India to secure repayment of loans extended / to be extended by Bank of India to WGBL.	-	210.00
- Guarantee of USD 20 million (March 31, 2010: USD 18 million) on behalf of WUSA in favour of Bank of Baroda, New York Branch to secure repayment of loans extended/ to be extended by Bank of Baroda to WUSA.	891.90 #	808.20
- Guarantee on behalf of WGBL in favour of consortium of Bankers led by State Bank of Bikaner and Jaipur ("SBBJ Consortium") to secure repayment of facilities extended/ to be extended by SBBJ Consortium to WGBL. In addition guarantee extends to facility of 20% of ad-hoc fund based Working Capital limit under the Gold Card Scheme .	3,593.00	3,593.00
- Guarantee on behalf of Welspun Captive Power Generation Limited (WCPGL) in favour of ICICI Bank to secure repayment of letter of credit facility from ICICI Bank.	900.00 *	-
- Guarantee on behalf of WGBL in favour of YES Bank to secure repayment of working capital facilities from Yes Bank.	400.00 *	-
- Guarantee on behalf of WGBL in favour of State Bank of Bikaner and Jaipur (SBBJ) to secure repayment of working capital facilities from SBBJ.	654.00 *	-
c) 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.	108.49	29.13
d) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	839.23	1,046.73

* These guarantees are subject to approval of the shareholders under Section 372A of the Act.
# Includes guarantee given during the year of Rs. 91.19 million (USD 2 million), which is subject to approval of the shareholders under Section 372A of the Act.

4. During the year, the Company has recognised deferred tax assets aggregating Rs. 303.64 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 based on the favorable decision received from the Commissioner of Income Tax (Appeals) in its own case and judgment in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. However, the judgment given by the High Court of Judicatue

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

at Bombay has been challenged by the tax authorities in the apex court. If the final decision in the matter is eventually decided against the Company, then the carrying value of the deferred tax assets at the year end could be significantly impacted.

5. Pursuant to loan agreement with Welspun USA Inc., the loan outstanding as on March 31, 2011, aggregating Rs. 111.49 million recoverable from Welspun USA Inc. is to be converted into equity investments and pending conversion modalities, the same has been disclosed as Share Application Pending Allotment and grouped under Loans and Advances.

6. Borrowing Costs aggregating Rs. Nil (Previous Year: Rs. 15.46 million) (net of interest subsidy of Rs. Nil; Previous Year: Rs. 13.18 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.

7. (a) In the meeting of the Board of Directors of the Company held on May 11, 2011, it was resolved that the business of Welspun Mexico S.A. de C.V. (a wholly-owned downstream subsidiary of Welspun AG which, in turn, is a wholly owned subsidiary of the Company), involved in manufacturing decorative bedding products for Welspun AG, shall be re-organised in view of the adverse law and order conditions in the region in which the manufacturing premises of Welspun Mexico S.A. de C.V is situated which has severely impacted its business prospects and its ability to contain the sustained losses and reverse the accumulated losses. Further, there has been breach of the lease agreement by the landlord necessitating the vacating of the premises. The aforesaid business reorganization involves exiting the current manufacturing premises of Welspun Mexico S.A. de C.V. and setting up trading activities only in new premises, disposing of the assets and discontinuing the employment of the majority of its employees. The Board of Directors further resolved in the aforesaid meeting that the consequential impairment in the value of the Company's investments in Welspun AG, and loans given to Welspun AG, shall be determined and recognized. Other than the business of Welspun Mexico S.A. de C.V., Welspun AG does not have any substantial business activities. As at March 31, 2011, the Company had investments, aggregating Rs. 739.12 million, in Welspun AG, and outstanding loans at zero rate of interest, aggregating Rs. 936.23 million, and other advances, aggregating Rs 1.68 million, due from Welspun AG. Accordingly, a provision of Rs. 739.12 million towards diminution in the value of investments in Welspun AG, and a provision of Rs 937.91 million towards the aforesaid loans and advances to Welspun AG, have been recognized and disclosed as extraordinary items in the Profit and Loss Account for the year.

   (b) As at March 31, 2011, the Company has trade receivables aggregating Rs. 696.02 million, due from a related Company, Welspun Retail Limited (WRL), (March 31, 2010: Rs. 475.93 million). Of the said amount Rs. 108.33 million (March 31, 2010: Rs. 52.07 million) is outstanding for more than one year. WRL continues to incur significant losses from operations which could impact its ability to settle the aforesaid receivables. In order to turnaround its operations, WRL has made a robust plan for widening its reach in the market by using new marketing strategies with aggressive cost reduction programs. Accordingly, in the opinion of the Management, the aforesaid receivable from the said related Company as at March 31, 2011 is considered good and recoverable.

8. Consequent to the demerger of the marketing arm of the Company effective April 1, 2009, the Company is dependent upon Welspun Global Brands Limited (WGBL) for all marketing of its products and WGBL is the Company's principal customer as regards international sales of its products. Most of the domestic sales of the Company are made to WRL, a subsidiary of WGBL. The Company does not have any long term definitive agreements with either WGBL or WRL for marketing the Company's products. In the event that WGBL or WRL ceased to purchase or market the Company's products, it could have an adverse effect on the business of the Company.

9. The Company has issued a corporate guarantee of Rs. 3,593 million (March 31, 2010: Rs. 3,593 million) on behalf of WGBL in favor of a consortium of bankers in relation to post-shipment debt facilities provided by them to WGBL. WGBL has also given a corporate guarantee of Rs. 5,887.40 million (March 31, 2010: Rs. 5,887.40 million) in favour of the consortium of bankers in relation to pre-shipment debt facilities provided by them to the Company. If WGBL is unable

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

to meet their obligation to bankers as they fall due, the Company would be required to pay the guaranteed amounts, which could adversely affect its financial condition and cash flows.

10 (a) The Company has allotted 15,603,000 equity shares of Rs. 10 each at Rs. 100 per share on April 19, 2010 to Qualified Institutional Buyers (QIBs) in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The equity share issue expenses related to Qualified Institutional Placement (QIP) aggregating Rs. 87.64 million has been adjusted against Securities Premium Account as per Section 78 of the Act.

(b) Pursuant to the resolution passed in the Annual General Meeting of the Company held on August 31, 2010 for approval of final dividend for the year ended March 31, 2010; the Company has declared final dividend for equity and preference shareholders of Rs. 106.10 million and paid dividend tax thereon of Rs. 17.63 million (including dividend of Rs. 15.60 million to QIBs referred supra and dividend tax thereon of Rs. 2.6 million). The final dividend paid to QIBs for the year has been presented as Final Dividend for Previous Year as an appropriation in the Profit and Loss Account for the year.

11. On June 30, 2009, the Company issued 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 ("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.

	March 31, 2011		March 31, 2010	
Summary of Stock Options	**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.	2,130,000	35.60	-	-
Options granted during the year	-	-	2,265,000	35.60
Options exercised during the year	283,750	35.60	-	-
Options forfeited/ lapsed during the year	240,000	35.60	135,000	35.60
Options outstanding at the end of the year	1,606,250	35.60	2,130,000	35.60
Options vested but not exercised at the year end.	102,250	35.60	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

Information in respect of options outstanding as at March 31, 2011

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
321,250	2.25	35.60
321,250	3.25	35.60
481,875	4.25	35.60
481,875	5.25	35.60

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method. 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 fair value of the options as per the 'Black Scholes' model as on the date of grant was Rs. 17.49. Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 9.11 million (March 31, 2010: Rs.13.33 million), Loss after Tax would have been higher by Rs. 6.27 million (March 31, 2010: Profit after tax would have been lower by Rs. 8.80 million) and the basic loss per share would have been higher by Rs. 0.07 (March 31, 2010: basic earnings per share would have been lower by Rs. 0.12) and diluted loss per share would have been higher by 0.07 (March 31, 2010: diluted earnings per share would have been lower by Rs. 0.17), respectively.

12. Pursuant to High Court Order, 500,000 (March 31, 2010 : 500,000) 0% Redeemable Preference Shares of Rs. 100 each fully paid up are redeemable at par on or after repayment of all outstanding term liabilities and preference shares held by banks and financial institutions as on April 1, 2000 and interest and dividend thereon. Accordingly, the Preference Shares are expected to be redeemed by January 2012.

13. (a) Term loans from banks including interest thereon are secured by way of first charge on entire movable and immovable properties of the Company, both present and future, ranking pari passu, subject to prior charge on specific assets as per 13(b) below.

    (b) In addition to 13(a) above, term loans from Banks Rs. 11,442.60 million (March 31, 2010: Rs. 3,880.09 million) and interest thereon, are secured by lien on fixed deposits of the Company.

    (c) The working capital loans, which includes cash credit and packing credit from banks, are secured by hypothecation of raw materials, stock-in-progress, finished and semi finished goods, stores and spares and book debts and other current assets of the Company and second charge on entire fixed assets of the Company and by a Corporate Guarantee issued by Welspun Global Brands Limited.

14. Loan/ Deposits of Rs. Nil (March 31, 2010: Rs. 48.18 million) were given to Companies in which some of the Directors are interested as members.

15. Interest in Joint Venture

    (a) The Company has accounted the investments in Joint Ventures in Welspun Zucchi Textiles Limited (WZTL) and MEP Cotton Limited (MCL) in accordance with Accounting Standard 13, Accounting for Investments.

    (b) The Company's share of contingent liability of WZTL is Rs. 13.88 million (March 31, 2010: Rs.14.85 million).

    (c) The Company's share of the aggregate amounts of assets and liabilities as on March 31, 2011 and income and expenditures of WZTL for the year ended March 31, 2011 are as under

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

(Rs. million)

	WZTL		MCL*	
Particulars	**March 31, 2011**	**March 31, 2010**	**March 31, 2011**	**March 31, 2010**
Assets	118.44	95.03	-	-
Liabilities (excluding Share Capital and Reserves and Surplus)	49.45	26.74	-	-
Income	144.29	131.53	-	374.58
Expenditure (including provision for taxes)	143.59	124.14	-	395.23

** Ceased to be Joint Venture effective January 31, 2010*

16. Managerial Remuneration and Sitting Fees paid/ payable to directors:

(Rs. million)

		Year ended March 31, 2011	Year ended March 31, 2010
	Managing / Whole time directors		
(i)	Salary and Allowances	6.80	7.70
(ii)	Perquisites	0.23	0.30
(iii)	Commission to Managing Director and a Whole time Director	10.35	26.96
	Total	17.38	34.96
	Directors other than Managing / Whole time directors Sitting fees	0.43	0.16
	Total	**17.81**	**35.12**

Note: Provisions for leave entitlement and post retirement benefits which are based on actuarial valuations done on an overall Company basis are excluded above.

Computation of Net Profit/ (Loss) for the year in accordance with Section 198 of the Companies Act, 1956:

	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit/ (Loss) before taxation	**(648.36)**	**1,704.56**
Add:		
Managerial Remuneration and Sitting Fees	17.81	35.12
Depreciation as per the Profit and Loss Account	1,135.13	1,063.25
Loss on redemption/ sale of units in Mutual Funds	0.03	-
Provision for doubtful advances	937.91	-
Provision for diminution in value of Investments	739.12	-
	2,181.64	**2,802.93**
Less:		
Provision for doubtful debts/ advances written back	-	(14.31)
Profit on redemption/ sale of units in Mutual Funds	-	(0.02)
Liabilities no longer required written back	(6.94)	(2.56)
Profit on redemption/ sale of Bonds	(4.53)	(0.28)
Depreciation as per Section 350 of the Act	(1,135.13)	(1,063.25)
Net profit as per Section 198 of the Act	**1,035.04**	**1,722.51**
Maximum remuneration payable under the Act @ 10% of the above	103.51	172.25
Restricted to	**17.38**	**34.96**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

17. Disclosure for Micro and Small Enterprises:

(Rs. million)

	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;		
	- Principal	6.42	1.05
	- Interest due thereon	0.27	0.02
ii)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the s upplier beyond the appointed day during each accounting year;		
	- Principal	62.25	1.40
	- Interest	0.02	0.01
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	0.05	-
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year;		
	- Total interest Accrued	0.27	0.02
	- Interest remaining unpaid	0.27	0.02
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.27	0.02

The above information and that given in Schedule 12 – "Current Liabilities and Provisions" 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.

18. Details of Purchase and Sale of Investments during the year ended March 31, 2011

INVESTMENTS	Number of Shares/ Units Purchased during the Year ended March 31, 2011	Number of Shares/ Units Sold during the Year ended March 31, 2011
Welspun Captive Power Generation Limited	15,000	-
Axis Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	681,233	681,233
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	41,364,337	41,364,337
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment	71,025,148	71,025,148
BOB Pioneer Liquid Fund - Daily Dividend Reinvestment	72,875,663	72,875,663
BOB Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	103,714,336	103,714,336
Daiwa Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	14,316	14,316
DSP Black Rock Liquidity Fund - Institutional Plan - Daily Dividend Reinvestment	91,664	91,664
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	17,535,080	17,535,080
DWS Insta Cash Plus Fund - Regular Plan - Daily Dividend Reinvestment	334,635	334,635
DWS Insta Cash Plus Fund - Super Institutional Plan - Daily Dividend Reinvestment	54,441,352	54,441,352
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvestment	14,047,254	14,047,254
ING Liquid Fund Super Institutional - Daily Dividend Reinvestment Option	5,713,894	5,713,894
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend Reinvestment Option	38,294,161	38,294,161
JP Morgan India Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment Option	200,304,123	200,304,123

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

INVESTMENTS	Number of Shares/ Units Purchased during the Year ended March 31, 2011	Number of Shares/ Units Sold during the Year ended March 31, 2011
Kotak Liquid - Institutional Premium Plan - Daily Dividend Reinvestment	39,162,333	39,162,333
L&T Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment	40,398,815	40,398,815
LIC MF Interval Fund - Monthly Plan - Series 1 - Dividend Reinvestment Plan	5,032,789	5,032,789
LIC MF Liquid Fund - Daily Dividend Reinvestment Plan	250,976,853	250,976,853
Magnum Insta Cash Fund - Daily Dividend Option	24,975,108	24,975,108
Peerless Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	11,833,415	11,833,415
Peerless Liquid Fund -Super Institutional Plan - Daily Dividend Reinvestment	106,431,060	106,431,060
Peerless Ultrashort Term Fund - Institutional Plan - Daily Dividend Reinvestment	11,694,989	11,694,989
Pramerica Liquid Fund - Daily Dividend Reinvestment	15,626,363	15,626,363
Pramerica Ultra Short Term Bond Fund - Daily Dividend Reinvestment	15,759,649	15,759,649
Principal Cash Management Fund Liquid Option - Institutional Plan - Daily Dividend Reinvestment	1,353,393	1,353,393
Principal Floating Rate Fund SMP Institutional Option - Daily Dividend Reinvestment	7,339,097	7,339,097
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Reinvestment	3,405,068	3,405,068
Reliance Liquid Fund Cash Plan - Daily Dividend Reinvestment	11,744,189	11,744,189
Reliance Liquidity Fund - Daily Dividend Reinvestment	8,345,682	8,345,682
SBI Premier Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	28,160,799	28,160,799
Tata Liquid Super High Investment Fund - Daily Dividend Reinvestment	102,226	102,226
Taurus Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment	100,063	100,063
UTI Fixed Income Interval Fund - Money Interval Plan I - Institutional Dividend Plan - Reinvestment	20,082,146	20,082,146
UTI Fixed Income Interval Fund - Money Interval Plan II - Institutional Dividend Plan - Reinvestment	3,797,801	3,797,801
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	312,176	312,176
UTI Money Market Fund - Institutional Plan - Daily Dividend Option - Reinvestment	251,882	251,882
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Option - Reinvestment	57,810	57,810
8.74% Andhra Pradesh Power Finance Corporation Bonds	267	267
10.40% Diwan Housing Finance Limited Bonds	2,000	2,000
9.65% Dishman Pharmaceuticals and Chemicals Limited Bonds	30	30
8.96% HDFC Limited 2025 Bonds	10	10
8.57% IDBI Bank Limited Bonds	127	127
9.65% IDBI Bank Limited Bonds	394	394
8.89% IDFC Limited 2025 Bonds	200	200
9.75% IFCI Limited Bonds	257	257
9.55% IFCI Limited 2025 Bonds	335	335
0% IFCI Limited 2031 Bonds	16,586	16,586
0% IFCI Limited 2032 Bonds	16,586	16,586
0% IFCI Limited 2033 Bonds	16,586	16,586
0% IFCI Limited 2034 Bonds	16,586	16,586
0% IFCI Limited 2035 Bonds	16,586	16,586
0% IFCI Limited 2036 Bonds	16,586	16,586
0% IFCI Limited 2037 Bonds	16,586	16,586
0% IFCI Limited 2038 Bonds	16,586	16,586
0% IFCI Limited 2039 Bonds	16,586	16,586
0% IFCI Limited 2040 Bonds	16,586	16,586
11.05% Indian Overseas Bank Limited 2023 Bonds	84	84
8.83% Indian Railway Finance Corporation Limited 2032 Bonds	320	320
8.88% LIC 2020 Bonds	18	18
8.48% LIC HFL 2013 Bonds	50	50
9.13% National Aviation Company of India Limited Bonds	300	300
7.55% National Housing Bank Bonds 2013 Bonds	122	122
8.72% Steel Authority of India Limited 2020 Bonds	134	134
10.25% Shriram Transport Finance Company Limited Bonds	3,000	3,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

INVESTMENTS	Number of Shares/ Units Purchased during the Year ended March 31, 2011	Number of Shares/ Units Sold during the Year ended March 31, 2011
9.90% Tata Motors Limited Bonds	75	75
10.80% The Lakshmi Vilas Bank 2015 Bonds	60	60
8.64% Tamilnadu Electricity Board 2020 Bonds	22	22
8.92% UCO Bank 2020 Bonds	1	1
8.90% UCO Bank 2025 Bonds	50	50
9.20% West Bengal Infrastructure Development Finance Corporation Limited 2020 Bonds	948	948
9.34% West Bengal State Electricity Distribution Company Limited Bonds	1,243	442
9.75% West Bengal State Electricity Transmission Company Limited Bonds	70	70
0% Certificate of Deposit - Punjab National Bank	500	-

19. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956.

a) Licensed Capacity **Not Applicable**

As per the Industrial Policy declared in July 1991, as amended in April 1993, no licences are required for the products manufactured by the Company.

Installed Capacity as at March 31, 2011 (As certified by Management)

Cotton Terry Towels	41,500 (March 31, 2010 : 41,500) M.T.
Cotton Yarn	33,130 (March 31, 2010 : 33,130) M.T.
Bed Sheets	45,000 (March 31, 2010 : 45,000) 000' Mtrs
Rugs	10,151 (March 31, 2010 : 10,151) M.T.

b) Detailed information in respect of opening and closing stocks, production, purchases and sales in respect of each class of goods produced and traded :

Class of Goods	Unit	Stocks at Commencement		Production	Purchases		Sales		Stocks at Close	
		Quantity	Rs. million	Quantity	Quantity	Rs. million	Quantity	Rs. million	Quantity	Rs. million
Manufactured										
Terry Towels (Refer Note 2)	MT	551.82 (687.30)	115.61 (141.22)	39,416.38 (38,966.67)	- -	- -	36,035.21 (36,284.19)	10,315.79 (9,656.95)	908.98 (551.82)	253.77 (115.61)
Cotton Yarn (Refer Note 3)	MT	193.80 -	17.74 -	31,737.82 (31,387.30)	22.86 -	1.13 -	738.29 (1,180.08)	92.41 (104.40)	172.99 (193.80)	35.11 (17.74)
Bed Linen Products	000 Mtrs	1,159.42 (1,784.72)	120.92 (157.17)	37,203.42 (39,304.56)	- -	- -	37,495.84 (39,929.86)	6,700.45 (6,078.93)	867.00 (1,159.42)	127.03 (120.92)
Grey Fabric - Bed Linen	000 Mtrs	- -	- -	2,871.24 (2,105.00)	- -	- -	2,871.24 (2,105.00)	263.08 (152.55)	- -	- -
Rugs	MT	132.24 (140.61)	17.86 (30.40)	5,078.87 (2,921.96)	- -	- -	4,987.44 (2,930.33)	978.14 (636.49)	223.67 (132.24)	27.19 (17.86)
Others	-	- -	5.57 (3.62)	4,199.64 -	- -	- -	4,199.64 -	268.50 (257.59)	- -	10.73 (5.57)
Traded										
Cotton	MT	- -	- -	- -	157.55 (155.49)	13.79 (16.89)	157.55 (155.49)	21.69 (16.94)	- -	- -
Cotton Yarn	MT	- -	- -	- -	26.55 (91.17)	1.31 (14.56)	26.55 (91.17)	4.93 (14.56)	- -	- -
Bed Linen Products	000 PCS	- -	- -	- -	- (101.16)	- (37.22)	- (101.16)	- (38.50)	- -	- -
Others	-	- -	- -	- -	271.22 -	9.78 (0.57)	271.22 -	12.26 (0.57)	- -	- -
Total			**277.70** **(332.41)**			**26.01** **(69.24)**		**18,657.25** **(16,957.48)**		**453.83** **(277.70)**

Notes:
1. Previous Year figures are given in brackets.
2. Terry Towel production includes captive consumption of 3,024.01 MT (Previous Year : 2,817.96 MT)
3. Cotton Yarn production includes captive consumption of 31,253.20 MT (Previous Year : 30,013.42 MT).

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

c) Raw Material Consumed:

		Year ended March 31, 2011		Year ended March 31, 2010	
	UNIT	Qty.	Rs. million	Qty.	Rs. million
Cotton	MT	34,755.32	3,404.12	32,452.29	2,254.83
Cotton Yarn	MT	26,119.85	4,467.55	25,554.34	3,229.34
Fabric Consumed	MT	4,691.10	1,163.91	4,713.22	760.16
Others		-	153.11	-	-
Bed Linen Fabrics	000 Mtrs.	13,037.09	1,766.54	19,814.79	2,489.90
Total			**10,955.23**		**8,734.23**

d) Value of Imported and Indigenous Raw Materials and Stores, Spare Parts Consumed and Percentage

1. Raw Material:

	Year ended March 31, 2011		Year ended March 31, 2010	
	%	(Rs. million)	%	(Rs. million)
Imported	7.82%	856.50	13.99%	1,221.76
Indigenous	92.18%	10,098.73	86.01%	7,512.47
Total	**100.00%**	**10,955.23**	**100.00%**	**8,734.23**

2. Stores and Spares and Dyes and Chemicals:

	Year ended March 31, 2011		Year ended March 31, 2010	
	%	(Rs. million)	%	(Rs. million)
Imported	9.35%	159.96	7.26%	118.32
Indigenous	90.65%	1,550.28	92.74%	1,511.79
Total	**100%**	**1,710.24**	**100%**	**1,630.11**

e) Value of Imports on CIF Basis:

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
Raw Materials	802.45	1,801.81
Stores & Spares and Dyes & Chemicals	175.48	143.79
Capital Goods	1,248.16	149.02
Packing Material	13.15	114.26
Others	8.69	-
Total	**2,247.93**	**2,208.88**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
f) FOB Value Of Exports	8.69	1,044.38

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
g) Income in Foreign Currency	6.63	16.95

h) Expenditure in Foreign Currency

	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
Travelling	4.96	6.12
Legal and Professional Expenses	7.04	1.70
Repairs and Maintenance	1.20	-
Commission	-	1.80
Freight	0.02	0.28
Claims, Discount and Rebate	81.19	67.92
Advertisement and Sales Promotion	0.38	9.41
Interest	29.05	42.87
Others	2.41	10.54
Total	**126.25**	**140.64**

20 Remittance in Foreign Currency on account of Dividend:

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Number of non-resident shareholders	526	-
Number of shares on which dividend is remitted	26,492	-
Year to which dividend relates	2009-2010	-
Amount remitted (Rs. million)	0.03	-

21. Derivative Instruments outstanding as at March 31, 2011 :

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities, forecasted receivable, 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

i)

Non-Designated Hedges	Currency Pair	March 31, 2011			March 31, 2010		
		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	(2.04)	-	-	-
Forward Contracts (Buy)	EURO-USD	7.43	437.56	33.34	8.14	498.72	(6.80)

(ii) 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, 2011:

	Currency Pair	March 31, 2011			March 31, 2010		
		Notional Amount		Fair Value "Gain/ (Loss) (Rs. million)	Notional Amount		Fair Value "Gain/ (Loss) (Rs. million)
		Foreign Currency (Rs. million)	(Rs. million)		Foreign Currency (Rs. million)	(Rs. million)	
Forward Contracts (Buy)	USD-INR	3.77	179.25	(9.00)	5.46	245.15	(17.69)
Forward Contracts (Buy)	CHF-USD	-	-	-	1.72	71.84	0.88

(b) The movement in Hedging Reserve during the year ended March 31, 2011 for derivatives designated as Cash Flow Hedges is as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
a. Balance as at the beginning of the year	-	(294.95)
b. Transfer of Hedging Reserve to Welspun Global Brands Limited (Refer Note below)	-	294.95
c. Amount recognised in Hedging Reserve during the year	-	-
d. Amount recycled to Profit and Loss Account during the year on occurrence of hedged transactions	-	-
e. Balance as at Year end (a+b+c-d)	-	-

The entire balance of Hedging Reserve Account as at March 31, 2009 of Rs. 294.94 million pertaining to 'Marketing Division' of the Company was transferred to Welspun Global Brands Limited with effect from April 1, 2009, pursuant to demerger and transfer of 'Marketing Division' to Welspun Global Brands Limited

c) As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 1,127.20 million (March 31, 2010 Rs. 678.77 million) for receivables and Rs. 1,008.75 million (March 31, 2010 Rs. 825.21 million) for payables.

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

I **Defined Contribution Plans**

a. Employers' Contribution to Provident Fund
b. Employers' Contribution to Employee's State Insurance
c. Employers' Contribution to Employee's Pension Scheme

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

(Rs. million)

	2010-2011	2009-2010
- Employers' Contribution to Provident Fund *	43.04	36.44
- Employers' Contribution to Employee's State Insurance *	12.88	9.95
- Employers' Contribution to Employee's Pension Scheme *	51.31	44.86
	107.23	**91.25**

* Included in Contribution to Provident and Other Funds (Refer Schedule 16)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

II Defined Benefit Plan

Contribution to Gratuity Fund

a. Major Assumptions

	2010-2011	2009-2010
	% p.a.	% p.a.
Discount Rate	8.50	8.20
Expected Rate of Return on Plan Assets	8.50	8.50
Salary Escalation Rate @	8% for 5 years and 6% thereafter	6.00

@ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

b. Change in the Present Value of Obligation

	2010-2011	2009-2010
		(Rs. million)
Opening Present Value of Obligation	55.60	52.16
Transfer of to Welspun Global Brands Limited pursuant to demerger scheme	-	(5.75)
Current Service Cost	19.83	11.73
Interest Cost	4.73	4.28
Benefit/ Exgratia paid	(8.36)	(6.24)
Actuarial Loss/ (gain) on Obligations	17.77	(0.58)
Closing Present Value of Obligation	89.57	55.60

c. Change in Fair Value of Plan Assets

	2010-2011	2009-2010
		(Rs. million)
Opening Fair Value of Plan Assets	65.13	50.55
Expected Return on Plan Assets	5.54	4.30
Actuarial gain on Plan Assets	0.51	14.73
Contributions	35.00	-
Benefits paid	(12.17)*	(4.45)
Closing Fair Value of Plan Assets	94.01	65.13

* Includes Gratuity fund balance of Rs. 5.75 million transferred to Welspun Global Brands Limited pursuant to Scheme of demerger.

d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

	As at March 31, 2011	As at March 31, 2010
		(Rs. million)
Present Value of Funded Obligation	89.57	55.60
Fair Value of Plan Assets	94.01	65.13
Funded Status	94.01	65.13
Present Value of Unfunded Obligation	-	-
Assets recognised in the Balance Sheet and included under Loans and Advances and Other Current Assets (Refer Schedule 11)	4.44	9.53

e. Amount recognised in the Balance Sheet

	As at March 31, 2011	As at March 31, 2010
Present Value of Obligation	89.57	55.60
Fair Value of Plan Assets	94.01	65.13
Assets recognised in the Balance Sheet and included under Loans and Advance and Other Current Assets (Refer Schedule 11)	(4.44)	(9.53)

f. Expenses Recognised in the Profit and Loss Account

	2010-2011	2009-2010
		(Rs. million)
Current Service Cost	19.83	11.73
Interest Cost	4.73	4.28
Expected Return on Plan Assets	(5.54)	(4.30)
Net Actuarial Loss/ (gain) recognised in the year	17.26	(15.31)
Total expenses recognised in the Profit and Loss Account	36.28 **	(3.60)***
Actual (Loss)/ Return on Plan Assets		

** Included in Salary, Wages, Allowances and Other Benefits (Refer Schedule 16)

*** Included in Other Income (Refer Schedule 14)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

g. Experience Adjustments (Rs. million)

Defined Benefit obligation at the end of the year	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Closing Present Value of Obligation	89.57	55.60	52.16	47.23	36.83
Fair Value of Plan Assets	94.01	65.13	50.55	53.24	34.02
Funded Status	(4.44)	(9.53)	1.61	(6.01)	2.81
Experience gain/ (loss) adjustments on plan liabilities	5.86	3.57	(0.84)	(2.18)	(4.54)
Experience gain/ (loss) adjustments on plan assets	0.51	14.73	(7.53)	2.99	0.40
Actuarial gain/ (loss) due to change in assumptions	(23.63)	(2.99)	(0.36)	-	-

III. Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 65.12 million (March 31, 2010: Rs. 39.17 million).

23 (i). Related Party Disclosures

(i) Relationships

	Control	
(a)	Subsidiary Companies	Welspun AG (WAG) Besa Developers and Infrastructure Private Limited (BESA) Welspun Mexico S.A. de C.V (WMEX) (Held through WAG)
(b)	Joint Venture Companies	Welspun Zucchi Textiles Limited (WZTL) MEP Cotton Limited (MCL) (up to January 31, 2010)
(c)	Associate Company	Welspun USA Inc., USA (WUSA) Welspun Holdings Private Limited, Cyprus (WHPL) Welspun Captive Power Generation Limited (WCPGL) (with effect from January 27, 2011)
(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 Global Brands Limited (WGBL) Welspun Investments and Commercials Limited (WICL) Welspun Sorema Europe, S.A. (SOREMA) Welspun UK Limited (WUKL) Welspun Home Textiles Limited (WHTL) Welspun Retail Limited (WRL) Welspun Corp Limited (WCL) (Formerly known as Gujarat Stahl Rohren Limited (WGSRL)) Welspun Power and Steel Limited (WPSL) Welspun Syntex Limited (WSL) Welspun Trading Limited (WTL) Welspun Wintex Limited (WWL) Welspun Mercantile Limited (WML) Krishiraj Trading Limited (KTL) Welspun Logistics Limited (WLL) Welspun Realty Private Limited (WRPL) Vipuna Trading Limited (VTL) Mertz Securities Limited (MSL) Welspun Polybuttons Limited (WPBL) Wel-treat Enviro Management Organisation Limited (WEMO) Remi Metals Gujarat Limited (RMGL) 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 Urja Gujarat Private Limited (WUGPL)
(e)	Key Management Personnel	B.K.Goenka (BKG) M. L. Mittal (MLM) R. R. Mandawewala (RRM) (Upto October 31, 2009)
(f)	Relatives of Key Management Personnel	Dipali Goenka (DBG)

SHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

(Rs. million)

PARTICULARS	WAG	BESA	WMEX	WZTL	MCL	WUSA	WHPL	WCPGL	WGBL	WICL	SOREMA	WUKL	WHTL	WRL	WCL	WPSL	WSL	WWL	WML	Balance Carried Forward
Transactions during the year																				
Loans, Advances and Deposits given	445.73	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455.73
	(478.83)	-	-	-	-	(113.92)	-	-	(1,326.44)	-	-	-	-	-	-	-	(7.00)	-	-	(1,926.19)
Repayment of Loans, Advances and Deposits given	-	35.00	-	-	-	-	4.46	-	150.01	-	-	-	-	-	7.00	-	-	-	-	196.47
	(112.79)	-	-	-	(20.00)	(345.60)	(407.18)	-	(212.57)	-	-	-	-	(42.68)	-	-	(7.00)	-	-	(1,147.82)
Loan Advance & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(199.50)	-	-	-	-	-	-	-	-	-	(199.50)
Repayment Loans, Advances and Deposits received	-	-	-	-	-	112.25*	-	-	-	-	-	-	-	-	-	-	-	-	-	112.25
	-	-	-	-	-		-	-	-	(110.70)	-	-	-	-	-	-	-	-	-	(110.70)
Purchase of Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	619.11	51.23	57.65	-	-	727.99
	-	-	-	(0.45)	-	-	-	-	-	-	-	-	-	-	(424.05)	(103.43)	(22.69)	-	-	(550.62)
Purchase of Services/ Expenses incurred	-	-	-	-	-	-	-	-	9.07	-	-	-	-	1.73	0.34	30.58	0.02	-	-	41.74
	-	-	-	-	-	(12.36)	-	-	(68.82)	-	-	-	-	(2.98)	-	(28.12)	(1.29)	-	-	(113.57)
Sale of Goods/ DEPB Licenses +	-	-	-	12.34	-	-	-	-	18,064.28	-	0.29	-	-	562.21	5.52	0.33	8.65	-	-	18,653.62
	(40.59)	-	-	(99.84)	-	-	-	-	(15,324.66)	-	-	(1.65)	-	(548.14)	(2.81)	(0.44)	(0.63)	-	-	(16,018.76)
Job Charges Received	-	-	-	2.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.25
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Services/ Expenses incurred	-			2.43		-			14.98					0.90	58.72	13.54	0.01	-		90.58
				(1.26)					-					(0.81)	(54.67)	(13.54)				(70.28)
Reimbursement of Expenses (Income)	0.06			0.69		-			1.71					0.59	22.35	0.14				25.54
	(0.47)			(1.85)		(5.08)			-					(10.63)	(12.25)	(1.11)		(0.18)		(31.57)
Sale of Fixed Assets	-	-	-	-	-	-	-	-	1.35	-	-	-	-	-	-	-	-	-	-	1.35
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.24)	-	(2.13)	-	-	(3.37)
Purchase of Fixed Assets / Capital Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.70	17.51	-	-	-	23.21
	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.01)	(5.58)	(2.52)	-	-	-	(8.11)
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	6.62	-	-	-	-	-	-	-	81.69	-	-	-	-	-	-	-	-	-	-	88.31
	(16.73)	-	-	-	-	(0.22)	-	-	(89.71)	-	-	-	-	-	-	-	-	-	-	(106.66)
Interest Expense	-	-	-	-	-	-	-	-	-	6.66	-	-	-	-	-	-	-	-	-	6.66
	-	-	-	-	-	-	-	-	-	(13.99)	-	-	-	-	-	-	-	-	-	(13.99)
Claims, Discount and Rebate	1.60	-	-	-	-	-	-	-	81.19	-	-	-	-	3.61	-	-	-	-	-	86.40
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Dividend Paid ++	-	-	-	#	-	-	-	-	-	-	-	-	-	-	-	#	#	7.18	9.06	16.24
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference Dividend Paid ++	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.47	0.47
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Application Money Paid	-	-	-	-	-	112.25*	-	130.00	-	-	-	-	-	-	-	-	-	-	-	242.25
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.05)
Investment made during the year	-	-	-	-	-	-	-	0.15	-	-	-	-	-	-	-	-	-	-	-	0.15
	-	-	-	-	-	(33.92)	-	-	-	-	-	-	-	-	-	-	-	-	-	(33.92)
Sale of investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(99.50)	-	-	-	-	-	-	-	-	-	(99.50)
Provision for diminution in value in investment	739.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	739.12
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value of Loans/ Advances	937.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	937.91
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits received	-	-	-	10.00	-	-	-	-	-	88.80	-	-	-	-	2.40	-	-	-	-	101.20
	-	-	-	(10.00)	-	(6.03)	-	-	(18.51)	(88.85)	-	-	-	-	(9.40)	-	-	-	-	(132.79)
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	937.91	6.50	-	-	-	0.22	-	-	964.04	-	-	-	-	-	-	-	-	-	-	1,908.67
	(520.20)	(31.50)	-	-	-	(112.83)	(4.46)	-	(1,130.81)	-	-	-	-	-	(0.64)	-	-	-	-	(1,800.44)
Provision for diminution in value of Loans/ Advances	937.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	937.91
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtors (Net of Bills Discounted with Banks)	-	-	-	6.99	-	-	-	-	611.95	-	-	-	-	696.02	0.92	-	1.35	-	-	1,317.22
	-	-	-	(2.07)	-	-	-	-	(1,213.54)	-	(8.26)	-	-	(475.93)	-	-	-	-	-	(1,699.80)
Creditors	-	-	-	-	-	-	-	-	87.15	-	0.02	-	-	#	6.00	-	5.63	-	-	98.80
	(1.36)	-	-	-	-	(0.66)	-	-	-	-	-	-	-	(0.71)	(0.01)	-	(1.91)	-	-	(4.65)
Investments	739.12	0.10	-	34.56	-	33.92	116.13	0.15	-	-	-	-	-	-	-	#	18.94	-	-	942.92
	(739.12)	(0.10)	-	(34.56)	-	(33.92)	(116.13)	-	-	-	-	-	-	-	-	-	(18.94)	-	-	(942.77)
Provision for diminution in value in investment	739.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.34	-	-	752.46
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)	-	-	(13.34)
Corporate Guarantee Given	-	-	349.95	-	-	2,123.62	-	900.00	4,647.00	-	-	-	717.95	-	-	-	-	-	-	8,738.52
	-	-	(1,203.39)	-	-	(1,195.24)	-	-	(3,803.00)	-	-	-	(679.56)	-	-	-	-	-	-	(6,881.19)
Share Application Money Pending Allotment	-	-	-	-	-	111.49	-	130.00	-	-	-	-	-	-	-	-	-	-	-	241.49
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Previous year figures are given in brackets
* Share application money paid during the year out of conversion of loan given
# Less than Rs. 10,000
+ Amount is inclusive of taxes
++ Dividend paid of financial year 2009-10

SHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

(Rs. million)

PARTICULARS	Bal. Brought Forward	KTL	WLL	WRPL	VTL	MSL	WPBL	WEMO	RMGL	WMSL	WPL	MITCPL	WFTL	WFL	WUGPL	WFHK	BKG	MLM	RRM	DBG	RBG	Total
Transactions during the year																						-
Loans, Advances and Deposits given	455.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455.73
	(1,926.19)	-	-	-	(5.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,931.69)
Repayment of Loans, Advances and Deposits given	196.47	-	-	27.78	0.74	1.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	226.65
	(1,147.82)	-	-	(27.78)	(0.49)	(1.66)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,177.75)
Loan Advance & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(199.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(199.50)
Repayment Loans, Advances and Deposits received	112.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112.25
	(110.70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(110.70)
Purchase of Goods	727.99	-	-	-	-	-	0.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	728.94
	(550.62)	-	-	-	-	-	(0.97)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(551.59)
Purchase of Services/ Expenses incurred	41.74	-	12.29	49.26	2.21	4.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109.92
	(113.57)	-	(6.21)	(42.78)	(1.47)	(4.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(168.45)
Sale of Goods/ DEPB Licenses +	18,653.62	-	-	-	-	-	0.10	-	-	-	0.53	-	-	-	-	-	-	-	-	-	-	18,654.25
	(16,018.76)	-	-	-	-	-	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,018.81)
Job Charges Received	2.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.25
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Services/ Expenses incurred	90.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90.58
	(70.28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(70.28)
Reimbursement of Expenses (Income)	25.54	-	-	-	-	-	-	-	0.11	0.20	-	-	-	-	-	-	-	-	-	-	-	25.85
	(31.57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(31.57)
Sale of Fixed Assets	1.35	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	1.37
	(3.37)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.37)
Purchase of Fixed Assets / Capital Goods	23.21	-	-	-	-	-	-	-	-	0.89	108.40	-	-	-	-	-	-	-	-	-	-	132.50
	(8.11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.11)
Capital Advance	-	-	-	-	-	-	-	75.00	-	-	18.77	-	-	-	-	-	-	-	-	-	-	93.77
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	88.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88.31
	(106.66)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106.66)
Interest Expense	6.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.66
	(13.99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.99)
Claims, Discount and Rebate	86.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86.40
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.37	4.06	-	2.93	-	20.36
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.38)	(3.45)	(11.12)	(2.46)	-	(37.41)
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Dividend Paid ++	16.24	2.65	-	-	-	-	-	-	-	-	-	#	17.41	0.48	-	-	0.06	-	#	#	0.18	37.02
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference Dividend Paid ++	0.47	-	-	-	-	-	-	-	-	-	-	-	16.94	-	-	-	-	-	-	-	-	17.41
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.40	-	-	-	-	-	14.40
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15.00)	-	-	-	-	-	(15.00)
Share Application Money Paid	242.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	242.25
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.05)
Investment made during the year	0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.15
	(33.92)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33.92)
Sale of investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(99.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(99.50)
Provision for diminution in value in investment	739.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	739.12
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value of Loans/ Advances	937.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	937.91
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits received	101.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101.20
	(132.79)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(132.79)
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	1,908.67	-	-	178.25	4.26	10.01	-	75.00	-	-	18.77	-	-	-	-	-	-	-	-	-	-	2,194.96
	(1,800.44)	-	-	(206.03)	(5.01)	(11.67)	-	-	-	-	-	-	-	-	-	(14.40)	-	-	-	-	-	(2,037.55)
Provision for diminution in value of Loans/ Advances	937.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	937.91
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtors (Net of Bills Discounted with Banks)	1,317.22	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	1,317.24
	(1,699.80)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,699.80)
Creditors	98.80	-	-	-	-	-	0.03	-	-	-	22.04	-	-	-	-	-	-	-	-	-	-	120.87
	(4.65)	-	(5.84)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.49)
Investments	942.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	942.92
	(942.77)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(942.77)
Provision for diminution in value in investment	752.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	752.46
	(13.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)
Corporate Guarantee Given	8,738.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,738.52
	(6,881.19)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,881.19)
Share Application Money Pending Allotment	241.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241.49
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Previous year figures are given in brackets
Less than Rs. 10,000
+ Amount is inclusive of taxes
++ Dividend paid of financial year 2009-10

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

24. In accordance with the Company's policy given in Note 1(x) (a) above, net exchange loss of Rs. 42.64 million (Previous Year: net exchange gain Rs. 104.29 million) has been accounted in the Profit and Loss Account.

25. Segment Information for the year ended March 31, 2011.

(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, carrying amount of segment assets and capital expenditure incurred to acquire segment assets during the year are all as reflected in the financial statements for the year ended March 31, 2011 and as on that date.

(ii) Information about Secondary Geographical Segments (Rs. million)

	India		Outside India		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Revenue	19,896.80	16,963.30	10.82	1,272.11	19,907.62	18,235.41
Carrying Amount of Segment Assets	27,810.78	24,701.28	450.83	1,679.47	28,261.61	26,380.75
Capital Expenditure incurred to acquire segment assets	2,100.22	725.97	-	-	2,100.22	725.97

(iii) 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.

26. Leases

A. Where the Company is a lessor:

Operating Lease

The Company has given certain buildings and plant and machinery on operating lease, details of which are as under:

(Rs. million)

Particulars	March 31, 2011	March 31, 2010
Buildings		
Gross Block	13.89	10.25
Accumulated Depreciation	2.99	1.98
Depreciation recognised in the Profit and Loss Account for the year	0.23	0.16
Plant and Machinery		
Gross Block	42.49	42.49
Accumulated Depreciation	32.60	31.89
Depreciation recognised in the Profit and Loss Account for the year	0.71	1.26

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

B. 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. 94.32 million (Previous Year: Rs. 84.13 million).

27. Earnings/ (Loss) per Share

(Rs. million)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Profit after Tax and before extraordinary item (A) (Rs. in million)	679.19	1,150.06
Less: Extraordinary items	(1,677.03)	-
Profit/ (Loss) after tax and extraordinary items (B) (Rs. in million)	(997.84)	1,150.06
Weighted average number of equity shares outstanding during the year (C)	88,043,039	73,089,519
Add: Weighted average outstanding employee stock options	571,829	-
Number of Shares for Diluted Earnings Per Share (D)	88,614,868	73,089,519
Basic earnings per share before extraordinary items (A)/(C)	7.71	15.73
Basic earnings/ (loss) per share after extraordinary items (B)/(C)	(11.33)	15.73
Diluted earnings per share before extraordinary items (A)/(D)	7.67	15.73
Diluted earnings/ (loss) per share after extraordinary items (B)/(D)	(11.33)*	15.73
Nominal value of an equity share (Rs.)	10	10

* Anti dilutive earning per share

28. As required by the Clause 32 of the listing agreement, the following disclosure is made:

(Rs. million)

	March 31, 2011		March 31, 2010	
	Balance as at March 31, 2011	Maximum amount outstanding during the year ended March 31, 2011	Balance as at March 31, 2010	Maximum amount outstanding during the year ended March 31, 2010
i. Loans and advances in the nature of loans to subsidiary, (excluding interest accrued)				
- Welspun AG	936.23*	936.23	476.57	596.17
- Besa Developers and Infrastructure Private Limited	6.50	41.50	31.50	31.50
ii. Loans and advances in the nature of loans to associates				
- Welspun USA Inc.	-	112.25	112.25	113.92
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, 2011	-	-	-	-

* Provision for doubtful loans and advance of Rs. 936.23 million (March 31, 2010: Rs. Nil) has been made.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

29. Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

Signatures to Schedules 1 to 19 forming part of the Accounts

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Rs. million	For the Year Ended March 31, 2011 Rs. million	For the Year Ended March 31, 2010 Rs. million
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax from Ordinary Activities		1,028.67	1,704.56
Adjustments for :			
Depreciation	1,135.13		1,063.25
Unrealised Foreign Exchange Differences	(61.22)		(85.08)
Loss on Sale of Fixed Assets	15.25		10.91
Loss/ (Profit) on Redemption/ Sale of Units in Mutual Funds	0.03		(0.02)
Profit on Sale of Bonds	(4.53)		(0.28)
Dividend	(15.07)		(4.47)
Liabilities Written Back as no Longer Required	(6.94)		(6.16)
Provision for Doubtful Debts/ Advances Written Back	-		(14.31)
Debts/ Advances Written off	1.57		14.31
Interest Income and Cash Discount Received	(295.53)		(185.07)
Interest and Other Expenses	1,069.69		1,055.12
		1,838.38	1,848.20
Operating Profit Before Working Capital Changes		2,867.05	3,552.76
Adjustments for changes in working capital :			
Trade Receivables	401.53		(224.38)
Loans and Advances and Other Current Assets	(383.40)		(909.37)
Inventories	(983.05)		(1,438.64)
Current Liabilities and Provisions	611.61		717.51
		(353.31)	(1,854.88)
Cash Flow Generated from Operations		2,513.74	1,697.88
Income taxes paid (net of refunds)		(102.82)	(274.74)
Net Cash Flow from Operating Activities		2,410.92	1,423.14
B. CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work-in-progress)		(2,100.22)	(673.75)
Sale of Fixed Assets		127.49	3.41
Capital Subsidy		12.20	113.85
(Purchase) / Sales of Investments (Net)		(871.06)	(149.75)
Share Application Money Pending Allotment (net of refund)		(130.00)	0.05
Dividend Received		15.07	4.47
Interest Received		203.41	52.61
Net Cash Flow used in Investing Activities		(2,743.11)	(649.11)
C. CASH FLOW USED IN / FROM FINANCING ACTIVITIES			
Final Dividend Paid		(105.63)	-
Tax on Final Dividend Paid		(17.63)	-
Proceeds from Issue of Equity Shares		1,482.75	-
Proceeds from Borrowings (Net)		668.15	90.62
Interest and Other Finance Expenses		(1,072.85)	(922.66)
Net Cash Flow from / (used in) Financing Activities		954.79	(832.04)
(A + B + C)		**622.60**	**(58.01)**
Cash and Cash Equivalents at the beginning of the year		830.12	888.13
Cash and Cash Equivalents at the end of the year		1,452.72	830.12
Net Increase / (Decrease) in Cash and Cash Equivalents		622.60	(58.01)

NOTES :

1. The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements.
2. Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

Additional Information pursuant to Part IV of Schedule VI to the Act.
Balance Sheet Abstract and Company's General Business Profile

ANNEXURE

I Registration Details

Registration No. L 1 7 1 1 0 G J 1 9 8 5 P L C 0 3 3 2 7 1 State Code 0 4

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

II Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	158868

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities	2570739 0	**Total Assets**	2570739 0
Sources of Funds	**Paid-up Capital**	93976 0	**Equity Warrants**	NIL
	Reserves and Surplus	5682690	**Secured Loans**	16371680
	Unsecured Loans	834500	**Deferred Tax Liability (Net)**	1878760
Application of Funds	**Net Fixed Assets**	16118490	**Incidental Expenditure Pending Capitalisation/ Allocation**	NIL
	Investments	1065880	**Net Current Assets**	8523020
	Accumulated Losses	NIL	**Miscellaneous Expenditure**	NIL

IV Performance of Company (Amount in Rs. Thousands)

	Turnover (including Other Income)	2063382 0	**Total Expenditure**	1960515 0
+ ✓ -	**Profit/Loss Before Tax**	64836 0	+ ✓ - **Profit/Loss after Tax**	99784 0
(Please tick appropriate box + for positive, - for Negative			(Please tick appropriate box + for positive, - for Negative	
+ ✓ -	**Earnings per Share after extraordinary items (Basic and Diluted) (In Rs.)**	11.33	**Dividend Rate %**	NIL

WELSPUN INDIA LIMITED

Annexure (continued)

V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	**Product Description**
63049250	COTTON TERRY TOWEL
63041910	COTTON BED SHEET
52051100	COTTON YARN

On behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

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

1	**Name of the subsidiary company**	**Welspun AG**	**Welspun Mexico SA de CV**	**Besa Developers and Infrastructure Private Limited**
2	Financial Year of the subsidiary ended on	31-Mar-11	31-Mar-11	31-Mar-11
3	Shares of the subsidiary Company held on the above date and extent of holding			
	(i) Equity shares	17,000 shares of CHF 1,000 each	50,000 Equity Shares of 1 peso	10,000 equity shares of Rs. 10 each
	(ii) Extent of holding	100%	100%	100%
4	Net Aggregate amount of profits/ (losses) of subsidiary for the above financial year so far as they concern Members of Welspun India Limited			
	(i) Dealt with in accounts of Welspun India Limited	-	-	-
	(ii) Not dealt with in the accounts of Welspun India Limited	INR (598.26 mn)	INR (52.62 mn)	-
5	Net aggregate amount of profits / (losses) for previous financial years of the subsidiary as far as it concerns the members of Welspun India Limited			
	(i) Dealt with in the accounts of Welspun India Limited	-	-	-
	(ii) Not dealt with in the accounts of Welspun India Limited	INR (938.81 mn)	INR (19.03 mn)	-

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WELSPUN INDIA LIMITED

The Board of Directors of Welspun India Limited

1. We have audited the attached consolidated Balance sheet of Welspun India Limited (the "Company") and its subsidiaries, its jointly controlled entity and associate companies; hereinafter referred to as the "Group" (refer Note 1 B(ii) on Schedule 19 to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of (i) two subsidiaries and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 618.28 million and net assets of Rs. 129.26 million as at March 31, 2011, total revenue of Rs. 665.93 million, net loss of Rs. 635.66 million and net cash outflows amounting to Rs. 17.44 million for the year then ended; and (ii) three associate companies which constitute net loss of Rs. 18.19 million 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.

4. *We draw your attention to Note 6 on Schedule 19 to the financial statements, regarding the accounts receivables balance of Rs. 696.02 million (March 31, 2010: Rs. 475.93 million), which include Rs. 108.33 million (March 31, 2010: Rs. 52.07 million) outstanding for more than one year, that is due from Welspun Retail Limited ("WRL"), a group company, as at March 31, 2011, in relation to which no valuation allowance has been estimated and adjusted in these financial statements which, in our view, does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – Disclosure of Accounting Policies, as WRL has been incurring significant losses (Rs.199.73 million for the year ended March 31, 2011 and Rs. 1,205.96 million as at March 31, 2011 basis its audited financial statements as of and for the year ended March 31, 2011) and has also been unable to achieve its projected financial results in the previous and current financial reporting periods.*

5. Without qualifying our opinion, we draw your attention to:

   a) Note 7 on Schedule 19, regarding the Company's dependence on Welspun Global Brands Limited ('WGBL') and WRL for selling its products, consequent to the demerger of the marketing arm of the Company effective April 1, 2009. If the arrangement between the Company, WGBL and WRL are discontinued, the business of the Company could be adversely impacted.

   b) Note 8 on Schedule 19, regarding corporate guarantees, aggregating Rs 3,593 million at the year end, issued consequent to the demerger of the marketing arm of the Company referred to in paragraph 5 (a) above, to the bankers of WGBL in relation to the debt facilities provided by them to WGBL, and other corporate guarantees disclosed in Note 3 on Schedule 19, aggregating Rs. 4795.57 million at the year end, issued on behalf of WGBL, Welspun USA Inc. ('WUSA'), Welspun Captive Power Generation Limited ('WCPGL') and Welspun Home Textiles UK limited ('WHTL'). If WGBL, WUSA, WCPGL and WHTL are unable to meet their obligation as they fall due, the financial condition and cash flows of the Company could be adversely impacted.

   c) Note 4 on Schedule 19, regarding the recognition of deferred tax assets during the year, aggregating Rs. 303.64 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 based on the judgement in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. However, this case has not attained finality as the judgement has been challenged by the tax authorities in the apex court. If the final decision in the matter is eventually decided against the Company, then the carrying value of the deferred tax assets at the period end could be significantly impacted.

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 Ventures notified under sub-section 3C of Section 211 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 above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give, *except for the indeterminate effects of the matter referred to in paragraph 4 above*, 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, 2011;

   b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse & Co.**
Firm Registration Number: 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership Number F055158

Place: Mumbai
Date: May 30, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2011

	SCHEDULES	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	**1**	939.76	780.90
Reserves and Surplus	**2**	5,749.79	4,433.16
		6,689.55	5,214.06
LOAN FUNDS			
Secured Loans	**3**	16,571.96	16,391.51
Unsecured Loans	**4**	834.50	417.38
		17,406.46	16,808.89
DEFERRED TAX LIABILITES (NET)	**5**	1,878.45	1,561.98
		25,974.46	23,584.93
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	**6A**	21,917.23	20,774.31
Less: Depreciation		6,316.81	5,331.59
Net Block		15,600.42	15,442.72
Capital Work-in-progress		836.45	271.32
		16,436.87	15,714.04
Incidental Expenditure Pending Capitalisation / Allocation	**6B**	-	-
INVESTMENTS	**7**	1,006.73	149.35
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	**8**	4,596.60	3,607.55
Sundry Debtors	**9**	1,452.56	1,797.64
Cash and Bank Balances	**10**	1,469.06	863.90
Loans and Advances and Other Current Assets	**11**	3,849.21	3,555.52
		11,367.43	9,824.61
LESS: CURRENT LIABILITIES AND PROVISIONS	**12**		
Liabilities		2,666.41	1,931.39
Provisions		170.16	171.68
		2,836.57	2,103.07
NET CURRENT ASSETS		8,530.86	7,721.54
		25,974.46	23,584.93
NOTES TO ACCOUNTS	19		

The Schedules referred to herein form an integral part of the consolidated Balance Sheet.

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	SCHEDULES	Year ended March 31, 2011 (Rs. million)	Year ended March 31, 2010 (Rs. million)
INCOME			
Sales	**13**	21,003.00	19,491.95
Less : Excise Duty		454.89	120.33
		20,548.11	19,371.62
Other Income	**14**	736.68	683.61
Gain on disposal of Subsidiaries and Associates pursuant to Demerger		-	710.85
		21,284.80	20,766.08
EXPENDITURE			
Materials and Manufacturing Expenses	**15**	16,117.63	14,310.70
Employees' Remuneration and Benefits	**16**	1,670.64	1,316.50
Selling, Administration and Other Expenses	**17**	1,057.04	900.67
Finance Expenses (Net)	**18**	800.89	925.73
Depreciation		1,203.34	1,126.26
		20,849.54	18,579.86
PROFIT BEFORE TAXATION		435.26	2,186.22
Provision For Taxation			
- Current Tax		219.03	304.20
- Less : Minimum Alternative Tax Credit Availed		(201.21)	(288.93)
		17.82	15.27
- Short/(Excess) Provision for Tax in respect of Earlier Years		5.66	(16.77)
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Year		27.40	49.00
- Deferred Tax (Refer note on Schedule 5 and note no 4 on Schedule 19)		352.17	523.86
PROFIT AFTER TAXATION AND BEFORE SHARE OF LOSS OF ASSOCIATE		32.21	1,614.86
Share of Associate's Net (Loss)/ Profit		(18.19)	(6.57)
NET PROFIT AFTER TAXATION		14.02	1,608.29
Profit and Loss Account Balance Brought Forward		2,112.02	609.26
PROFIT AVAILABLE FOR APPROPRIATION		2,126.04	2,217.55
APPROPRIATIONS :			
Proposed Final Dividend			
- Equity Shareholders		-	73.09
- Preference Shareholders		-	17.41
Tax on Proposed Final Dividend		-	15.03
Final Dividend for Previous Year (Refer Note 9(b) on Schedule 19)		15.60	-
Tax on Final Dividend		2.60	-
Profit and Loss Account Balance Carried to the Balance Sheet		2,107.84	2,112.02
		2,126.04	2,217.55
Earnings Per Share (Rs.) - (Refer Note 22 on Schedule 19)			
- Basic		0.16	22
- Diluted		0.16	22
NOTES TO ACCOUNTS	**19**		

The Schedules referred to herein form an integral part of the Consolidated Profit and Loss Account.

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 1 : CAPITAL		
Authorised		
125,000,000 (March 31, 2010: 125,000,000) Equity Shares of Rs. 10 each	1,250.00	1,250.00
500,000 (March 31, 2010 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	50.00	50.00
	1,300.00	1,300.00
Issued, Subscribed and Paid Up		
88,976,269 (March 31, 2010 : 73,089,519) Equity Shares of Rs. 10 each fully paid up (Refer Notes 1 C (xiv), 9(a) and 10 on Schedule 19)	889.76	730.90
500,000 (March 31, 2010 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs.100 each fully paid up (Refer Note 11 on Schedule 19)	50.00	50.00
	939.76	780.90
Less: Adjustment for 50 Equity Shares representing 50% of 100 equity shares of Welspun India Limited held by Welspun Zucchi Textiles Limited, a jointly controlled entity.	*	*
* Less than Rs. 1,000	939.76	780.90
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	1,888.11	2,638.11
Add : Additions during the year (Refer Note 9 (a) on Schedule 19)	1,411.53	-
	3,299.64	2,638.11
Less : Adjustment on demerger	-	750.00
Less : Expenses on Qualified Institution Placement adjusted as per Section 78 of the Companies Act, 1956	87.64	-
(Refer Note 9(a) on Schedule 19)	3,212.00	1,888.11
Capital Redemption Reserve	428.38	428.38
Capital Reserve		
- Forfeiture of Equity Warrants	48.18	48.18
- Arising on Acquisition of Shareholding of Associate Company	0.25	0.25
Foreign Exchange Translation Reserve	(46.86)	(43.78)
Profit and Loss Account [includes Share in Joint Ventures - Profit of Rs. 36.42 million (March 31, 2010 : Profit of Rs. 33.90 million)]	2,107.84	2,112.02
	5,749.79	4,433.16
SCHEDULE 3 : SECURED LOANS		
From Banks		
- In Rupee	12,400.10	12,280.08
- In Foreign Currency	262.80	385.31
Working Capital Loans from Banks	3,886.48	3,726.12
	16,549.38	16,391.51
Share in Joint Venture	22.58	-
	16,571.96	16,391.51
SCHEDULE 4 : UNSECURED LOANS		
Interest Free Sales Tax Loan (Repayable within one year Rs. Nil ; March 31, 2010 : Rs. 0.01 million)	-	0.01
Buyers' Credit	745.70	328.57
Inter-Corporate Loan from Welspun Investments and Commercials Limited (Repayable within one year : Rs. 8.80 million; March 31, 2010 : Rs. Nil)	88.80	88.80
	834.50	417.38
SCHEDULE 5 : DEFERRED TAX LIABILITES (NET)		
(Refer Note 1 C (vii)(b) on Schedule 19)		
Deferred Tax Liability arising on account of Timing differences in :		
- Depreciation	2,152.01	2,063.49
- Others	9.37	-
	2,161.38	2,063.49
Deferred Tax Asset arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	3.55	3.64
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	10.89	4.48
- Provision for Employee Benefits	20.16	12.03
- Unabsorbed Depreciation as per the Income Tax Act, 1961 (Refer Note below)	247.56	480.47
- Others	0.49	0.78
	282.65	501.40
Share in Joint Venture	(0.28)	(0.11)
	1,878.45	1,561.98

Note: The Income Tax Department had disallowed certain expenditure claimed by the Company in its income tax return for the Assessment Years 2004-2005 and 2005-2006. During the year, the Income Tax Appellate Tribunal High Court decided the matter in the Company's favour, consequent to which, the Company has recognised deferred tax asset aggregating Rs. 10.31 million on unabsorbed depreciation pertaining to the aforesaid assessment years.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 6A : FIXED ASSETS
Refer Notes 1 C (i), (iii), (iv),(xi) and (xii)

(Rs. million)

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at March 31, 2010	As at March 31, 2011	Accumulated upto March 31, 2010	Accumulated upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land	99.25	132.95	-	-	132.95	99.25
Buildings	3,324.53	3,377.13	420.34	511.99	2,865.14	2,904.19
Leasehold Improvements	51.41	49.22	8.10	13.16	36.06	43.31
Plant and Machinery	16,762.38	17,795.85	4,667.51	5,538.55	12,257.30	12,094.87
Vehicles	41.46	40.17	18.98	20.36	19.81	22.48
Furniture and Fixtures	157.30	156.70	40.67	46.73	109.97	116.63
Office Equipment	74.48	77.67	14.04	19.08	58.59	60.44
Computer Hardware	151.73	185.48	97.79	99.17	86.31	53.94
Computer Software	71.36	60.14	38.90	40.58	19.56	32.46
Goodwill on Consolidation of Associates and Jointly controlled Entites	0.31	0.31	-	-	0.31	0.31
Goodwill on Amalgamation	1.56	1.56	1.56	1.56	-	-
TOTAL	**20,735.77**	**21,877.18**	**5,307.89**	**6,291.18**	**15,586.00**	**15,427.88**
Share in Joint Venture	38.54	40.05	23.70	25.63	14.42	14.84
TOTAL	**20,774.31**	**21,917.23**	**5,331.59**	**6,316.81**	**15,600.42**	**15,442.72**
Previous Year	21,813.34	20,774.31	5,146.42	5,331.59		
Capital Work-in-progress including Capital advance of Rs. 286.26 million (March 31, 2010: Rs.122.26 million)					836.45	271.32
					16,436.87	15,714.04

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
CAPITAL SCHEDULE 6B : INCIDENTAL EXPENDITURE PENDING CAPITALISATION/ ALLOCATION (Refer Note 1 C (ii) on Schedule 19)		
Opening Balance	-	55.28
Less : Transferred to :		
Plant and Machinery	-	52.85
Buildings	-	2.43
	-	55.28
Incidental Expenditure Pending Capitalisation/ Allocation	-	-
SCHEDULE 7 : INVESTMENTS (Refer Note 1 C (v) on Schedule 19)		
Long Term (At Cost)		
Non - Trade (Unquoted)		
Investment in Government Securities		
National Saving Certificates (Lodged with District Magistrate, Valsad)	0.01	0.01
Trade (Unquoted)		
15,000 (March 31, 2010 : Nil) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited	0.15	-
100 (March 31, 2010 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
184,210 (March 31, 2010 : 184,210) Equity Shares of US $ 0.10 each, fully paid up of Welspun USA Inc.	33.92	33.92
Add: Capital reserve on acquation	0.25	0.25
Add: Company's Share of Profit / (Loss) as at the year end	(17.01)	0.49
	17.16	34.66
1,500 (March 31, 2010 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	116.13	116.13
Cost of acquisition (including goodwill of Rs. 83.35 million)		
Add: Company's Share of Profit / (Loss) as at the year end	(7.74)	(7.06)
	108.39	109.07
Trade (Quoted)		
283,500 (March 31, 2010 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited	18.94	18.94
Less : Provision for Diminution	13.34	13.34
	5.60	5.60
Non Trade (Quoted)		
8 (March 31, 2010 : 8) Equity Shares of Rs. 10 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
Current (at lower of cost and fair value) - Quoted		
500 (March 31, 2010 : Nil) Certificate of Deposit - Punjab National Bank	49.14	-
801 (March 31, 2010 : Nil) 9.34% West Bengal State Electricity District Company Limited Bonds of Face Value of Rs. 1,000,000 each	826.27	-
	1,006.72	149.34
Share in Joint Venture	0.01	0.01
	1,006.73	149.35
Aggregate of Unquoted Investments - At Book Value	125.71	143.75
Aggregate of Quoted Investments - At Book Value	881.02	5.60
- At Market Value	882.78	3.49
* Less than Rs.10,000		
SCHEDULE 8 : INVENTORIES (Refer Note 1 C (vi) on Schedule 19)		
Raw Materials (Including materials in transit Rs. 35.03 million, March 31, 2010 : Rs. Nil)	1,860.97	1,695.42
Work-in-Process	2,076.82	1,405.08
Finished and Traded Goods	417.37	251.38
Stores, Spares, Dyes and Chemicals	208.06	235.34
	4,563.22	3,587.22
Share in Joint Venture	33.38	20.33
	4,596.60	3,607.55

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 9 : SUNDRY DEBTORS		
(Refer Note 6 on Schedule 19)		
Unsecured		
Debts Outstanding for a period exceeding six months :		
- Considered Good	433.43	170.67
- Considered Doubtful	2.98	2.98
	436.41	173.65
Other Debts :		
- Considered Good	988.03	1,610.50
Less : Provision for Doubtful Debts	2.98	2.98
	1,421.46	1,781.17
Share in Joint Venture	31.10	16.47
	1,452.56	1,797.64
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash on Hand	0.91	1.01
Cheques on Hand	1.30	0.95
Balances with Scheduled Banks		
- In Current Accounts	245.83	174.17
- In Fixed Deposit Accounts [includes deposits aggregating Rs. 1,185.29 million; (March 31, 2010: Rs. 529.39 million) pledged with banks against term loans, overdraft, letters of credit and bank guarantee facilities]	1,199.56	653.99
- In Margin Money Deposit Accounts	0.87	-
With Others :		
- In Current Accounts Foreign Currency	15.42	26.20
- In Exchange Earners Foreign Currency Accounts (USD 86,508 March 31, 2010 : USD 5,897)	3.86	0.26
- Unclaimed Dividend	0.47	-
	1,468.22	856.58
Share in Joint Venture	0.84	7.32
	1,469.06	863.90
SCHEDULE 11 : LOANS AND ADVANCES AND OTHER CURRENT ASSETS		
LOANS AND ADVANCES		
Unsecured		
Loans		
- Welspun USA Inc.	-	112.25
- Welspun Global Brands Limited	963.86	1,113.87
Equity Share Application pending allotment		
- Welspun Captive Power Generation Limited	130.00	-
- Welspun USA Inc. (Refer Note no 5. on Schedule 19)	111.49	-
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	29.61	97.75
- Considered Doubtful	7.72	7.72
	37.33	105.47
Less : Provision for Doubtful Advances	7.72	7.72
	29.61	97.75
Balances with Customs, Excise, Sales Tax and other Government Authorities	963.04	752.43
Advance Tax and Tax Deducted at Source Rs. Nil (Net of Provision for tax March 31, 2010 : Rs. 529.17 million)	-	54.90
Minimum Alternative Tax Credit Entitlement	623.24	441.55
Gratuity Fund (Net) (Refer Notes 1 C (viii) and 16 on Schedule 19)	4.44	-
Deposits	220.00	370.06
	3,045.68	2,942.81

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
OTHER CURRENT ASSETS		
Technology Upgradation Fund Credit Receivable	514.85	470.43
Interest Accrued on Loan	0.40	17.17
Interest Accrued on Bonds/ Certificate of Deposits	30.93	-
Interest Receivable under Subvention Scheme	1.36	0.31
Mark-to-Market gain (Net) on forward/ swap contracts	31.30	-
Interest Accrued on Deposits	142.95	93.87
Others	50.54	-
	772.33	581.78
Share in Joint Venture	31.20	30.93
	3,849.21	3,555.52
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	817.98	-
Sundry Creditors	1,725.31	1,785.61
Advance recevied from Customers	12.71	2.05
Temporary Overdraft with Scheduled Banks	29.62	60.64
Interest Accrued but not Due	73.33	76.74
Unclaimed Dividend	0.47	-
	2,659.42	1,925.04
Share in Joint Venture	6.99	6.35
	2,666.41	1,931.39
PROVISION		
Taxation	85.45	4.68
Proposed Dividend	-	90.50
Tax on Proposed Dividend	-	15.03
Fringe Benefits Tax (Net of Advance Tax Rs. 36.11 million ; March 31, 2010 : Rs. 36.11 million)	1.90	1.90
Leave Entitlement (Refer Note 1 C (viii)(c) and 16 on Schedule 19)	65.12	39.17
	152.47	151.28
Share in Joint Venture	17.69	20.40
	170.16	171.68
	2,836.57	2,103.07

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 13 : SALES		
Sales	19,160.02	17,597.00
Export Benefits	1,705.26	1,398.26
	20,865.28	18,995.26
Share in Joint Venture	137.72	496.69
	21,003.00	19,491.95
SCHEDULE 14 : OTHER INCOME		
Rent (Tax Deducted at Source Rs. 0.90 million, Previous Year : Rs. 0.80 million)	8.17	7.32
Dividend	15.07	4.47
Insurance Claim	0.02	0.05
Profit on Redemption/ Sale of Units in Mutual Funds	-	0.02
Profit on Sale of Bonds	4.53	0.28
Liabilities Written Back as no Longer Required	6.94	2.56
Provision for Gratuity no longer required written back	-	3.60
Provision for Doubtful Debts Written Back	-	13.40
Profit on Cancellation of Forward/ Swap Contracts	44.20	2.36
Exchange Gain (Net)	-	125.94
Job Work and Processing Charges	2.25	25.69
Excise and Sales Tax Benefits	585.52	408.05
Interest on Income Tax Refund	11.44	-
Gain on disposal of a Joint Venture	-	53.45
Miscellaneous	51.96	27.01
	730.10	674.20
Share in Joint Venture	6.58	9.41
	736.68	683.61
SCHEDULE 15 : MATERIALS AND MANUFACTURING EXPENSES		
Materials Consumed (Refer Note 21 on Schedule 19)		
Opening Stock of Raw Material, Work-in-Process, Finished Goods and Traded Goods	3,351.88	3,838.38
Less: Adjustment on Demerger of Marketing Division	-	1,931.46
	3,351.88	1,906.92
Add: Purchases of Raw Material and Traded Goods	11,474.69	10,477.40
	14,826.57	12,384.32
Less: Closing Stock of Raw Material, Work-in-Process, Finished Goods and Traded Goods	4,339.50	3,351.88
	10,487.07	9,032.44
Manufacturing Expenses		
Stores and Spares Consumed	407.31	278.13
Dyes and Chemicals Consumed	1,322.87	1,306.45
Contract Labour Charges	395.82	336.29
Job Work Expenses	402.98	207.78
Excise Duty On Closing Stocks	(5.27)	7.59
Power, Fuel and Water Charges	1,876.32	1,673.18
Packing Charges	974.29	951.07
Repairs and Maintenance:		
- Plant and Machinery	117.91	52.98
- Factory Building	22.14	15.90
	5,514.37	4,829.37
Share in Joint Venture	116.19	448.89
	16,117.63	**14,310.70**

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Allowances and Other Benefits	1,424.56	1,106.39
Contribution to Provident and Other Funds (Refer Note 16 on Schedule 19)	148.19	99.16
Managerial Remuneration	17.43	34.96
Staff and Labour Welfare	67.45	59.37
	1,657.63	1,299.88
Share in Joint Venture	13.01	16.62
	1,670.64	1,316.50
SCHEDULE 17 : SELLING, ADMINISTRATION AND OTHER EXPENSES		
Claims, Discounts and Rebates	107.75	111.43
Brokerage and Commission	20.37	9.07
Freight, Forwarding and Coolie Charges	97.53	161.70
Repairs and Maintenance - Others	16.63	11.76
Directors' Sitting Fees	0.43	0.16
Rent (Refer Note 19 on Schedule 19)	212.37	177.34
Rates and Taxes	60.93	62.23
Stamp Duty Expense	-	2.50
Printing and Stationery	8.64	7.20
Travelling and Conveyance	94.14	85.96
Legal and Professional Charges	79.65	51.40
Security Expenses	16.70	13.17
Insurance	38.79	34.53
Communication	14.13	10.39
Postage and Courier	5.31	4.18
Loss on Sale/ Discarding of Fixed Assets (Net)	15.25	10.91
Loss on Redemption/ Sale of Units in Mutual Funds	0.03	-
Bad Debts	1.57	13.40
Design Development and Testing Expenses	25.60	10.41
Royalty	12.98	11.89
Advertising and Sales Promotion	21.75	27.36
Donations	15.75	16.50
Auditors' Remuneration		
- As Auditors	8.97	3.97
- In other capacity - As Tax Auditors	0.30	0.27
- Certification and Other Matters	1.61	0.86
- Out of Pocket Expenses	0.01	0.14
Exchange Loss (Net)	78.13	-
Miscellaneous	91.82	48.23
	1,047.14	886.96
Share in Joint Venture	9.90	13.71
	1,057.04	900.67

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2011

	As At March 31, 2011 (Rs. million)	As At March 31, 2010 (Rs. million)
SCHEDULE 18 : FINANCE EXPENSES (NET)		
Interest on Fixed Loans (Net of interest subsidy of Rs. 610.53 million, Previous Year : Rs. 614.21 million)	760.13	783.71
Interest on Working Capital Loans	251.09	234.01
Interest to Others	12.00	6.68
Discounting and Bank Charges	54.19	41.68
	1,077.41	1,066.08
Less:		
Interest on Fixed Deposits -Gross (Tax Deducted at Source Rs. 1.27 million, Previous Year : Rs. 1.73 million)	79.97	52.61
Interest on Loan given to Subsidiaries and Affiliates	81.68	89.93
(Tax Deducted at Source Rs. 8.17 million, Previous Year : Rs. 15.32 million)		
Interest on Bonds and Certificate of Deposits	67.23	-
Interest on Others -Gross	11.00	0.52
(Tax Deducted at Source Rs. 0.12 million, Previous Year : Rs. 0.02 million)		
Cash Discount received	37.58	25.28
	799.95	897.74
Share in Joint Venture	0.94	27.99
	800.89	925.73

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

SCHEDULE – 19 : NOTES TO ACCOUNTS

1) Significant Accounting Policies

A. Basis of Accounting

The consolidated financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the Accounting Standards notified under Sub Section (3C) of Section 211 of the Companies Act, 1956 ("The Act") and other relevant provisions of the Act .

B. Principles of Consolidation

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

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

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

Name of the Company	Relationship	Country of Incorporation	% Voting Power held as at March 31, 2011
Welspun AG (WAG)	Subsidiary	Switzerland	100.00
Welspun Mexico S.A. de C.V (WMEX) (Held through WAG)	Subsidiary	Mexico	100.00
Besa Developers and Infrastructure Private Limited (BESA)	Subsidiary	India	100.00
Welspun Zucchi Textiles Limited (WZTL)	Joint Venture	India	50.00
Welspun USA Inc. (WUSA)	Associate	U.S.A.	10.94

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

Name of the Company	Relationship	Country of Incorporation	% Voting Power held as at March 31, 2011
Welspun Holdings Private Limited, Cyprus (WHPL)	Associate	Cyprus	9.68
Welspun Home Textiles UK Limited (WHTUKL)(Held through WHPL)	Subsidiary of Associate	U.K.	9.68
CHT Holdings Limited (CHTHL) (Held through WHTUKL)	Subsidiary of Associate	U.K.	9.68
Christy Home Textiles Limited (CHTL) (Held through CHTHL)	Subsidiary of Associate	U.K.	9.68
Christy Europe GmbH (Held through CHTL)	Subsidiary of Associate	Germany	9.68
Welspun UK Limited (WUKL) (Held through CHTL)	Subsidiary of Associate	U.K.	9.68
Christy 2004 Limited (Held through WUKL)	Subsidiary of Associate	U.K.	9.68
Christy UK Limited (CUKL) (Held through CHTL)	Subsidiary of Associate	U.K.	9.68
ER Kingsley (Textiles) Limited (Held through CHTL)	Subsidiary of Associate	U.K.	9.68
SOREMA – Tapetes E Cortinas De Banho, S.A. (SOREMA) (Held through WHPL)	Subsidiary of Associate	Portugal	7.35
SOREMA Welspun Distribution & Logistics, S. A., Portugal (Held through SOREMA)	Subsidiary of Associate	Portugal	7.35
SOREMA Welspun Espana S. L. U., Spain (Held through SOREMA)	Subsidiary of Associate	Spain	7.35
SOREMA Welspun Benelux B. V., Holland (Held through SOREMA)	Subsidiary of Associate	Holland	7.35
SOREMA Welspun Deutschland GmbH, Germany (Held through Sorema)	Subsidiary of Associate	Germany	7.35
Welspun Captive Power Generation Limited (with effect from January 27, 2011)	Associate	India	30.00

C. Significant Accounting Policies

(i) Fixed Assets

Fixed Assets are stated at cost (net of cenvat credit, wherever applicable) less accumulated depreciation and impairment loss, if any. The cost includes cost of acquisition, construction, erection, installation etc., preoperative expenses (including trial run) and borrowing costs incurred during pre-operational period. Cost of software includes license fees and implementation/ integration expenses.

(ii) Incidental Expenditure Pending Capitalisation/ Allocation

Incidental expenditure pending capitalisation/ allocation represents expenses incurred during setting-up of manufacturing facility including preoperative expenses for trial runs and borrowing cost incurred prior to the date of commencement of commercial production. These expenses are net of sales during trial run and other income accrued prior to the commencement of commercial production.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

(iii) Borrowing Costs

Borrowing costs directly attributable to the acquisition/ construction of fixed assets are apportioned to the cost of the fixed assets up to the date on which the asset is put to use/ commissioned.

(iv) Depreciation and Amortisation

(a) Depreciation on Fixed Assets is provided on the straight-line method 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.

(b) Computer software is amortised on the straight-line method over a period of five years.

(c) Leasehold Land is amortised over the period of lease in case of a jointly controlled entity.

(d) 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.

(e) Goodwill on consolidation is tested for impairment on an annual basis.

(f) Development Expenditure is amortised on a straight line basis over a period of 3 years.

(v) Investments

(a) Long term investments are stated at cost less provision, if any, for permanent diminution in value. Current investments are carried at the lower of cost and fair value.

(b) Investment in Associate is accounted for using the equity method (Refer note 1(B)(i)(e) above).

(vi) Inventories

(a) Inventories are valued at lower of cost and net realisable value.

(b) Cost of raw materials and stores and spares is determined on weighted average basis except in case of jointly controlled entities, where the same is determined on first-in-first-out basis. Cost of traded goods is determined on weighted average basis. Cost of work-in-process and finished goods comprises of raw material, direct labour, other direct costs and related overheads but exclude interest expense. Net realisable value is the estimate of the selling price in the ordinary course of the business, less the estimated costs of completion and estimated selling expenses.

(vii) Accounting for Taxes on Income/ Minimum Alternate Tax Credit

(a) Current Taxation

The current tax is determined as the amount of tax payable in respect of taxable income for the year.

(b) Deferred Taxation

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current/ substantially enacted rate of tax to the extent that the timing differences are expected to crystallise.
- Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation, to the extent deferred tax amount exceeds net deferred tax liabilities, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

(c) Minimum Alternate Tax Credit

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

(viii) Employee Benefits

(a) Defined Contribution Plans

Contributions made on a defined contribution basis towards post employment benefits to Employee's 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 there is no further obligation beyond making the contribution are expensed in the year to which it pertains.

(b) Defined Benefit Plans

The liability for the defined benefit plan of Gratuity of the Company and jointly controlled entity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method as per Accounting Standard 15 (revised 2005) – Employee Benefits ('AS 15').

(c) Employee Leave Entitlement

The employees of the Company and jointly controlled entity are entitled to leave as per the applicable leave policies of their employers. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account as per Accounting Standard 15 (revised 2005) – Employee Benefits ('AS 15').

(ix) Foreign Currency Transactions, Derivative Instruments and Hedge Accounting

(a) In respect of the Company, it's subsidiaries incorporated in India, it's jointly controlled entities and associate, foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account except for monetary items that in substance forms part of Company's net investment in a non-integral foreign operation are recognised in Foreign Exchange Translation Reserve. Non-monetary foreign currency items are carried at cost.

(b) In respect of forward contracts, other than forward 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 Profit and Loss Account 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.

(c) In respect of forward contracts and currency options taken to hedge the risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions, the Company has adopted AS 30 "Financial Instruments: Recognition and Measurement". Accordingly, foreign currency fluctuations 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 Profit and Loss Account 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 Profit and Loss Account as they arise.

(d) In respect of non-integral operations, assets and liabilities are translated using the exchange rates in effect at

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

the balance sheet date, for revenue, costs and expenses using the average exchange rates prevailing during the reporting periods and for share capital, using the exchange rate at the date of transaction. The resultant translation exchange gain/ loss has been disclosed as Foreign Exchange Translation Reserve under Reserves and Surplus.

(x) Revenue Recognition

i. Sales revenue is recognised on transfer of significant risks and rewards of ownership of the goods to the buyer. 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. Realised exchange differences on export debtors are included in sales.

ii. In case of sales made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB) 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.

iii. Dividends are accounted for when the right to receive dividend is established.

(xi) Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets 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 Fixed Loans'.

(xii) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimate the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(xiii) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – " Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India is made.

(xiv) Employees Stock Option Schemes

Stock options granted to employees under Employee Stock Option Schemes are accounted as per the accounting treatment prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

(xv) Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

2) Contingent Liabilities:

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Excise, Customs and Service Tax		
Alleged improper re-credit of duty paid through PLA under Notification no. 39/2001 –CE dated July 31, 2001 in respect of goods sold from the factory during the period from February 2006 to September 2007. The Assistant Commissioner of Central Excise passed the order against the Company. The Company paid pre-deposit of Rs. 100 million as required by Central Excise authorities and obtained stay on payment of remaining amount. The case was remanded back to the lower authority to consider the claim of the Company by Commissioner Appeals. Further, separate show cause notice had been issued by Commissioner of Central Excise seeking recovery of allegedly improper re-credit of duty along with interest and penalty. The Company is in the process of filing reply against this show cause notice. The case is remanded back by Tribunal to lower authority and directed them for reassessments of liability vide order dated March 29, 2011.	318.58	318.58
Alleged improper grant of refund for duty paid through PLA by Assistant Commissioner under Rule 18 of Central Excise Rules during the period from September 2005 to July 2006. The Commissioner (Appeals) of Customs and Central Excise had passed the order against the Company. The Company has filed Revision Application with the Joint Secretary, Ministry of Finance, Department of Revenue.	69.57	69.57
Alleged improper Cenvat credit availed and non-payment of excise duty under Notification No. 214/86 – CE dated 25-03-1986, on furnace oil used for manufacturing of goods on job work during the period April 2002 to May 2005. The Company has filed its reply against the show cause notices issued by Joint Commissioner and Commissioner of Customs and Central Excise, Daman.	3.67	3.50
Alleged improper abatement of service tax on payments made to Goods Transport Agency under Notification No. 32/04-ST dated December 31, 2004. The Company has filed its reply against the show cause notice issued by the Commissioner of Central Excise and Customs, Daman.	50.46	47.98
Alleged availment of service tax credit based on improper documents. The Company has received an order from Commissioner, Central Excise and Customs, Daman demanding the amount of duty, interest and penalty. The Company filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman	0.16	0.16
Alleged improper Cenvat credit availed on “racks” classified as capital goods, which are used for storage of finished goods. The Company received an order from Additional Commissioner, Central Excise & Customs; Daman dated 11.02.2009 demanding the amount of duty, interest and penalty. The Company paid Rs. 0.69 million under protest and filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman in March 2009. The Company has obtained stay order with respect to the payment of duty.	2.00	1.91

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Alleged improper availment of Cenvat credit on service tax paid on insurance premium paid for availing insurance services that are not used in or in relation to manufacture of final products. During the year Commissioner of Central Excise and Customs (Appeals), Daman decided this matter in favour of the Company.	-	0.04
Alleged non-reversal of cenvat credit contained in raw material stock, raw material in process and raw material contained in finished stock on exit from cenvat scheme. The Commissioner of Central Excise issued a show cause notice seeking recovery of the non-reversed amount. During the year, the Company has received favorable order with respect to part of the amount in dispute. The Company has filed an appeal before Commissioner of Central Excise and Customs (Appeals) for the balance amount disallowed.	10.52	96.40
Alleged erroneous sanction of refund of service tax by Assistant Commissioner of Central Excise. The Deputy Commissioner of Central Excise issued a show cause notice regarding recovery of the refund erroneously sanctioned. The Company has submitted its reply to the Deputy Commissioner of Central Excise.	3.04	3.04
Alleged improper availment of Cenvat credit on service tax paid on sales commission. The Company has received a show-cause notice from Assistant Commissioner of Central Excise and Customs, Vapi against which a reply has been filed by the Company.	20.24	-
Alleged improper availment of Cenvat credit on service tax on outward freight of transportation for export clearance. The Company has received a show-cause notice from Additional Commissioner Central Excise Custom and Service Tax (Daman) against which reply has been submitted to Commissioner of Central Excise.	7.49	-
Alleged improper availment of Cenvat credit on service tax on commission on sales. The Company has submitted its reply for the show cause notice received to Commissioner of Central Excise.	0.04	-
Alleged misinterpretation of Notification No 4/ 2006-2007 under the Customs Act for which a reply to the show causes notice has been submitted.	1.24	-
Alleged availment of Cenvat credit on service tax. The Company has received an order from Commissioner, Central Excise and Customs, demanding the amount of duty, interest and penalty. The Company has filed an appeal against the order with Commissioner of Central Excise and Customs (Appeals).	0.20	-
Alleged dual availment of duty drawback and DEPB scheme simultaneously. Appeal of Central Excise department was rejected by Central Excise and Customs (Appeals). The Central Excise Department has filed appeal with Revisionary Authority, New Delhi.	1.14	-
Alleged improper payment of service tax on services received and used in export of goods and applied for refund under 17/2009-ST without taking credit of the same. The department has rejected the refund claims made by the Company and issued a show cause notice dated March 7, 2011. The Company has filed its reply against the show cause notice to Deputy Commissioner, Central Excise Division, Gandhidham.	0.35	-
Alleged availment by the Company re-credit under 39/2001-CE to the extent of balance of cenvat credit lying as at 31-03-2005, which was rejected by the department. The show cause notice is being contested by the Company with Additional Commissioner of Central Excise and Service tax on the grounds of devoid of merits.	3.74	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
Stamp Duty :		
Disputed stamp duty liability on De-merger Scheme. The Company paid Rs. 1.74 million under protest.	4.46	4.46
Company's share of stamp duty demand raised by Gujarat Government from WZTL (a jointly controlled entity) for which WZTL has filed an Appeal with the High Court of Gujarat.	0.18	0.18
Sales Tax :		
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2003 to 2004 and raised the demand on purchase of Furnace oil during the year 2003 to 2004 in respect of purchases made by the Company at a concessional rate of tax. The Company had deposited Rs. 0.09 million under protest and has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	1.28	1.17
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2004 to 2005 and raised the demand on purchase of Furnace oil during the year 2004 to 2005 in respect of purchases made by the Company at a concessional rate of tax. The Company has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	7.87	7.31
The Assistant Commissioner of Sales Tax has passed an order vide No. 3442 dated February 24, 2005 on purchase of Furnace oil during the year 2000-2001 at a concessional rate of tax. Deputy Commissioner Sales Tax re-assessed and passed revised order vide No. 3181/83 on December 5, 2005 increasing the original demand. The Tribunal has granted stay order for this matter	1.46	1.32
Income Tax		
Company's share of income tax demand raised by Income tax Authorities on WZTL (a jointly controlled entity) for which an appeal has been filed by WZTL before the first appellate authority.	20.37	7.24
Others:		
Claims against the Company not acknowledged as debts	7.85	2.89
Bills discounted in respect of export debtors	-	75.96

		Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
3.	(a)	Guarantees given by banks on behalf of the Company (including the Company's share Rs 33.15 million (March 31,2010 Rs 24.06 million) in associate)	253.31	363.56
	(b)	Corporate Guarantees / Undertakings given by the Company :		
	-	Guarantee issued in lieu of the indemnity and undertaking provided in an earlier year in favour of Bank of India, Manchester Branch, for securing loan of GBP 10 million (March 31, 2010 : GBP 10 million) granted to Welspun Home Textiles UK Limited for acquisition of CHT Holdings Limited.	717.95	679.56

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

	Description	As at March 31, 2011 Rs. million	As at March 31, 2010 Rs. million
-	Guarantees aggregating USD 8.62 million (March 31, 2010 : USD 8.62 million) on behalf of Welspun USA Inc. (WUSA) to Nautica Apparel Inc. in respect of all payment obligations of WUSA under license agreements entered between WUSA and Nautica Apparel Inc.	384.41	387.04
-	Guarantee of USD 19 million (March 31, 2010: USD 19 million) on behalf of WELUSA to Verde Chihuahua Industrial S de RL de CV (Verde), in respect of all payments by WUSA as a tenant under lease agreement between WELUSA and Verde.	847.31	853.10
-	Guarantee on behalf of Welspun Global Brands Limited (WGBL) in favour of Bank of India to secure repayment of loans extended / to be extended by Bank of India to WGBL.	-	210.00
-	Guarantee of USD 20 million (March 31, 2010: USD 18 million) on behalf of WUSA in favour of Bank of Baroda, New York Branch to secure repayment of loans extended/ to be extended by Bank of Baroda to WUSA.	891.90 #	808.20
-	Guarantee on behalf of WGBL in favour of consortium of Bankers led by State Bank of Bikaner and Jaipur ("SBBJ Consortium") to secure repayment of facilities extended/ to be extended by SBBJ Consortium to WGBL. In addition guarantee extends to facility of 20% of ad-hoc fund based Working Capital limit under the Gold Card Scheme .	3,593.00	3,593.00
-	Guarantee on behalf of Welspun Captive Power Generation Limited (WCPGL) in favour of ICICI Bank to secure repayment of letter of credit facility from ICICI Bank.	900.00 *	-
-	Guarantee on behalf of WGBL in favour of YES Bank to secure repayment of working capital facilities from Yes Bank.	400.00 *	-
-	Guarantee on behalf of WGBL in favour of State Bank of Bikaner and Jaipur (SBBJ) to secure repayment of working capital facilities from SBBJ.	654.00 *	-
(c)	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.	108.49	29.13
(d)	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	839.23	1,046.73

* These guarantees are subject to approval of the shareholders under Section 372A of the Act.

Guarantee given during the year of USD 2 million is subject to approval of the shareholders under Section 372A of the Act.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

4. During the year, the Company has recognised deferred tax assets aggregating Rs. 303.64 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 based on the favorable decision received from the Commissioner of Income Tax (Appeals) in its own case and judgment in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. However, the judgment given by the High Court of Judicatue at Bombay has been challenged by the tax authorities in the apex court. If the final decision in the matter is eventually decided against the Company, then the carrying value of the deferred tax assets at the period end could be significantly impacted.

5. Pursuant to loan agreement with Welspun USA Inc., the loan outstanding as on March 31, 2011, aggregating Rs. 111.49 million recoverable from Welspun USA Inc. is to be converted into equity investments and pending conversion modalities are completed, the same has been disclosed as Share Application Pending Allotment and grouped under Loans and Advances.

6. As at March 31, 2011, the Company has trade receivables aggregating Rs. 696.02 million, due from a related Company, Welspun Retail Limited (WRL), (March 31, 2010: Rs. 475.93 million). Of the said amount Rs. 108.33 million (March 31, 2010: Rs. 52.07 million) is outstanding for more than one year. WRL continues to incur significant losses from operations which could impact its ability to settle the aforesaid receivables. In order to turnaround its operations, WRL has made a robust plan for widening its reach in the market by using new marketing strategies with aggressive cost reduction programs. Accordingly, in the opinion of the Management, the aforesaid receivable from the said related Company as at March 31, 2011 is considered good and recoverable.

7. Consequent to the demerger of the marketing arm of the Company effective April 1, 2009, the Company is dependent upon Welspun Global Brands Limited (WGBL) for all marketing of its products and WGBL is the Company's principal customer as regards international sales of its products. Most of the domestic sales of the Company are made to WRL, a subsidiary of WGBL. The Company does not have any long term definitive agreements with either WGBL or WRL for marketing the Company's products. In the event that WGBL or WRL ceased to purchase or market the Company's products, it could have an adverse effect on the business of the Company.

8. The Company has issued a corporate guarantee of Rs. 3,593 million (March 31, 2010: Rs. 3,593 million) on behalf of WGBL in favor of a consortium of bankers in relation to post-shipment debt facilities provided by them to WGBL. WGBL has also given a corporate guarantee of Rs. 5,887.40 million (March 31, 2010: Rs. 5,887.40 million) in favour of the consortium of bankers in relation to pre-shipment debt facilities provided by them to the Company. If WGBL is unable to meet their obligation to bankers as they fall due, the Company would be required to pay the guaranteed amounts, which could adversely affect its financial condition and cash flows.

9. (a) The Company has allotted 15,603,000 equity shares of Rs. 10 each at Rs. 100 per share on April 19, 2010 to Qualified Institutional Buyers (QIBs) in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The equity share issue expenses related to Qualified Institutional Placement (QIP) aggregating to Rs. 87.64 million has been adjusted against Securities Premium Account as per Section 78 of the Act.

   (b) Pursuant to the resolution passed in the Annual General Meeting of the Company held on August 31, 2010 for approval of final equity dividend for the year ended March 31, 2010; the Company has paid final dividend of Rs. 88.69 million, including Rs. 15.60 million to QIBs referred supra. The final dividend paid to QIBs has been presented as Final Dividend for earlier year as appropriation from the Profit and Loss Account Balance.

10. On June 30, 2009, the Company issued 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 ("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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

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.

	March 31, 2011		March 31, 2010	
Summary of Stock Options	**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.	2,130,000	35.60	-	-
Options granted during the year	-	-	2,265,000	35.60
Options exercised during the year	283,750	35.60	-	-
Options forfeited/ lapsed during the year	240,000	35.60	135,000	35.60
Options outstanding at the end of the year	1,606,250	35.60	2,130,000	35.60
Options vested but not exercised at the year end.	102,250	35.60	-	-

Information in respect of options outstanding as at March 31, 2011

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
321,250	2.25	35.60
321,250	3.25	35.60
481,875	4.25	35.60
481,875	5.25	35.60

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method. 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 fair value of the options as per the 'Black Scholes' model as on the date of grant was Rs. 17.49. Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 9.11 million (March 31, 2010: Rs.13.33 million), Loss after Tax would have been higher by Rs. 6.27 million (March 31, 2010: Profit after tax would have been lower by Rs. 8.80 million) and the basic loss per share would have been higher by Rs. 0.07 (March 31, 2010: basic earnings per share would have been lower by Rs. 0.12) and diluted loss per share would have been higher by 0.07 (March 31, 2010: diluted earnings per share would have been lower by Rs. 0.17) respectively.

11. Pursuant to High Court Order, 500,000 (March 31, 2010 : 500,000) 0% Redeemable Preference Shares of Rs. 100 each fully paid up are redeemable at par on or after repayment of all outstanding term liabilities and preference shares held by banks and financial institutions as on April 1, 2000 and interest and dividend thereon. Accordingly, the Preference Shares are expected to be redeemed by January 2012.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

12. In accordance with the Company's policy given in Note 1(C)(ix)(a) above, net exchange loss of Rs.29.62 million (Previous Year: net exchange gain of Rs. 109.98 million) which includes the Company's share of net exchange gain of Rs.5.34 million (Previous Year: net exchange loss of Rs. 3.36 million) in jointly controlled entities, has been accounted in the Profit and Loss Account.

13. Borrowing Costs aggregating Rs. Nil (Previous Year: Rs. 23.43 million) (net of interest subsidy of Rs. Nil; Previous Year: Rs. 13.18 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.

14. Segment Information for the year ended March 31, 2011:

    (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 year are all as reflected in the financial statements for the year ended March 31, 2011 and as on that date.

    (ii) Information about Secondary Geographical Segments

(Rs. million)

	India		Outside India		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Revenue	19,890.10	17,243.86	658.01	2,127.76	20,548.11	19,371.62
Carrying Amount of Segment Assets	27,847.57	23,488.55	963.46	2,199.44	28,811.03	25,687.99
Capital Expenditure Incurred to acquired segment assets	2,076.65	728.62	8.95	38.67	2,085.60	767.29

    (iii) 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.

15. A subsidiary of the Company has one trademark licensing agreement, under which it could utilize certain name on towels.

    The future minimum annual royalty obligation as at March 31, 2011 for year ending on March 2012 is Rs 14.67 million.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

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

I Defined Contribution Plans

a. Employers' Contribution to Provident Fund
b. Employers' Contribution to Employee's State Insurance
c. Employers' Contribution to Employee's Pension Scheme, 1995
d Other Social Security Funds *

(Rs. million)

During the year, the Company has recognised the following amounts in the Profit and Loss Account:	2010-2011	2009-2010
- Employers' Contribution to Provident Fund *	43.04	36.44
- Employers' Contribution to Employee's State Insurance *	12.88	9.95
- Employers' Contribution to Employee's Pension Scheme *	51.31	44.86
- Other Social Security Funds *	40.96	7.91
	148.19	99.16
The Company's share of expenses in jointly controlled entities recognised in the Profit and Loss Account.	1.24	1.21

* Included in Contribution to Provident and Other Funds (Refer Schedule 16)

II Defined Benefit Plan

Contribution to Gratuity Fund

a. Major Assumptions	**2010-2011**	**2009-2010**
	% p.a.	% p.a.
Discount Rate	8.50	8.20
Expected Rate of Return on Plan Assets	8.50	8.50
Salary Escalation Rate @	8% for 5 years and 6% thereafter	6.00

@ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

b. Change in the Present Value of Obligation	**2010-2011**	**2009-2010**
Opening Present Value of Obligation	55.60	52.16
Transfer of to Welspun Global Brands Limited pursuant to demerger scheme	-	(5.75)
Current Service Cost	19.83	11.73
Interest Cost	4.73	4.28
Benefit/ Exgratia paid	(8.37)	(6.24)
Actuarial Loss/ (gain) on Obligations	17.77	(0.58)
Closing Present Value of Obligation	89.56	55.60

c. Change in Fair Value of Plan Assets	**2010-2011**	**2009-2010**
Opening Fair Value of Plan Assets	65.13	50.55
Expected Return on Plan Assets	5.54	4.30
Actuarial (loss)/ gain on Plan Assets	0.51	14.73
Contributions	35.00	-
Benefits paid	(12.17)*	(4.45)
Closing Fair Value of Plan Assets	94.01	65.13

of Welspun India Limited.
* Includes Gratuity fund balance of Rs. 5.75 million transferred to Welspun Global Brands Limited pursuant to Scheme of demerger

d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	**As at March 31, 2011**	**As at March 31, 2010**
Present Value of Funded Obligation	89.56	55.60
Fair Value of Plan Assets	94.01	65.13
Funded Status	94.01	65.13
Present Value of Unfunded Obligation	-	-
Assets recognised in the Balance Sheet and included under Loans and Advances and Other Current Assets (Refer Schedule 11)	4.44	9.53

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

(Rs. million)

e. Amount recognised in the Balance Sheet	As at March 31, 2011	As at March 31, 2010
Present Value of Obligation	89.56	55.60
Fair Value of Plan Assets	94.01	65.13
Liability/ (Assets) recognised in the balance Sheet and included under Current Liabilities and Provisions (Refer Schedule 12) and under Loans and Advance and Other Current Assets (Refer Schedule 11)	(4.44)	(9.53)

(Rs. million)

f. Expenses Recognised in the Profit and Loss Account	2010-2011	2009-2010
Current Service Cost	19.83	11.73
Interest Cost	4.73	4.28
Expected Return on Plan Assets	(5.54)	(4.30)
Net Actuarial Loss/ (gain) recognised in the year	17.26	(15.31)
Total expenses recognised in the Profit and Loss Account	36.28**	(3.60)***
Actual (Loss)/ Return on Plan Assets		
** Included in Salary, Wages, Allowances and Other Benefits (Refer Schedule 16)		
*** Included in Other Income (Refer Schedule 14)		
The Company's share of expenses recognised in the Profit and Loss Account in jointly control entities	0.08	(0.06)
The Company's share of (Assets)/Liability recognised in the balance sheet in jointly controlled entities	(0.09)	(0.15)

The Company's share of expenses recognised in the Profit and Loss Account in

(Rs. million)

g. Experience Adjustments Defined Benefit obligation at the end of the year	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Closing Present Value of Obligation	89.57	55.60	52.16	47.23	36.83
Fair Value of Plan Assets	94.01	65.13	50.55	53.24	34.02
Funded Status	(4.44)	(9.53)	1.61	(6.01)	2.81
Experience gain/ (loss) adjustments on plan liabilities	5.86	3.57	(0.84)	(2.18)	(4.54)
Experience gain/ (loss) adjustments on plan assets	0.51	14.73	(7.53)	2.99	0.40
Actuarial gain/ (loss) due to change in assumptions	(23.63)	(2.99)	(0.36)	-	-

III. Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 65.12 million (March 31, 2010: Rs. 39.17 million).

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

17. Derivative Instruments outstanding as at March 31, 2011 :

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities, forecasted receivable, 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 Hedges	Currency Pair	March 31, 2011			March 31, 2010		
		Notional Amount		Fair Value Gain/ (Loss) (Rs. million)	Notional Amount		Fair Value Gain/ (Loss) (Rs. million)
		Foreign Currency (Rs. million)	(Rs. million)		Foreign Currency (Rs. million)	(Rs. million)	
Coupon Only Swap	USD-INR	21.43	1,000.00	(2.04)	-	-	-
Forward Contracts (Buy)	EURO-USD	7.43	437.56	33.34	8.14	498.72	(6.80)

ii) 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, 2011:

	Currency Pair	March 31, 2011			March 31, 2010		
		Notional Amount		Fair Value Gain/ (Loss) (Rs. million)	Notional Amount		Fair Value Gain/ (Loss) (Rs. million)
		Foreign Currency (Rs. million)	(Rs. million)		Foreign Currency (Rs. million)	(Rs. million)	
Forward Contracts (Buy)	USD-INR	3.77	179.25	(9.00)	5.46	245.15	(17.69)
Forward Contracts (Buy)	CHF-USD	-	-	-	1.72	71.84	0.88

(b) The movement in Hedging Reserve during the year ended March 31, 2011 for derivatives designated as Cash Flow Hedges is as follows:

(Rs. million)

Particulars	As at March 31, 2011	As at March 31, 2010
a. Balance as at the beginning of the year	-	(332.63)
b. Transfer of Hedging Reserve to Welspun Global Brands Limited (Refer Note below)	-	332.63
c. Amount recognised in Hedging Reserve during the year	-	-
d. Amount recycled during the year	-	-
e. Balance as at Year end (a+b+c-d)	-	-

(c) As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 1,127.20 million (March 31, 2010 Rs. 678.77 million) for receivables and Rs. 1,008.75 million (March 31, 2010 Rs. 825.21 million) for payables.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

18. Related Party Disclosures

(i) Relationships

(a)	Joint Venture Companies	Welspun Zucchi Textiles Limited (WZTL) MEP Cotton Limited (MCL) (upto January 31, 2010)
(b)	Associate Companies	Welspun USA Inc., USA (WUSA) Welspun Holdings Private Limited, Cyprus (WHPL) Welspun Captive Power Generation Limited (WCPGL) (with effect from January 27, 2011)
(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 Global Brands Limited (WGBL) Welspun Investments and Commercials Limited (WICL) Welspun Sorema Europe, S.A. (SOREMA) Welspun UK Limited (WUKL) Welspun Home Textiles UK Limited (WHTL) Welspun Retail Limited (WRL) Welspun Corp Limited (WCL) Welspun Power and Steel Limited (WPSL) Welspun Syntex Limited (WSL) Welspun Trading Limited (WTL) Welspun Wintex Limited (WWL) Welspun Mercantile Limited (WML) Krishiraj Trading Limited (KTL) Welspun Logistics Limited (WLL) Welspun Realty Private Limited (WRPL) Vipuna Trading Limited (VTL) Mertz Securities Limited (MSL) Welspun Polybuttons Limited (WPBL) Weltreat Enviromanagement Organisation Limited (WEMO) Remi Metals Gujarat Limited (RMGL) Welspun Maxsteel Limited (WMSL) Welspun Projects Limited (WPL) Methodical Investment and Trading Company Pvt Ltd (MITCPL) Welspun FinTrade Limited(WFTL) Welspun Finance Limited (WFL) Welspun Urja Gujarat Private Limited (WUGPL) Welspun Foundation for Health and Knowledge (WFHK)
(d)	Key Management Personnel	B.K.Goenka (BKG) M. L. Mittal (MLM)
(e)	Relatives of Key Management Personnel	Deepali Goenka (DBG)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

PARTICULARS	WUSA	WHPL	WGBL	WICL	SOREMA	WMSL	WHTL	WUKL	WZTL	MCL	WRL	WCL	WPSL	WSL	WML	KTL	WLL	WRPL	VTL	MSL	WPBL	WFHK	WEMO	WPL	WCPGL	WFL	WWL	WFTL	MITCPL	WUGPL	BKG	RRM	MLM	DBG	RBG
Transactions during the year																																			
Loans, Advances and Deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(113.92)	-	(1,326.44)	-	-	-	-	-	-	-	-	-	-	(7.00)	-	-	-	-	(5.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Loans, Advances and Deposits given	-	4.46	150.01	-	-	-	-	-	-	-	-	3.00	-	-	-	-	-	27.78	0.74	1.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(0.43)	(212.57)	-	-	-	-	-	-	(20.00)	(42.68)	-	-	(7.00)	-	-	-	(27.78)	(0.49)	(1.67)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Advance & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(199.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment Loans, Advances and Deposits received	112.25*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(110.70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Goods	52.24	-	17.00	-	-	-	-	-	-	-	-	619.11	51.23	57.65	-	-	-	-	-	-	0.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(27.02)	-	(44.57)	-	-	-	-	-	(0.45)	-	-	(424.05)	(103.43)	(22.69)	-	-	-	-	-	-	(0.97)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Services/ Expenses incurred	36.64	-	9.07	-	-	-	-	-	-	-	1.73	0.34	30.58	0.02	-	-	12.29	49.26	2.21	4.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(13.65)	-	-	-	-	-	-	-	-	-	(2.98)	-	(28.12)	(1.29)	-	-	(6.21)	(42.78)	(1.47)	(4.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods/ DEPB Licenses +	-	-	18,064.28	-	0.29	-	-	-	12.34	-	562.21	5.52	0.33	8.65	-	-	-	-	-	-	0.10	-	-	0.53	-	-	-	-	-	-	-	-	-	-	-
	(413.61)	-	(15,324.66)	-	-	-	-	(1.65)	(99.84)	-	(548.14)	(2.81)	(0.44)	(0.63)	-	-	-	-	-	-	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Job Charges Received	269.18	-	-	-	-	-	-	-	2.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(121.47)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Services/ Expenses incurred	-	-	14.98	-	-	-	-	-	2.43	-	0.90	58.72	13.54	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(6.18)	-	(79.49)	-	-	-	-	-	(3.11)	-	(11.44)	(66.92)	(14.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (Income)	-	-	1.71	-	-	0.11	-	-	0.69	-	0.59	22.35	0.14	-	-	-	-	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	15.36	-	1.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(1.24)	-	(2.13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets / Capital Goods	-	-	-	-	-	0.89	-	-	-	-	-	5.70	17.51	-	-	-	-	-	-	-	-	-	-	108.40	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	(0.01)	(5.58)	(2.52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75.00	18.77	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	81.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(0.22)	-	(89.71)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	6.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(13.99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims, Discount and Rebate	43.49	-	81.19	-	-	-	-	-	-	-	3.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.37	-	4.06	2.93	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.38)	(11.12)	(3.45)	(2.46)	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Dividend Paid ++	-	-	-	-	-	-	-	-	#	-	-	-	#	#	9.06	2.65	-	-	-	-	-	-	-	-	-	0.48	7.18	17.41	#	-	0.06	#	-	#	0.18
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference Dividend Paid ++	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.47	-	-	-	-	-	-	-	-	-	-	-	-	16.94	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.40	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Application Money Paid	112.25*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	130.00	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.15	-	-	-	-	-	-	-	-	-	-
	(33.92)	(855.24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(99.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																																			
Loans, Advances and Deposits received		-	-	88.80	-	-	-	-	10.00	-	-	2.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(8.36)	-	(18.51)	(88.85)	-	-	-	-	(10.00)	-	-	(9.40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	1.37	-	964.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178.25	4.26	10.01	-	-	75.00	18.77	-	-	-	-	-	-	-	-	-	-	-
	(112.83)	(4.46)	(1,130.81)	-	-	-	-	-	-	-	-	(0.64)	-	-	-	-	-	(206.03)	(5.01)	(11.67)	-	(14.40)	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtors (Net of Bills Discounted with Banks)	26.56	-	611.95	-	-	-	-	-	6.99	-	696.02	0.92	-	1.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-
	(26.21)	-	(1,220.07)	-	(8.26)	-	-	-	(2.07)	-	(475.93)	-	-	-	-	-	-	-	-	-	(0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditors	5.45	-	96.67	-	0.02	-	-	-	-	-	#	6.00	-	5.63	-	-	-	-	-	-	0.03	-	-	22.04	-	-	-	-	-	-	-	-	-	-	-
	(7.66)	-	(0.51)	-	-	-	-	-	-	-	(0.71)	(0.01)	-	(1.91)	-	-	(5.84)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	33.92	116.13	-	-	-	-	-	-	34.56	-	-	-	#	18.94	-	-	-	-	-	-	-	-	-	-	0.15	-	-	-	-	-	-	-	-	-	-
	(33.92)	(116.13)	-	-	-	-	-	-	(34.56)	-	-	-	-	(18.94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value in investment	-	-	-	-	-	-	-	-	-	-	-	-	-	13.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Guarantee given	2,123.62	-	4,647.00	-	-	-	717.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	900.00	-	-	-	-	-	-	-	-	-	-
	(1,195.24)	-	(3,803.00)	-	-	-	(679.56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Application Money Pending Allotment	111.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	130.00	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:
Previous year figures are given in brackets
* Share application money paid during the year out of conversion of loan given
# Less than Rs. 10,000
+ Amount is inclusive of Taxes
++ Dividend paid of F.Y. 2009-10

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

19. Leases

A. Where the Company is a lessor :

Operating Lease

The Company has given certain buildings and plant and machinery on operating lease, details of which are as under:

(Rs. million)

Particulars	March 31, 2011	March 31, 2010
Buildings		
Gross Block	13.89	10.25
Accumulated Depreciation	2.99	1.98
Depreciation recognised in the Profit and Loss Account for the year	0.23	0.16
Plant and Machinery		
Gross Block	42.49	42.49
Accumulated Depreciation	32.60	31.89
Depreciation recognised in the Profit and Loss Account for the year	0.71	1.26

B. Where the Company is a lessee :

Operating Lease

The Company, some of its subsidiaries and one of it's jointly controlled entity have taken various residential, office premises, godowns, equipments 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 minimum rental payments under the operating leases under non-cancellable lease term as at March 31, 2011 are as under:

(Rs. million)

Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
95.44 (102.00)	361.27 (294.94)	- (172.22)

Previous Year figures are given in brackets

The aggregate rental expenses of all the operating leases for the year are Rs.212.40 million (Previous Year: Rs. 177.40 million) which includes the Company's share of Rs. 0.03 million (Previous Year Rs. 0.06 million) in jointly controlled entities.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

20. Disclosure of Interest in Joint Ventures

(Rs. million)

	As at March 31, 2011	As at March 31, 2010
I ASSETS		
1. Fixed Assets	14.42	14.84
2. Investments	0.01	0.01
3. Deferred Tax Asset – Net	0.28	0.11
4. Current Assets, Loans and Advances		
a) Inventories	33.38	20.33
b) Sundry Debtors	33.30	16.47
c) Cash and Bank Balances	0.84	7.32
d) Loans, Advances and Other Current Assets	36.20	30.93
II LIABILITIES		
1. Shareholders' Funds – Reserves and Surplus (excluding Share Premium)	36.42	33.90
2. Secured Loans	22.58	-
3. Current Liabilities and Provisions		
a) Liabilities	9.19	6.35
b) Provisions	17.69	20.40

	For the year ended March 31, 2011	For the year ended March 31, 2010
III INCOME		
1. Sales (net of excise duty)	137.71	496.69
2. Other Income	6.58	9.41
	144.29	506.11
IV EXPENDITURE		
1. Materials and Manufacturing Expenses	116.19	448.89
2. Employees' Remuneration and Benefit	13.01	16.62
3. Selling, Administration and Other Expenses	9.93	13.71
4. Finance Expenses (Net)	0.94	27.99
5. Depreciation	1.94	7.54
	142.01	514.75
Profit / (Loss) before taxation	2.28	(8.64)
Exceptional Items	0.03	
Provision for taxation (including deferred taxation)	1.60	2.73
Profit (Loss) after taxation	0.71	(11.37)

21. Certain Subsidiary Companies' accounting systems do not track purchases/ consumption of raw materials and purchases of traded goods separately. Hence, for the purposes of presentation in Schedule 15, opening stock of raw materials, work in process, finished goods and traded goods are grouped together, purchase of raw materials and traded goods are grouped together and closing stock of raw materials, work in process, finished goods and traded goods are grouped together. Similarly, inventories of finished goods and traded goods are grouped together under Schedule 8.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2011

22. Earnings per Share

(Rs. million)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Profit/ (Loss) after Tax (A)	14.02	1608.28
Number of Equity Shares for Basic Earnings Per Share - Weighted Number of equity shares outstanding during the year (B)	88,043,039	73,089,519
Basic Earnings/ (Loss) per share (A/B) (Rs.)	0.16	22.00
Number of Equity Shares for Diluted Earnings Per Share - Weighted Number of diluted equity shares outstanding during the year (C)	88,625,228	73,089,519
Diluted Earnings/ (Loss) per share (A/C) (Rs.)	0.16	22.00
Nominal value of an equity share (Rs.)	10	10

23. Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

Signatures to Schedules 1 to 19 forming part of the Accounts

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Rs. million	For the Year Ended March 31, 2011 Rs. million	For the Year Ended March 31, 2010 Rs. million
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		435.26	2,186.22
Adjustments for :			
Depreciation	1,203.34		1,126.26
Unrealised Foreign Exchange Differences	(61.22)		(85.08)
Loss/ (Profit) on Sale of Fixed Assets	15.25		10.91
Loss (Profit) on Redemption/ Sale of Units of Mutual Funds	0.03		(0.02)
Profit on Sale of Bonds	(4.53)		(0.28)
Dividend	(15.07)		(4.47)
Liabilities/ Provision Written Back as no Longer Required	(6.94)		(6.16)
Provision for Doubtful Debts/ Advances Written Back	-		(13.40)
Debts/ Advances Written off	1.57		13.40
Gain on disposal of a Joint Venture	-		(53.45)
Gain on disposal of Subsidiaries and Associates pursuant to Demerger	-		(710.85)
Interest Income and Cash Discount	(277.46)		(168.34)
Finance Expenses	1,078.35		1,094.07
		1,933.32	1,202.59
Operating Profit Before Working Capital Changes		2,368.58	3,388.81
Adjustments for changes in working capital :			
Trade and Other Receivables	345.08		(1,955.02)
Inventories	(989.05)		(1,323.73)
Loans and Advances	(95.74)		(2,068.41)
Current Liabilities and Provisions	864.97		3,107.57
		125.26	(2,239.59)
Cash Flow Generated from Operations		2,493.84	1,149.22
Income Tax and Fringe Benefit Tax paid		(213.37)	(300.09)
Net Cash Flow from Operating Activities		2,280.47	849.13
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work-in-progress)		(2,091.45)	(734.89)
Sale of Fixed Assets		127.49	3.41
Capital Subsidy		12.20	113.85
(Purchase) / Sale of Investments (Net)		(871.07)	(118.12)
Dividend Received		15.07	4.47
Interest Received		214.22	52.61
Net Cash Flow used in Investing Activities		(2,593.54)	(678.67)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares		1,482.75	-
Proceeds from Long Term Borrowings (Net of Repayments)		9.49	448.41
Proceeds from Other Borrowings (Net of Repayments)		631.01	515.50
Divinded Paid		(105.63)	
Tax on Dividend Paid		(17.63)	
Finance Expenses Paid		(1,081.76)	(978.34)
Net Cash Flow (used in)/ from Financing Activities		918.23	(14.43)
(A + B + C)		605.16	156.03
Cash and Cash Equivalents at the beginning of the year		863.90	1,197.87
Less : Transfer of Cash and Cash Equivalents on Demerger			(490.00)
Cash and Cash Equivalents at the end of the year		1,469.06	863.90
Net Increase/ (Decrease) in Cash and Cash Equivalents		605.16	156.03

NOTES :

1. The Cash Flow Statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

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

For **Price Waterhouse & Co.**
Firm Registration No. 007567S
Chartered Accountants

Neeraj Gupta
Partner
Membership No. F055158

Place: Mumbai
Date: May 30, 2011

For and on behalf of the Board of Directors

B. K. Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 30, 2011

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

(Rs. in million)

	Welspun AG	Welspun Mexico SA de CV	Besa Developers and Infrastructure Private Limited
Financial Year ends on	31.03.2011	31.03.2011	31.03.2011
Share Capital	739.12	0.23	0.10
Reserves & Surplus	(1,572.58)	(55.61)	-
Total Assets (Fixed Assets + Investments + Current Assets)	257.10	560.64	6.60
Total Liabilities (Debts + Current Liabilities)	1,090.57	616.02	6.50
Turnover	383.36	693.40	-
Profit before Taxation	(598.26)	(0.64)	-
Provision for Taxation	-	51.98	-
Profit after Taxation	(598.26)	(52.62)	-
Proposed Dividend	-	-	-

India's Largest Chain of Home Furnishing
and Home Decor Stores

WELSPUN

WELHOME

Bed I Bath I Living Home Accessories

10% OFF*

Privilege Coupon

*conditions apply

Validity: 1st August 2011 to 31st July 2012

Privilege Coupon

Name _____

Address _____

_____

_____

_____

Tel. _____

E-mail _____

Folio No. _____

D.O.B. _____

For store use only

Bill No. _____

Bill Date _____

Bill Amount _____

Store _____

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For store use only

Bill No. _____

Bill Date _____

Bill Amount _____

Store _____

WELSPUN

Dare to Commit

This Privilege Coupon can be redeemed at Welhome Outlets listed below.

Terms & Conditions:

- This Voucher cannot be converted to cash for either full value or unutilized portion.
- No two schemes can be clubbed together.
- This Voucher is not valid during End-of-Season Sale or any other Promotional scheme in the store.
- Voucher is redeemable by the bearer and if lost/stolen, Welspun Retail Ltd. will not be liable for replacement or compensation.
- This voucher is applicable for purchase of product at M.R.P. only.
  All disputes are subject to Mumbai jurisdiction.

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BED SHEETS	TOWELS	CUSHION COVERS
BED COVERS	HAND TOWELS	CUSHION FILLERS
DOHARS	FACE TOWELS	CARPETS
PILLOW FILLERS	BATH ROBES	CURTAINS
PILLOW COVERS	BATH SLIPPERS	BEAN BAGS
DUVET COVERS	TURBIE	RUGS
QUILTS	BATH MATS	SOFA COVERS
MATTRESSES	SHOWER CURTAINS	KIDS RANGE

For information on Stores, Products and Gift Vouchers,
Call 1800 258 2525 (toll free)

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BED COVERS	HAND TOWELS	CUSHION FILLERS
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PILLOW COVERS	BATH SLIPPERS	BEAN BAGS
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YEAR	AWARD / RECOGNITION
2011	– Sustainability Award for Process Innovation- Indian Carbon Outlook, 2011
	– Outstanding CSR in Textile sector- India Shining Star CSR Awards, 2011
	– Value Award- Tesco, 2010
	– 5 Star Award- Macy's, 2010
	– Best Co-planning Award for Supply Chain- WalMart, 2010
2010	– Vendor Excellence Award, TARGET
2009	– Elle Decor International Design Awards for Bedroom Category
	– The Franchising World Award for being amongst top business opportunity
	– Women Super Achiever Award – Dipali Goenka, Asia Retail Congress
2008 & 2009	– Home & Lifestyle Retailer of the year, Star Retailer Awards.
2008	– Star Youth Achiever Award, Dipali Goenka.
	– Special felicitation of Dipali Goenka at the 9th International & 63rd All India Textile Conference, The Textile Association, India (Ahmedabad Unit)
	– Best Linen 2008, 2nd National Convention of Indian Housekeepers
	– Franchise Award 08, 6th Awards for excellence in Franchising and business development.
	– Euro Kid's Women Entrepreneur to Dipali Goenka

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