

WELSPUN



Dare to Commit

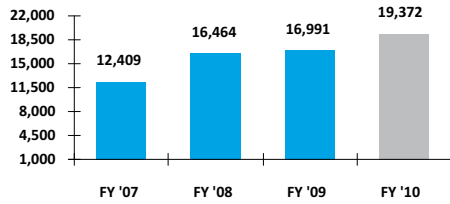
WELSPUN INDIA LTD.

25 years
of creating...

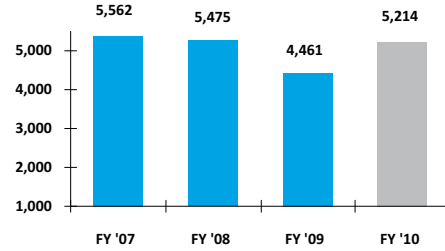
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FINANCIAL HIGHLIGHTS (Consolidated)

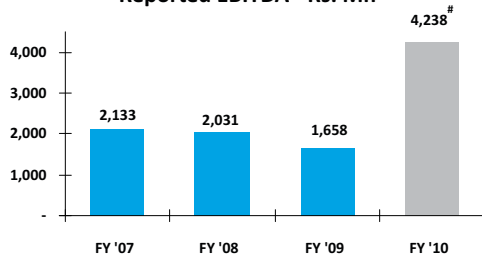
Sales - Rs. Mn



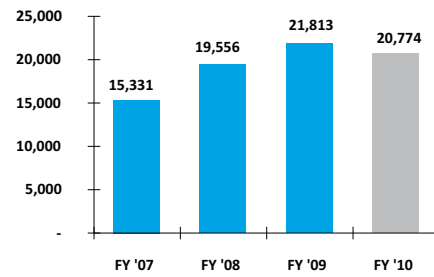
Networth - Rs. Mn



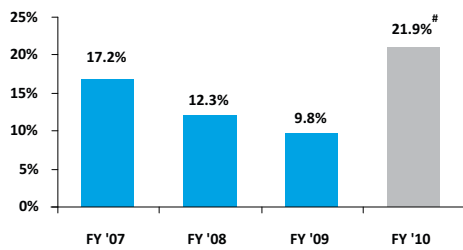
Reported EBITDA - Rs. Mn



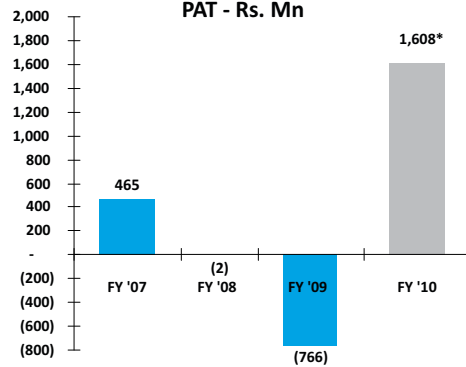
Fixed Assets (Gross Block) - Rs. Mn



Reported EBITDA Margin (%)



PAT - Rs. Mn



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 INDIA LTD.

25th 2009-2010 Annual Report

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Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



CORPORATE INFORMATION

Board of Directors	
Mr. B. K. Goenka Chairman & Managing Director	Mr. Arun Tadarwal (Nominee – Dunearn Investments (Mauritius) Pte. Ltd.)
Mr. Dadi B. Engineer (Director)	Mr. Ram Gopal Sharma (Director)
Mr. A. K. Dasgupta (Director)	Mr. R. R. Mandawewala (Director)
Mrs. Revathy Ashok (Director)	Mr. M. L. Mittal (Executive Director – Finance)

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 Tadarwal

Remuneration Committee	Share Transfer and Investor Grievance Committee
Mr. A. K. Dasgupta	Mr. A. K. Dasgupta
Mr. Dadi B. Engineer	Mr. B. K. Goenka
Mr. Arun Tadarwal	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, 6 th 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 & Managing Director



Mr. R.R. Mandawewala
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 And Managing Director

My dear fellow Stakeholders,

I remember exactly one year ago the world was going through a different cycle. People were behaving as if there was no tomorrow and every one was equating last year to the depression era of 20's and 30's, which lasted for nearly a decade. In my last message, I had emphasized that the Chinese word for crisis means both danger and opportunity and it is opportunity that Welspun chose to focus on during these times.

Friends, I am happy to share that our central motto of growth continued in the last year. Not only did we come out of the testing time unscathed but we also achieved a remarkable financial turn around.

Over several years our efforts have been to transform Welspun into a truly world class organization by amalgamation of expertise across various segments. We created top quality products through customer centric innovation supported by our state-of-the-art plants across the globe. Today, our high end products constitute over 20 % of our revenues and it is this segment which is growing at the fastest pace. Similarly, our branded business (within our owned brands like Christy, Kingslay, Sorema, Graccioza, Welhome and Spaces Home & Beyond and under licensed portfolio like Nautica, Amy Butler & Waverly) is also growing by leaps and bounds. Going forward we strive to achieve over 40 % revenues from our branded business as against 26% currently.

While sustaining this brand growth through innovative product offering, we are also taking steps to diversify across various geographies with continued focus on high growth regions like South America, Russia, Japan, South Africa, Europe and Canada.

Last but not the least, this year witnessed changes in our customer's approach too, as they consolidated supplier bases amongst large sustainable organizations, thereby developing a partnership approach.

In this year 2009-10, Welspun continued to generate sustainable growth and value for customers, investors, employees, and society at large. During this year Welspun successfully raised Rs. 156 crore through Qualified Institutional Placements (QIP), one of the few successful equity raising during these volatile times. This fund will streamline our production facilities and create 10 % to 15 % capacities increment at fraction of the cost. The increased production & sales will eventually help us in enhancing our market share globally in different product categories. Moreover, there has been a vast improvement in gearing ratio of the company as well.

Financial scorecard

We have had an excellent year with the EBITDA growth of 161% against revenue growth of 16%. This growth was primarily achieved due to additional contribution from higher volumes of all product categories, operational efficiencies and better margins on account of innovation in various product categories.

Human Capital

I take this opportunity to compliment our Welspunites, who withstood the difficult times. All our extraordinary results would have not been possible without this hardworking and dedicated team.

The collective efforts of all the employees further strengthens our common culture and reflects Welspun's strongest attributes - high-quality products, latest technology, and diverse customer portfolios across geographies.

Sustainability & Corporate Social Responsibility

All this growth would have no meaning, had we not continued with our vision to make this world a better place. Welspun earmarked a large sum of money for the sustenance of the environment and wellbeing of the community at large. Various initiatives have been taken based on three pillars of our CSR policy – Education, Empowerment & Environment.

Finally, I would like to put on record my sincere appreciation to financial institutions, banks, equity partners, Government authorities and each Welspunite for their unflinching support. I believe, we have all the ingredients for being one of the largest and best home textile companies and for that I solicit your continued support.



B. K. Goenka
Chairman & Managing Director



ROBUST GROWTH JOURNEY

Revenue (Consolidated)

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, Gujarat

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

YEAR

AWARD / RECOGNITION

BESTOWED BY


2010

- Vendor Excellence Award,
- 3rd Largest Supplier / Manufacturer

TARGET

Home Textiles Today

2009

- Macy's Award in recognition of continued support and outstanding service in the development of Macy's Private Brands and Labels

Macy's

- Most outstanding performance in marketing and product innovations

Fashion Institute of Technology, New York

- International Design Award to Spaces Home & Beyond

Elle Decor
2008

- 5 Star Award to Welspun USA Inc.

Macy's Inc., USA

- Supplier of the Year to Welspun USA Inc.

J.C. Penny, USA

- Indian Exporters Excellence Awards

Dun & Bradstreet

- Earth Care Awards – (1st Runner up - Greenhouse Gas Mitigation)

Times of India & Jindal Steel Works.
2007

- Sustainability Award

Wal Mart Stores Inc.

- 4 Gold Trophies for Outstanding Textile Exports

TEXPROCIL

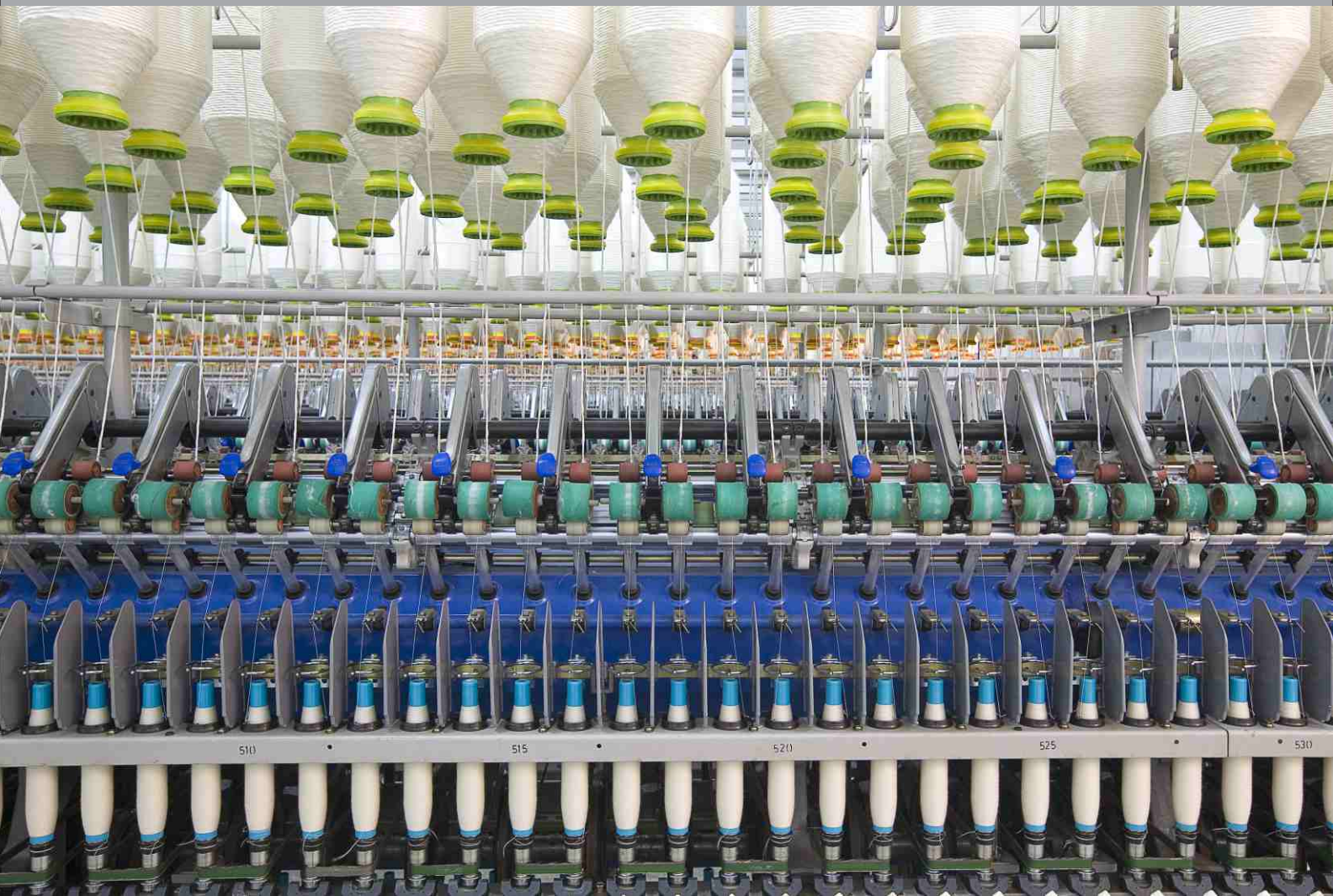
- International Trade Awards - Outstanding Textile Exporter

CNBC TV18
2006

- Gold & Silver Trophies for the year 2005 - 06

TEXPROCIL

An odyssey of
Technology
creating...



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DIRECTORS' REPORT

To,
The Members,
WELSPUN INDIA LIMITED

Your directors have pleasure in presenting their 25th Annual Report on the Audited Financial Statement of the Company for the financial year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS

(Rs. in Millions except EPS)

Particulars	Current year 31.03.2010	% age to Total Income	Previous year 31.03.2009	% age to Total Income
Turnover	18,235.41	96.93	13,444.40	98.74
Other Income	577.30	3.07	171.60	1.26
Total Income	18,812.71	100.00	13,616.00	100.00
Profit before Interest, Depreciation and Tax (PBIDT)	3,637.86	19.34	2,138.79	15.71
PROFIT BEFORE TAX (PBT)	1,704.56	9.06	257.37	1.89
Less: Provision for taxation	554.50	2.95	-51.66	-0.38
PROFIT / (LOSS) AFTER TAX (PAT)	1,150.06	6.11	309.03	2.27
Add: Balance brought forward from the previous Year	2,001.65	-	1,692.62	-
Profit available for appropriation	3,151.71	-	2,001.65	-
Less: Proposed Equity Dividend	73.09	-	-	-
Less: Preference Dividend	17.41	-	-	-
Less: Tax on Proposed Equity Dividend	15.03	-	-	-
Balance carried to Next Year	3,046.18	-	2,001.65	-
Earnings Per share (EPS) (Basic & Diluted) (Rs.)	15.73	-	4.23	-

During the year under report, the Company registered a growth of 35.64% in Turnover, 70.09% in PBIDT, 562.30% in PBT, and 272.15% in PAT over those in the previous year indicating growth in all elements. The financial year 2009-10 has proved ground breaking for your Company. Your Company achieved various milestones in this year. Recovery of global markets from recession in 2008-09 and heavy replenishments during the financial year 2009-10 has accelerated the growth of your Company tremendously.

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

	Towel (MT)		Bed Sheets (million Mtrs)		Cotton Yarn (MT)		Rugs (MT)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Production	38,966.67	30,088.17	29.62	23.51	31,387.30	26,980.70	2,921.96	450.15
Sales	36,284.19	31,018.92	30.44	24.26	1,180.08	884.40	2,930.33	309.54
Capacity installed	41,500	38,201	45,000	42,840	33,130	28,326.00	10,151	10,151
Capacity utilised	38,966	30,088	29,615.48	23,513.32	31,387.30	26,980.70	2,921.96	450.15
%age of capacity installed	93.90%	78.76%	65.81%	54.89%	94.74%	95.25%	28.78%	4.43%
Contribution to sales(%)	35%	37%	21%	22%	40%	35%	29%	-

The Board of Directors of the Company has approved capital expenditure of Rs. 362.10 Crore. This expenditure will remove bottlenecks in the operations resulting in added capacity of production of towels, bedsheets, spinning, rugs and improvement in overall efficiency and sustainability of the operations.

II. DIVIDEND

The Board recommends a dividend @10% for the year ended March 31, 2010 i.e. Re.1.00 per Equity Share of Rs.10.00 each fully paid-up.

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 I hereto.

IV. DIRECTORS

During the period under report, Mr. Ram Gopal Sharma has been appointed as a director of your Company pursuant to section 257 of the Companies Act, 1956.

In the ensuing Annual General Meeting, Mrs. Revathy Ashok and Mr. M. L. Mittal will be retiring by rotation and being eligible have offered themselves to be reappointed. Mrs. Revathy Ashok is an independent director and Mr. M. L. Mittal is the Executive Director (Finance) of the Company. Further, details about these directors are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual 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:

Ministry of Corporate Affairs, Government of India has exempted the Company from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the company required u/s. 212 of the Companies Act, 1956. 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 u/s. 212 of the Companies Act to the shareholders upon their request, free of cost.

VII. 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.

VIII. 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, holders of outstanding 1,290,000 options surrendered their options. The Company then granted 2,265,000 Employee Stock Options under the Employee Stock Option 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 options can be exercised during a period of 3 years from the date of vesting. Till March 31, 2010, none of the outstanding options were vested. 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 Profit After Tax for the year would have been lower by Rs. 8.80 mn and the Basic and Diluted earning per share (with face value of Rs. 10/- each) would have been lower by Re.0.12 and Re. 0.17, 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 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, 2010 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on March 31, 2010

	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 prior to the date of grant i.e. June 30, 2009.	
c.	Options vested	NIL	
d.	Options exercised	NIL	
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	1,35,000	
g.	Variation of terms of Option	----	
h.	Money realized by exercise of Options	NIL	
i.	Total number of Options in force	21,30,000	
j.		No. of Options granted	No. of Options exercised
	(a) Details of options granted to / exercised by the Whole-time Directors		
	1. Mr. M.L. Mittal	90,000	NIL
	(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.	Diluted Earnings Per Share (EPS) of Option calculated in accordance with Accounting Standard AS-20.	Rs. 15.73	
m.	Weighted average exercise price of options	NIL	
	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, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended March 31, 2010 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
May 12, 2010

B.K. Goenka
Chairman & Managing Director

R. R. Mandawewala
Director



Form A
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		2009-10	2008-09
A. POWER AND FUEL CONSUMPTION			
1	ELECTRICITY		
(A)	PURCHASED		
	KWH Units (in '000s)	1,835.58	1,873.97
	Total Amount (Rs. in Lac)	109.81	110.36
	Rate/Unit (Rs.)	5.98	5.89
(B)	OWN GENERATION UNIT		
(I)	Through Diesel Generator (Furnace Oil)		
	KWH Units (in '000s)	168,429	149,733
	Unit per Ltr of Furnace Oil	4.21	4.25
	Furnace Oil Consumption (Rs. in Lacs)	7,972.42	6,863.21
	Cost / KWH Unit (Rs.)	4.73	4.58
(II)	Through Diesel Generator (Diesel Oil)		
	KWH Units (in '000s)	15.41	35.88
	Unit per Ltr of Diesel Oil	3.90	3.90
	Diesel Consumption (Rs. in Lacs)	1.39	3.19
	Cost / KWH Unit (Rs.)	9.05	8.90
(III)	Through Gas Turbine / Generator		
	KWH Units (in '000s)	86,135	75,727
	Giga Calorie Consumption	235,502	195,824
	KWH per Giga Calorie of Natural Gas	365.75	386.71
	Gas Cost (Rs. in Lacs)	4,208.76	2,997.49
	Cost / KWH Unit (Rs.)	4.89	3.96
2	COAL	-	-
3	FURNACE OIL & HSD		
	(i) Furnace Oil		
	Quantity (K.Ltrs)	40,423.16	36,282.36
	Total Amount (Rs. in Lacs)	8,064.99	7,263.45
	Cost/ Unit of Furnace Oil (Rs.)	19.95	20.02
	(ii) Diesel Oil		
	Quantity (K.Ltrs)	3.95	9.20
	Total Amount (Rs. in Lacs)	1.39	3.19
	Cost / Unit of Diesel Oil (Rs.)	35.30	34.71
4	NATURAL GAS		
	Quantity (Giga Calorie)	235,502	195,824
	Total Amount (Rs. in Lacs)	4,208.76	2,997.49
	Cost / Giga Calorie of Natural Gas (Rs.)	1,787.14	1,530.71
5	OTHERS/INTERNAL GENERATION	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION			
PRODUCTS	STANDARD	CURRENT YEAR	PREVIOUS YEAR
Cotton Yarn & Terry Towels and Bed Sheet	Mt	92,557	68,791
Electricity	Kwh	2.77	3.67
Furnace Oil	Ltr	0.44	0.58
Coal	-	-	-
Others	-	-	-

FORM B
(See Rule 2)**Form for disclosure of particulars with respect to absorption.****Research and Development (R&D) (Vapi Plant)**

01	Specific areas in which R&D is carried out by the Company	:	<ol style="list-style-type: none"> 1) Developed special yarn for rugs and carpets 2) Development of regenerated rugs by using waste 3) Development of new technology using fine yarn for towels and rugs
02	Benefits derived as a result of the above R&D.		<ol style="list-style-type: none"> 1) Sustainability development by waste management 2) Development of special yarn has resulted in avoiding the import of yarn from other countries thereby saving in lead time and cost 3) The new technology for rugs & towels gives super soft feeling and quick dry qualities.
03	Future plan of action		Development of rugs, towels and carpets from reclaimed fibers
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnovers.		Rs. 2 mn Nil Rs. 2mn -

Technology absorption, adaptation and innovation

01	Efforts, in brief, made towards technology absorption, adaptation and innovation.		<ol style="list-style-type: none"> 1) Installed heat setting and cabling machine for the development of special yarn for rugs and carpets 2) To improve the yarn quality, we installed <ol style="list-style-type: none"> 1. Carding Machines Truzcheler 2. Draw frame Rieter 3. Auto Conners Schlafhorst
02	Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.		<ol style="list-style-type: none"> 1. Production improved by 6 Ton / day of Heat setting yarn production and 2 Ton / Day of cabling yarn production 2. Improvement in Yarn 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 (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.		<ol style="list-style-type: none"> 1. Carding machines Truzcheler 2. Draw frame Rieter 3. Auto Coner schlafhorst 4. Cabling of Rugs Yarn 5. Yarn heat setting machine 2009-2010 Yes Not applicable



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

01	Specific areas in which R&D is carried out by the Company	:	<ul style="list-style-type: none"> Development of new product catogories <ol style="list-style-type: none"> 1. Quick Dry Towel & Sheet 2. Perfect Towel & Sheet with perfect fit 3. Bleach friendly towel & sheet 4. Eucalyptus Towel & Sheet 5. Nature Sheet 6. Printed Towel 7. Cotton Touch Sheet 8. Nanospun Towel Towels & Sheets with specialty Finishes for enhancing performance like <ol style="list-style-type: none"> 1. Antibacterial in both category 2. MXL in Sheet 3. Wrinkle Free with Zero Formaldehyde Sheet 4. Stain & Soil Release Sheet 5. Water & Oil Repellent Sheet 6. Sanitized Sheet Towels & Sheets with specialty Fibres & Yarns for enhancing performance like <ol style="list-style-type: none"> 1. So-Fresh – eco -friendly, antibacterial, good absorbent, good hand fibre. 2. MVS – low hairiness & different type of core oriented yarn. 3. Linen– slubby look yarn, good absorbent fibre. Towels & Sheet for Hospitality Business: different segment of our textile business and developed different type of samples as given below through different techniques. <ol style="list-style-type: none"> 1. Full white towel & sheet – it does not become yellowish even after repeated washes 2. Eucalyptus towel & sheet Special Printed Collections: Developed special printed collections to increase our product range in printed sheet for high end like – <ol style="list-style-type: none"> 1. Towel print 2. Glow printed sheet 3. Kid's Panel printed sheet 4. Printed sheets with embroidery look 5. Metallic printed sheet 6. 3D look printed sheet Special Designed Towel & Sheet: <ol style="list-style-type: none"> 1. Jacquard Sheet 2. Dobby Sheet 3. Textured Towel 4. Surface Ornamentation for sheet decoration 5. Decorative Hem 6. Embroidery with different stitches like single run, double run, triple run, chawal embroidery , borer embroidery, zig - zag, satin serial, piping stitch, cross-stitch etc. 7. Different border collection 8. Easy Fit Duvet Cover Flannels collections Different Decorative Bed collections Top of the Bed segments.
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.

Technology absorption, adaptation and innovation

01	Efforts, in brief, made towards technology absorption, adaptation, and innovation	<ol style="list-style-type: none"> 1. Designed processes to manufacture products made from special fibers 2. Up-gradation in ERP system to accomplish tracking of material, data management and ready access to useful information 3. Established Organic product processing 4. New technology of auto-drawing (Staubli-from Germany) in sheeting and weaving. 5. Installed auto-cutting system (Hauser-COMTAC-3000) in sheeting cut & sew section. 6. Installed auto-conveyer system (E-tone from Sweden) at cut & sew (sheeting) to improve product quality and productivity. 7. Installed fully automatic cut & sew system (sheeting) - Texpa-espritex. 8. Installed New Sanforizing machine at sheeting (Monforts – Monfortex - finishing shrinker) for effective finish on fabric. 9. Installed new technology in dyeing – thermosol dyeing (Monforts Thermex machine) to improve quality and efficiency. 10. Installed new finishing process for improving quality & production in towel. 11. Installed MXL finish fabrics through Matex 6000 Monforts machines to make wrinkle free sheets. 12. Installed Mitsubishi – singeing machine in sheeting 13. Installed single end sizing machine in case of sample which is minimized the loss of production machines for sampling. 14. Installed Sample Process Suzuki Single End Warping 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.	<p>Better feel and finish for the product to help better market penetration</p> <p>The continuous effort has resulted in achieving improvement and consistency of product quality.</p>
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	<ol style="list-style-type: none"> 1. Installed Testing lab equipments in spinning from Uster, Switzerland, Kissoki, Japan. 2. Preparatory (Warping/ Sizing) from Benninger, Looms from Psudokama, Japan and Dornier. 3. Installed Singeing Osthoff, Germany & Mitsubishi, Japan. PTR, CDR from Benninger, Printing from Stork, Stenter from Monfort and Sanforiser (from Monforts), Calendering machines from Kusters and MXL finish machines Matex 6000 from Monforts. 4. Installed automatic embroidery machine
(b)	Year of import	(From year 2004 to 2008)



<p>(C) Has technology been fully absorbed?</p> <p>(D) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</p>	<p>Yes</p> <p>N.A.</p>
<p>Foreign exchange earnings and outgo:</p> <p>Activities relating to exports;</p> <p>Initiatives taken to increase exports;</p> <p>Development of new export markets for products and services and export plans;</p> <p>Total foreign exchange used and earned.</p>	<p>-</p> <p>-</p> <p>-</p> <p>Used : Rs. 140.64 mn Earned : Rs. 1,044.38 mn</p>

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CORPORATE GOVERNANCE REPORT 2010

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 2009-10	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	-	13	5	4	-	6M
Mr. R.R.Mandawewala – Director (Joint Managing Director till October 23, 2009)	P, E, S	6	-	12	2	16	-	1C, 4M
Mr. M.L.Mittal - Executive Director (Finance)	E	5	-	11	3	3	-	5M
Mr. D.B. Engineer	NE, I	1	-	8	3	-	-	3C, 5M
Mr. A.K Dasgupta	NE, I	5	-	2	1	-	-	1C, 2M
Mrs. Revathy Ashok	NE, I	2	-	-	2	-	-	-
Mr. Arun Tadarwal – Nominee – Dunearn Investments	NE, S	6	-	7	1	-	-	1C, 9M
Mr. Ram Gopal Sharma – Director (Additional Director till September 30, 2009)	NE, I	6	YES	4	-	-	-	1C, 4M

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, 1956

@ 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 = Lenders, S = Shareholders, M = Member, C = Chairperson.

Six meetings of the board of directors were held during the financial year 2009-10. Dates of those six meetings were May 28, 2009, June 30, 2009, July 30, 2009, September 24, 2009, October 23, 2009 and January 21, 2010.

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 28, 2009, June 30, 2009, July 30, 2009, October 23, 2009 and January 21, 2010. The composition of the Committee and attendance of the members is given hereunder:

Name of Member	Member/ Chairman	Category	Number of Meetings Attended
Mr. R. G. Sharma (Chairman since September 24, 2009)	Chairman	Non-Executive Independent	5
Mr. D. B. Engineer (Chairman upto September 23, 2009)	Member	Non-Executive Independent	1
Mr. Arun Tadarwal	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 on June 30, 2009 during the year. 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 Tadarwal	Member
Mr. Dadi B. Engineer	Member

C. Remuneration to Executive Directors

The details of remuneration paid/ payable to the directors for the Financial Year 2009-10 are as under:

1. Mr. B.K Goenka - Chairman and Managing Director

	(Rs. in million)
Salary & Allowances	3.00
Perquisites	NIL
Commission *	17.23
Service Contract	Dated 04-11-2000 extended upto 10-10-2010
Tenure	11-10-2005 to 10-10-2010
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. R.R. Mandawewala - Director (Joint Managing Director till October 23, 2009)

	(Rs. in million)
Salary & Allowances	1.27 #
Perquisites	0.12 #
Commission *	9.73 #
Service Contract	-
Tenure	Continues as non-executive director from October 24, 2009
Notice Period	-
Severance Fees	-
Stock Option	-

Till October 23, 2009

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



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

(Rs. in million)	
Salary & Allowances	3.28
Perquisites	0.18
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 Audit Committee attended.

Non Executive Directors (except Promoter Directors) are paid Rs. 5,000 for attending a Board Meeting, Rs. 3,000 for Audit Committee Meeting and Rs. 3,000 for Remuneration Committee Meeting.

Sr. No.	Name of Director	Fees paid for attending Board and Committee Meetings
1	Mr. D. B. Engineer	11,000
2	Mr. A. K. Dasgupta	43,000
3	Mrs. Revathy Ashok	10,000
4	Mr. Arun Tadarwal	48,000
5	Mr. Ram Gopal Sharma	45,000

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

b. Number of Shareholders complaints received during the year:

During the Year under review, total 90 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder:

Sr.	Nature of Grievance	Nos.
1.	Non receipt of Share certificates after transfer	27
2.	Non receipt of warrant	-
3.	Non receipt of end stickers	-
4.	Non receipt of Annual Report	12
5.	Non receipt of demat credit / remat certificate	30
6.	Non receipt of Rejected demat request	10
7.	Non receipt of exchange certificate	2
8.	Others	9
	Total	90

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, 2010 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
22 nd Annual General Meeting	Saturday, September 29, 2007	10.30 a.m.	Registered Office : Survey No.76, Village Morai, Vapi, Dist. Valsad, Gujarat – 396191
23 rd Annual General Meeting	Saturday, September 28, 2008	10.30 a.m.	Registered Office : Survey No.76, Village Morai, Vapi, Dist. Valsad, Gujarat– 396191
24 th Annual General Meeting	Wednesday, September 29, 2009	10.30 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 Managing Director of the Company is given below:

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

B.K.Goenka

Chairman & Managing Director

**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 Tuesday, August 31, 2010 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: June 28, 2010 to June 30, 2010 (Both days inclusive)

Dividend payment date: September 3, 2010

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 - 2009	28.10	20.00
May - 2009	36.85	25.10
Jun - 2009	46.90	33.25
Jul - 2009	38.85	28.05
Aug - 2009	56.45	40.75
Sep - 2009	63.60	48.75
Oct - 2009	90.80	54.60
Nov - 2009	89.50	73.65
Dec - 2009	97.80	86.25
Jan - 2010	102.40	73.50
Feb - 2010	82.40	72.60
Mar - 2010	99.00	77.20

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

Month	High Amount (Rs.)	Low Amount (Rs.)
Apr - 2009	28.30	19.80
May - 2009	36.90	25.10
Jun - 2009	46.90	33.15
Jul - 2009	39.40	27.40
Aug - 2009	56.00	41.40
Sep - 2009	63.45	48.25
Oct - 2009	92.05	55.00
Nov - 2009	89.25	72.55
Dec - 2009	97.90	86.25
Jan - 2010	101.90	73.25
Feb - 2010	82.90	70.15
Mar - 2010	98.05	77.00

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 - 2009	11,403.25	26.50	3473.95	26.95
May - 2009	14,625.25	35.85	4448.95	36.10
Jun - 2009	14,493.84	35.60	4291.10	34.85
Jul - 2009	15,670.31	38.85	4636.45	39.40
Aug - 2009	15,666.64	55.30	4662.10	55.60
Sep - 2009	17,126.84	60.15	5083.95	60.45
Oct - 2009	15,896.28	83.40	4711.70	83.55
Nov - 2009	16,926.22	84.15	5032.70	84.25
Dec - 2009	17,464.81	93.65	5201.05	93.70
Jan - 2010	16,357.96	77.20	4882.05	77.50
Feb - 2010	16,429.55	78.00	4922.30	78.25
Mar - 2010	17,527.77	91.50	5249.10	91.50



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

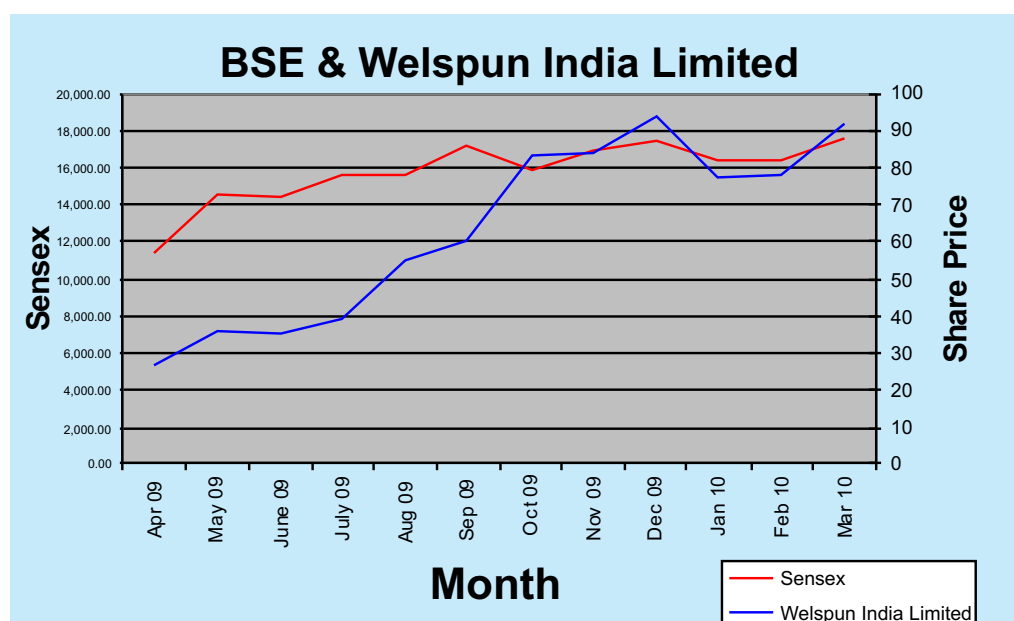
Tel. No: 022 25946970 Email: rnt.helpdesk@linkintime.co.in

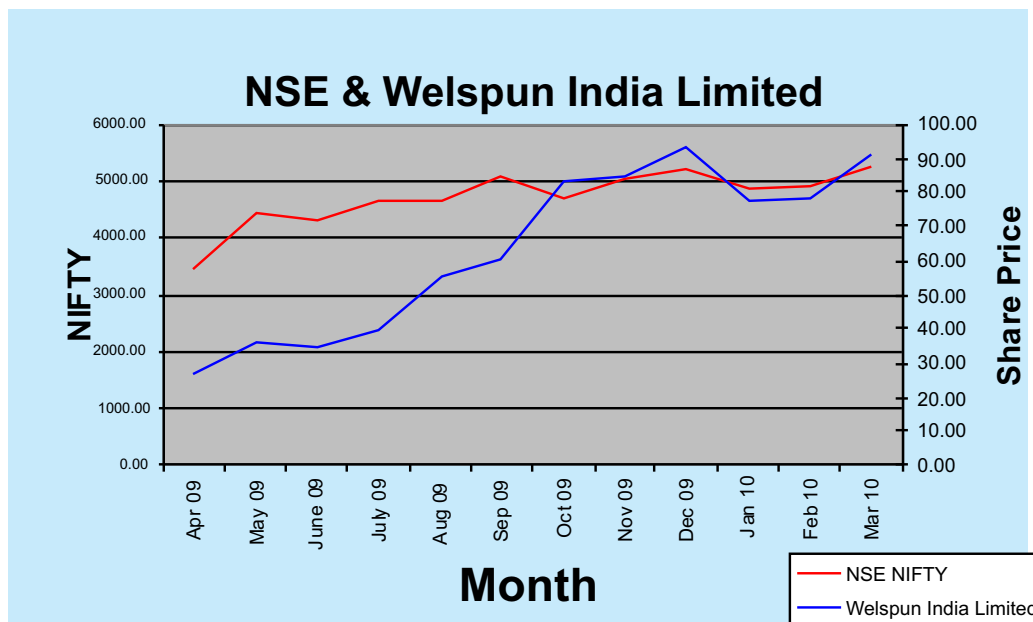
Share Transfer System:

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	35151	99.47	5430889	7.43
5001-10000	89	0.25	678323	0.93
10001-20000	40	0.11	562409	0.77
20001-30000	10	0.03	246513	0.34
30001-40000	7	0.02	252736	0.35
40001-50000	2	0.01	87508	0.12
50001-100000	14	0.04	931159	1.27
100001- above	24	0.07	64899982	88.79
Total	35337	100.00	73089519	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, 2010) - 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, 2010, 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, 2010, the Registrars of the Company have certified that as at March 31, 2010, 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 12, 2010

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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, 2010. This MD&A covers Welspun's financial position and operations for the year ended March 31, 2010. 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 developments, information or events.



“Welspun has performed exceedingly well in the last one year. We have not only achieved the highest ever sales in all product categories, but are also looking at increased production, by way of debottlenecking of our existing capacities. Our efforts in product innovation, state-of-art designs and our dedicated effort on sustainability will help us to reach the position of being the largest Home Textile Company in the world.”

Rajesh R. Mandawewala
Director

BUSINESS ORGANIZATION

Welspun India Limited (WIL) is a leading manufacturer of 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 32 countries. Worldwide, it is ranked among the top 4 manufacturers of terry towels and rugs with capacities of 41,500 MT¹ and 10,151 MT¹ respectively. It is also one of the top manufacturers' of bed sheets with a capacity of 45 million meters p.a.¹

WIL's major customers are WGBL and Welspun Retail Limited (WRL) who purchases the terry towels, sheets and rugs manufactured by WIL for marketing and distribution in international and domestic markets respectively. Pursuant to a scheme of arrangement, inter alia, Marketing Division of the Company was transferred to WGBL with Appointed Date being April 1, 2009. As mentioned in the scheme, WGBL acquired shares of WRL from the Company and other promoters which resulted in WGBL's holding to 85% equity shares in WRL. Resultantly, WGBL started operating as the international sales and marketing intermediary of WIL. WIL's (through WGBL) major customers in the international market are retail chains, specialty stores, fashion stores, merchants and importers. WRL caters to the domestic market through a chain of company owned and franchisee retail outlets.

GLOBAL OVERVIEW

Economic Environment

After negative GDP growth in the first 2 quarters ending on June 30, 2009, the US and European Union (EU) witnessed marginal positive growth in the 4th quarter of 2009 at 1.4% and 0.1% over the previous quarters respectively. The economies in 2010 also began on a positive note with the first quarter of the year registering a growth of 2.5% and 0.3% YoY in the US and EU respectively². This is a marked improvement over the environment that WIL faced during the same period last calendar year.

World Textile Market

Currently, the global textile and apparel trade is estimated to be over US\$ 450 billion³. The global market for textile trade

¹ Capacities as on March 31, 2010. ² Source: Eurostats. ³ Source: Fibre2fashion.com

includes yarns, fabrics, apparel and non-apparel finished products. Welspun estimates that the global home textiles market is around US\$ 22 - 27 billion, accounting for 5-6% 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 among the top 3 leading suppliers of bed and bath linen in the EU⁴. India along with China and Pakistan is amongst the top 3 suppliers of textile globally.

Demand – Supply Scenario

The global economic crisis which began in FY 09 continued to impact the global textile and apparel trade in FY10 as well, leading to lower growth rates. FY08-09 saw a worldwide drop in consumption due to consumers cutting back on discretionary spends impacting demand for textiles⁵. The last quarter of FY10, we have witnessed an increase in demand at the retail level, both domestically and internationally. This leads us to believe that the textile industry is on a path to recovery. We expect the industry demand to stabilize and grow in the near future.

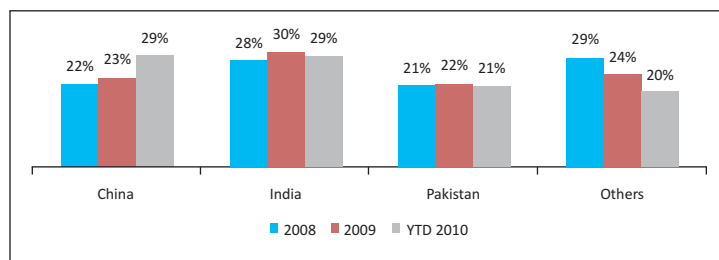
The largest consumers of home textile products are Europe, US and Japan. In the last few years, consumer wallet share of textiles has been declining leading to great demand in the value segment. In the last quarter of FY10, we observed a cautious optimism in the consumer demand. We expect the demand to grow at a gradual pace across geographies. The Industry is expected to grow at a CAGR of 14% over the next 4 years to reach approximately US \$850 billion by 2014⁶.

In 2009, there was a severe price competition due to depressed demand. With cotton and crude oil prices moving up, we expect an increase in prices of finished goods. We do not expect any negative impact on demand for home textiles. We are increasingly facing competition from lower cost territories like Cambodia, Vietnam and Bangladesh whose shares in imports have been steadily increasing.

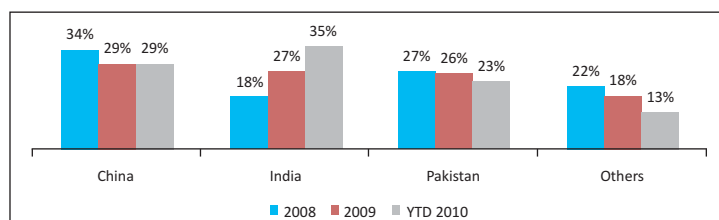
The United States of America, India, China and Pakistan together account for 81% of the total home textiles imports. India is the largest supplier of terry towels and second largest in sheets in the United States at 28% and 27% of total imports respectively. As shown in the graph below, India and Pakistan have been slowly gaining share from China in US imports in the last year.

India's Share in US Home Textile Imports⁷

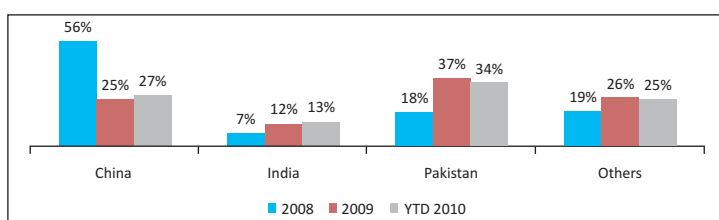
Towels



Sheets



Top of the Bed



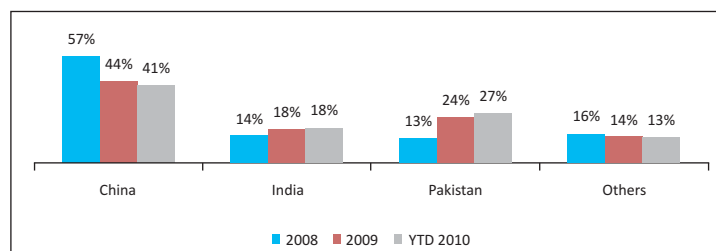
4 Source: CBI Market Survey, Household and Textiles Market in the EU (November 2008), European Commission Website.

5 Source: Technopak Perspective, Vol 3/ 2010. 6 Source: Market Research.

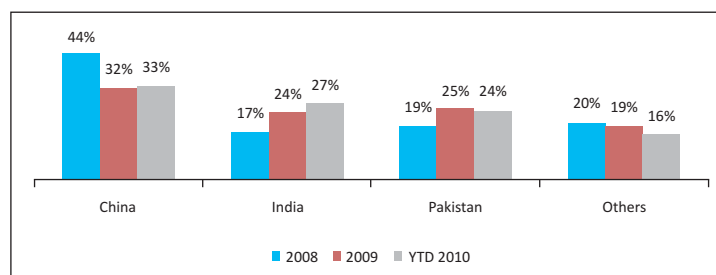
7 Source: OTEXA. YTD 2010 data pertains to the period January 2010 to April 2010.



Basic Bedding



Total Home Textile



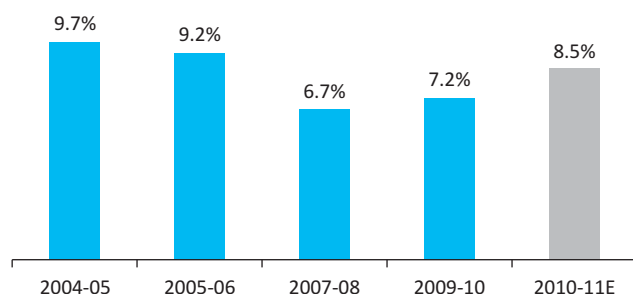
For the first 4 months of FY 10, India's share in towels import to US was at 27% and sheets at 35%, making it the largest supplier of towels and sheets to the US. Overall, China remains the largest supplier of home textiles to the US, followed by India and Pakistan.

OVERVIEW OF THE INDIAN ECONOMY

India's GDP growth trend

Despite a challenging global economic environment, India's GDP grew at 7.2% in FY10, while the manufacturing sector grew at 8.9%. It is expected to grow further at 8.5% in FY11⁸ as per the Economic Survey of India.

GDP Growth Trend in India



The overall macro-economic trends have resulted in rising per capita income, increased consumerism and higher consumer spending. A large proportion of this higher consumer spending is towards textiles, apparel and lifestyle products. The chief reason for this has been India's changing demographic profile. The disposable income in India is also expected to increase significantly over the next decade. Welspun believes that the above factors strongly suggest an ongoing structural shift in the demand pattern for textiles within the domestic markets. This indicates that the textile industry is on the threshold of higher consumer demand and consequently higher growth.

India's economy is on the fulcrum of an ever-increasing growth curve. With positive indicators such as stable 8-9 percent overall annual growth, rising foreign exchange reserves and rapidly expanding FDI inflows, India has emerged as the second fastest growing major economy in the world after China.

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 (e.g. India, China and

⁸ Source: Estimates from the 2009-10 Economic Survey of India, February 2010, News reports. .

Pakistan). Home textile manufacturers in developed economies have responded to pressures for changes by pursuing the following business strategies:

- Relocation of production and activities to Low Cost Countries; and
- Development of value-added activities in the higher end of the value chain.

The supply chain is increasingly organized as an integrated production network, within which production is divided into specialized activities. Activities are location based where they can contribute the most to the value of the end product. The globalization of the supply chain also entails certain risks for European companies, as they are required to monitor working conditions and manufacturing practices in all parts of the value chain, including those at subcontracting companies. If a company or its subcontractors are not complying with regulations or ethical standards, the image of the company can be tarnished. Some trends that influence the production for household and furnishing textiles in the developed markets includes:

Increasing price competition: Price competition among suppliers has intensified, resulting in slow growth in prices. This is causing concern among producers in developed markets who are finding it increasingly difficult to match low import prices.

Increasing internationalization: Textile manufacturing and retail companies are expanding their activities on a global scale at a rapid pace and their products are available in many developed markets resulting in increased competitive pressures.

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.

Consolidation: The number of suppliers has decreased and many suppliers have merged or have taken over other suppliers. This is resulting in greater economies of scale and value chain efficiencies, forcing their less competitive counterparts out.

Specialization: Several manufacturers of home textiles have specialized in specific functions (such as design) or in specific markets (such as the contract market), while other manufacturers have shifted from manufacturing for private labels to introducing their own brands.

MARKET STRUCTURE

Consumers

A majority of purchases in the home textiles segment are made for replacement purposes and are discretionary in nature. The purchase of home textiles, therefore, gets deferred during periods of economic slowdown and a subsequent economic upturn tends to be steeper than the normal rate of consumption growth. Consumption patterns of households vary substantially across geographies due to differences in culture, traditions and tastes. In the household textiles sector, Welspun believes that brand awareness among consumers is limited, as can be derived from the high market shares for interior department stores, specialty chains and variety chains operating with their own private label and textile discounters, while super and hyper markets sell unknown or fancy brand names.

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 approximately 20-30%. Large retail companies are increasingly purchasing from abroad, thereby bypassing this intermediary.

Purchasing agents are widely used by retailers and wholesalers due to their wide network of contacts and knowledge of foreign markets. They do not carry their own stock but purchase solely on the 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 are 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 have a responsibility limited to present 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 textile industry plays a crucial role in the Indian economy. The size of the Indian textile industry is estimated at approximately USD 60 billion. It contributes about 14 per cent to the industrial production of the country and 4% to the GDP. As regards employment, it is the second largest after agriculture employing nearly 35 million people and accounting 20 per cent of the total workforce of the nation. Its contribution to forex earnings is around 17 per cent⁹. Textiles sector has been identified as one of the priority sectors having high growth potential and higher multiplier effects for employment generation.

India occupies a prominent position in the global textile industry. It is the second largest producer of textiles in the world, with China being the largest. India's competitive advantages are supplemented by the fact that it contributes 23.7% to global cotton production, being the second largest producer in the world¹⁰. India is also the second largest producer of man-made fiber, polyester and filament yarns in the world. India produces a large variety of textile products based on natural fibers (cotton, wool and silk) as well as man-made fibers (polyester, viscose and acrylic). Of the above, cotton accounts for a majority share of India's overall textile output.

India – A Manufacturing Destination

India has several inherent advantages, which lends it the potential and ability to emerge as a key global outsourcing hub for textile products.

Self sufficiency of raw materials

India has a vast pool of raw materials for textiles, both natural and man-made¹¹. Cotton textiles and clothing account for approximately one-third of global textile trade. China, India and US accounts for approximately two thirds of global cotton production. Further, India is a country which has a surplus cotton production as a result of its increased productivity in the last few years. Other Asian countries such as China, Bangladesh, Pakistan, Thailand and Indonesia are net importers of cotton. India's self sufficiency in cotton provides it a strong competitive advantage in global textile and clothing trade¹².

⁹ Source: Ministry of Textiles, 2009-10 Annual Report. ¹⁰ Source: USDA. ¹¹ Source: USDA. ¹² Source: USDA.

Labour Cost Advantage

On account of its vast population, India enjoys manufacturing cost competitiveness due to 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.

Design Skills and Value Addition Capabilities

Welspun believes that India has high value addition skills, which enables it to service niche markets worldwide. This has been acknowledged by the world's leading global retailers.

Economies of Scale owing to a Huge Domestic Market

India is among the largest textile manufacturer and consumer in the world. The size of the domestic textile industry has been estimated at USD 40 billion. This gives India a natural advantage of economies of scale, which enables it to lower manufacturing overheads and improve operational efficiencies.

THE HOME TEXTILE INDUSTRY

The global home textiles industry is estimated at US\$ 70 billion (at the retail level) with US and EU together accounting for nearly 70% of the overall market¹³. Home textiles are in large part, a replenishment business. This creates the need for a retailer to keep the same product in stock consistently and requires a steady and consistent supply of products. Earlier, quota restrictions inhibited foreign manufacturers from developing economies of scale and the logistics and 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.

The imports from China, India, Pakistan and other emerging manufacturing locations like Bangladesh and Vietnam have been increasing since 2005 after the end of quotas. 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 centres.

In the current scenario, USA imports of home textiles account for nearly 75% of the overall market. This figure is expected to go up with the finishing facilities for towels and basic bedding manufacturing plants also moving out of the USA¹⁴.

ADVANTAGE WELSPUN - STRENGTHS AND OPPORTUNITIES**Strategically located manufacturing facilities**

Welspun has strategically located manufacturing facilities in Anjar and Vapi in Gujarat, India, close to its source of cotton, the primary raw material for our products and to seaports on the western coast of India.

Locating two of our manufacturing facilities in Gujarat provides us with a competitive advantage as India is one of the largest producers of cotton in the world and Gujarat being one of its major cotton-producing states. With cotton accounting for the major portion of our cost of goods sold, Welspun has been able to establish synergies between raw material sourcing and its manufacturing facilities which allows it to achieve superior cost control and improved margins. Our facility in Ciudad de Juarez, Mexico, located near Mexico's border with the state of Texas, is geographically close to the US market, which is one of the largest markets for our fashion bedding and basic bedding product categories. Welspun believes that this geographical proximity to the US allows it to benefit from cheaper transport costs and faster delivery times to its end consumers in the US. Welspun also benefits from import duty exemption in the US under NAFTA.

Economies of scale with modern manufacturing facilities

Welspun operates modern manufacturing facilities spread across geographies, which enables it to cater to volume demands as well as customer-specific requirements. Welspun is among the top four terry towel manufacturers and one of India's top manufacturers of bed sheets¹⁵. Our modern manufacturing facilities also enables us to consistently produce high-quality products that exceed the demands of our customers and end consumers. Our manufacturing facilities at Vapi and Anjar

13 Source: Home Textiles Today, ec.europa.eu

14 Source: OTEXA.

15 Source: Home Fashion India, Vol. 9, No. 1, Jan-Mar 2010.



operate in accordance with ISO 9001:2008 certifications and our manufacturing facility at Vapi also operates in accordance with ISO 14001:2004. Both the certifications are by Intertek Systems Certification.

Integration across the production chain

Welspun has integrated manufacturing facilities which allows it to undertake all the production processes (Spinning, weaving, processing, cut and sew, packing and logistics) involved in the manufacture of its products. This helps us to exercise control over and make profit from major part of the value chain, starting from the procurement of cotton to the distribution of our products.

Wide ranging product portfolio

Welspun's wide ranging product portfolio enables it to cater to the entire home furnishing requirements of the end consumers. While our key products in terms of production and sales volume have been terry towels and bed linen, basic and decorative beddings and bath rugs were added to our portfolio in 2008. Welspun believes that the addition of other home textile products to its product portfolio, such as basic and decorative beddings and bath rugs, has strengthened its position as a fully integrated home textile manufacturer. Welspun believes that consumer-centric product innovation is a key driver to its growth and that continued emphasis on consumer research will help it create a niche in all the product categories, improve product mix and satisfy consumer product requirements for home textile products. Innovative products accounted for approximately one-fifth of its turnover for the financial year ended March 31, 2009.

Focus on cost reduction

Welspun intends to retain its focus on improving manpower productivity and synergies of its global operations with the overall aim of reducing the cost of operations. Welspun also continues to strive to remove bottlenecks from its operations to ensure smooth production and distribution of products. Our continued focus on cost reduction will help us achieve our aim of becoming the lowest cost producer of home textiles globally.

Focus on quality

Welspun believes that as its products are sold in some of the most competitive markets globally and ensuring quality of products is important to maintain the competitive advantage. Welspun strives to continue to consistently produce high quality products to meet the standards of its consumers. Welspun believes that its reputation for high quality products will enable it to attain a leadership position in each of its product segments.

Welspun Products

Welspun has a wide ranging portfolio of home textile products comprising terry towels, bed sheets, bath robes, bath rugs, basic bedding and decorative bedding.

Terry Towels

Welspun manufactures terry towels in different shapes and sizes. Some of the towels are intended for use in a particular setting, such as beach towels, or for a particular purpose, such as kitchen towels and baby hood towels, or in sizes convenient for a special use, such as hand towels, face towels and bath sheets. Being woven out of 100% cotton yarn, these fabrics 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

Welspun manufactures bed sheets in different shapes and sizes based on different bed sizes and mattress depth. Our bed sheets are made from cotton or various blends, such as polyester cotton, cotton bamboo and cotton eucalyptus. The main reason for using blends is the cost and ease of maintenance of the product by the consumer.

Bath Robes

Welspun manufactures bath robes in different designs, shades and weights as per customer requirements. It has the 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.

Bath Rugs

Welspun is able to make rugs 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

Our basic bedding products includes mattress pads, blown and garneted pillows and basic comforters while our decorative bedding products includes comforters, bed skirts, shams, decorative pillows and bolsters. Most of these products are made of polyester fiber fill wadding. The fill we use 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.

"Value Added" Products

In addition to these products, Welspun also manufactures "value added" products such as "quick dry towels" and "the perfect sheet". Welspun believes that these product offerings are examples of how consumer research-driven innovation can enhance functionality in its product offerings.

WELSPUN'S BUSINESS STRATEGY

- **One stop shop for Home:** With the expansion from Terry Towels & Bed Sheets to Rugs, Basic Bedding & Fashion Bedding as also window treatments and blankets, today Welspun is an integrated Home Textile supplier for all customer requirements.
- **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.
- **Product Development and Innovation:** Welspun believes that Product Development & Innovation are key areas to create a sustainable competitive advantage. Using inputs from the 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 basket.

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.

- **Packaging and Point Of Sale:** Welspun has marketing teams in USA at Charlotte and in India which work on the development of the 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:** Welspun has a portfolio of Own Brands and Licensed Brands. While own brands like Hygro cotton, Luxus, Smart, Christy, Graccioza by Sorema are finding increasing customer recognition and acceptance, licensed brands provide access to the retailers.
- **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.
- **Technology:** State-of-the-art technology, machinery know-how from the best international suppliers and vertically integrated plants give Welspun a very strong footprint in this particular industry. Welspun is flexible, change oriented and innovative.
- **Reliability:** A strong client base and great track record in terms of client servicing and on time delivery is our key strength.
- **Projected growth of textile industry:** The exponential growth anticipated in the textile industry gives a great futuristic hope for companies like us who has implemented process and technology of global standards and are ready to meet future demands.



- **Access to raw materials:** Welspun has established synergies between its raw material sourcing, manufacturing facilities, markets and locally sourced raw material.

Principal Factors Affecting Results of Operations

- General economic conditions
- Condition and performance of Indian and international textile industry
- Price and availability of raw materials
- Demand and supply of products
- Foreign exchange fluctuations: From April 1, 2009 onwards, 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.
- Competition.

Welspun's efforts to sharpen competitive edge

Welspun has followed its defined strategy, improved product mix and optimized utilization of assets. It has been successful in the optimization of raw material cost and major input cost.

Welspun is further expanding/modernizing its manufacturing capacities with an objective to attain increase in volume with lower overhead, better quality and replacement / upgradation of old technology with the world class technology.

Welspun targets 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 2010-11, Welspun plans to:

- Sustain its market share of towels in USA and UK
- Improve its market share of bed linen in all Markets
- Utilize the sales network set up in Europe to increase sales across all product categories
- Stabilize the sales of licensed brand products in UK
- Acquire/ License Brands
- Increase revenues in fashion bedding, basic bedding and bath rugs
- Develop new markets like Mexico, Japan, Russia and China
- Create a sourcing & quality infrastructure
- Create sustainable products
- Continuous focus on cost reduction at plants and subsidiaries
- Product Development & Innovation

Developing a Competitive Advantage

- Offering a business proposition
 - Be a strategic partner to customers
- Sharing of common objective with customers
 - Maximize inventory turns
 - Optimize ROI for customer & Welspun
- Integration
 - Supply chain integration with client data base
- Quick response through USA based distribution
- Efficient supply chain for filled products through Mexico

Building global scale

- Towel capacity among the top three in the world
- Sheet capacity will be among the top two in India and top five in the world
- Decorative bedding and rugs are also at global scale—among the top 5 capacities in the world
- Manufacturing base in Mexico, Portugal and India
- Distribution facilities in India, Charlotte, Mexico, Portugal & UK

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 monitor our product quality
- Maintain highly trained and experienced employees
- Use the latest technology available to create high quality products
- Continue to develop new manufacturing and testing facilities to eliminate possibilities of defects in our products; and provide 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 international market.

Welspun also has dedicated product development and innovation teams at its manufacturing facilities in Vapi, Anjar and Ciudad de Juarez, Mexico to help in developing products according to consumer feedback and market opportunities.

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

Welspun is already a strategic vendor (through WGBL) to major retailers in the USA. It has been able to sustain its growth even in the current economic scenario where the retail sales in its key market of US dropped since Sept'08. As a result of reduced consumer spending, the retailers also corrected the inventory in the entire supply chain leading to low orders.

In 2008-09, Welspun signed a License for a leading brand in North America for Fashion Bedding, Fashion Bath, Blankets/Throws and Area Rugs in addition to the earlier license of Bath, Solid Sheets and Rugs. The new license has helped Welspun in emerging a key player in the Fashion Bedding segment through the manufacturing facility at Mexico.

Welspun today differentiates itself from the other manufacturers by focusing on Consumer Research driven innovations, use of new technologies, a global manufacturing & sales footprint and ability to offer a comprehensive end to end solution to the customers. A recent example of a consumer research driven innovation has been the Quick Dry Towel and the Perfect Sheet.

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. Welspun also outsources management auditors to periodically check the adequacy of its systems and processes so as to make it more responsive in this volatile environment. 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. This system is in advance stages of implementation and we are in a process of covering all our businesses, planning and accounting processes through this system.

The system is improved and modified consistently to meet the changes in business conditions, statutory and accounting requirements.

DISCUSSION OF FINANCIAL PERFORMANCE

The Discussion of the Financial Performance and Analysis below relates to the consolidated audited financial statements of Welspun India Ltd (WIL). The discussion should be read in conjunction with the consolidated financial statements and the related 'Notes to the Accounts' for the year ended March 31st 2010.

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

- Sales growth of 14%, backed by
 - Higher Sales volume in Towels (17%) and Bed Sheets (25%)
 - Revenue generated through new product line of Bath Rugs.
- Additional contribution from higher volumes of all product categories, operational efficiencies and better margins on account of innovation improved profitability.

KEY FINANCIAL DATA - Consolidated

(Rs. in million, except per share data)

Particulars	FY 10	%	FY 09	%	YOY Change	YOY % Change
Net Sales (net of excise)	19,371.62	100.00	16,991.20	100.00	2,380.42	14.01
Other Income	683.61	3.53	254.34	1.50	429.27	168.78
Gain on disposal of Subsidiaries and Associates pursuant to Demerger	710.85	3.67	-	-	710.85	-
Cost of Material	9,481.33	48.94	7,523.25	44.28	1,958.08	26.03
Manufacturing Expenses	4,829.37	24.93	3,816.69	22.46	1,012.68	26.53
Employee Cost	1,316.50	6.80	2,034.26	11.97	(717.76)	(35.28)
Selling Administration and Other Expenses	900.67	4.65	2,212.95	13.02	(1,312.28)	(59.30)
Reported EBITDA	4,238.21	21.88	1,658.39	9.76	2,579.82	155.56
Financial Expenses	925.73	4.78	1,176.56	6.92	(250.83)	(21.32)
Depreciation	1,126.26	5.81	1,086.57	6.39	39.69	3.65
Taxes	571.36	2.95	(74.43)	(0.44)	645.79	-
Net Income from Ordinary Activities	1,614.86	8.34	(530.31)	(3.12)	2,145.17	-
Extraordinary Item (net of tax expenses)	-	-	7.33	0.04	(7.33)	-
Exceptional Items	-	-	(38.52)	(0.23)	38.52	-
Share of Associate's Net (Loss)/ Profit	(6.57)	(0.03)	(204.31)	(1.20)	197.74	-
Minority's Share of Profit/ (Loss) in Certain Subsidiary Companies	-	-	(14.90)	(0.09)	14.90	-

Particulars	FY 10	%	FY 09	%	YOY Change	YOY % Change
PAT (Profit After Tax)	1,608.29	8.30	(765.57)	(4.51)	2,373.86	-
EPS (Basic and Diluted before Extraordinary Item)	22.00	-	(10.37)	-	32.37	-
EPS (Basic and Diluted after Extraordinary Item)	22.00	-	(10.47)	-	32.47	-

Particulars	Unit	FY 10	FY 09	% Growth
Production Volume				
Terry Towels	MT	38,967	30,088	30%
Bed Linen Products	000 Mts	39,305	25,709	53%
Rugs	MT	2,922	450	
Bath Robes	000 Nos	277	390	-29%
Sales Volume				
Terry Towels	MT	36,284	31,019	17%
Bed Linen Products	000 Mts	30,436	24,264	25%
Rugs	MT	2,930	310	
Bath Robes	000 Nos	290	404	-28%

1. REVENUE

a. Net Sales

The Company achieved Net Sales of Rs.19,371.62 mn in FY10 showing a growth of 14.01% over the previous financial year. Increase in revenue was mainly due to rise in sales volumes on account of improved market conditions and increasing demand across the world, improved realization in some products and addition of the rugs in the textile portfolio. The Production and Sales volume showed a remarkable growth in major category of products manufactured by WIL in FY10 as compared to FY09.

W.e.f. 1st April 2009, the Company demerged its marketing division to WELSPUN GLOBAL BRANDS LTD (WGBL) which is in process of being listed on India's two major stock exchange viz. Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). In the current year, the Company marketed most of its products through WGBL. WIL continues to avail the export benefits in accordance with the agreed terms and conditions with WGBL. The export benefits were Rs. 1,398.26 mn in FY10 as against Rs. 900.02 mn in the previous year.

During the year, the Company has announced a dividend of 10% on the Face Value on its Equity Share Capital and a dividend of 35% on its Preference Share Capital. The total outflow including the dividend distribution tax amounted to Rs. 105.53 mn.

b. Other income

Income from other sources increased by 168.78 % from Rs.254.34 mn to Rs. 683.61 mn primarily on account of higher incentives and exchange gain in the current financial year.

c. Gain on disposal of Subsidiaries and Associates pursuant to Demerger

Pursuant to the demerger, w.e.f. April 1 2009, the Company has transferred investments in its subsidiaries and investment in an associate, at book values to WGBL. In the consolidated financial statements, the Company had recognised its share of losses in these subsidiaries and the associate till March 31, 2009. The purchase consideration on disposal, significantly exceeded the carrying amount of the net assets and goodwill as per the consolidated financial statement of the Company and a gain of Rs.710.85 mn has been recognised in the Profit and Loss Account.

2. EXPENDITURE



a. Cost of Materials

Consumption of raw materials increased by 26.03 % from Rs. 7,523.25 mn in FY09 to Rs. 9,481.33 mn in FY10. This was mainly on account of higher volumes and rise in cotton prices, the primary raw material for our products.

b. Manufacturing Expenses

Manufacturing expenses on year to year basis has increased by 26.53% and scale upto to Rs. 4,829.37 mn in FY10 in line with higher business activity and increase in various cost components. However, the Company benefited from improved scale of operations.

c. Employee Cost

The employee cost has gone up YoY. However, due to transfer of employees to its demerged marketing division i.e. WGBL, there was an overall reduction in the employee cost by 35.28% i.e. from Rs.2,034.26 mn in FY09 to Rs.1,316.50 mn in FY10

d. Selling, Administration and Other Expenses

The selling administration and other expenses have seen a considerable drop on year to year basis of 59.30%. on the demerger of its marketing division to WGBL.

e. Finance Expenses (Net)

The interest cost in FY10 was lower at Rs. 925.73 mn as against Rs. 1,176.56 mn in FY09. The Company has mainly benefited by judiciously managing its working capital funds.

f. Depreciation

Depreciation was higher at Rs. 1,126.26 mn in FY10 as against Rs.1,086.57 mn in FY09 primarily on account of commissioning of Rugs plant and the effluent treatment plant.

g. Taxes

In the current year, Minimum Alternative Tax credit was not available and higher profits required a provision of Rs. 523.86 mn on account of deferred tax liability. This resulted in sharp rise in taxes in the current period.

3. MARGINS

a. EBIDTA

The Operating EBIDTA has increased by 112.70 % from Rs. 1,658.39 mn in FY09 to Rs. 3,527.36 mn in FY10 by benefiting from higher volumes, better profitability, lower employee cost, lower selling and administration overheads. Operating EBITDA margins in FY10 were 18.21 % as compared to 9.76% in FY09. Reported EBITDA was much higher at Rs. 4,238.21 on account of Gain on disposal of Subsidiaries and Associates pursuant to demerger.

b. Profit After Tax

Profit after tax in FY10 was Rs. 1,608.29 mn as against a loss of Rs. 765.57 mn for the previous year. Pursuant to the demerger, a gain of Rs. 710.85 mn arising on disposal of investments in the subsidiaries and associates has been clubbed under Other Income while recognizing the same in the consolidated Profit and Loss Account.

4. EARNING PER SHARE (Basic)

The Earning per Share for the year ending March 31, 2010 (Basic) (before extra-ordinary item) was Rs. 22.00.

5. TABLE: BALANCE SHEET

(Rs. In million)

Particulars	As At March 31, 2010	As At March 31, 2009	Change
SHAREHOLDERS' FUNDS			
Share Capital	780.90	780.90	-
Reserves and Surplus	4,433.16	3,659.35	773.81
Total	5,214.06	4,440.25	773.81
Minority Interest	-	20.30	(20.30)
LOAN FUNDS			
Secured Loans	16,391.51	18,186.71	(1,795.20)
Unsecured Loans	417.38	529.62	(112.24)
Total	16,808.89	18,716.33	(1,907.44)
DEFERRED TAX LIABILITY (NET)	1,561.98	1,046.70	515.28
TOTAL	23,584.93	24,223.58	(638.65)

(Rs. In million)

Particulars	As At March 31, 2010	As At March 31, 2009	Change
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	20,774.31	21,813.34	(1,039.03)
Less: Depreciation	5,331.59	5,146.42	185.17
Net Block	15,442.72	16,666.92	(1,224.20)
Capital Work-in-progress	271.32	997.27	(725.95)
Total	15,714.04	17,664.19	(1,950.15)
Incidental Expenditure Pending Capitalization/ Allocation	-	55.28	(55.28)
INVESTMENTS	149.35	314.16	(164.81)
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	3,607.55	4,215.28	(607.73)
Sundry Debtors	1,797.64	1,434.95	362.69
Cash and Bank Balances	863.90	1,197.87	(333.97)
Loans, Advances and Other Current Assets	3,555.52	2,557.85	997.67
Total	9,824.61	9,405.95	418.66
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	1,931.39	3,141.65	(1,210.26)
Provisions	171.68	74.35	97.33
	2,103.07	3,216.00	(1,112.93)
NET CURRENT ASSETS	7,721.54	6,189.95	1,531.59
TOTAL	23,584.93	24,223.58	(638.65)

6. Networth

The Networth of the Company stands at Rs. 5,214.06 mn as at March 31, 2010 reflecting an increase of Rs. 753.51 mn as compared to period ending at March 31, 2009. This was mainly on account of increase in the Reserves and Surplus with current year's profit of Rs. 1,502.76 mn (net of dividend/dividend tax) and adjustment in security premium by Rs. 750 mn on account of demerger.

Return on Networth (RoNW) was 31% in the FY10. The Net sales to Net worth ratio is 3.72 for the period ending March 31, 2010.

The Book Value of equity shares stands at Rs 71.34 per equity share as at 31st March 2010.

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, 2010 stands at Rs. 780.90 Mn comprising of

- 73,089,519 Equity Shares of Rs. 10 each fully paid up
- 500,000 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up

b. Reserves and Surplus

- Securities Premium account:** The Securities Premium account stands at Rs. 1,888.11 mn reflecting a reduction of Rs. 750 mn largely on account of adjustment made on demerger of its Marketing, Investment & Treasury Divisions.
- Capital Reserve:** As at 31st March 2010, the balance in the Capital Reserve has decreased to Rs. 0.25 mn from Rs. 408.54 mn as on March 31, 2009 mainly due to dilution of investments in associate company
- Hedging Reserve:** The amount as at March 31, 2010 stands at Nil from (Rs 332.63) as at March 31, 2009 mainly on account of transfer of (Rs.294.95) mn to WGBL pursuant to demerger scheme.
- Profit and Loss account:** The balance in the Profit and Loss Account as on March 31, 2010 has increased by Rs. 1,502.76 mn to Rs. 2,112.02 mn after providing for the dividend on its share capital to the extent of Rs. 105.53 mn (including dividend distribution tax)



7. Loan funds

The Gross debts stands at Rs. 16,808.89 million, which has come down by Rs. 1,907 million over the previous year. Major movements during the year include:

- Term loan decreased by Rs. 1,640.97 mn mainly on account of repayment of Rupee Term Loans of Rs.769.84 mn during the year
- Working Capital Loans has increased by Rs. 122.40 mn
- Term Loans for Joint Ventures has decreased by Rs.276.63 mn.
- Reduction in unsecured loans by Rs. 112.24 million on account of repayment of Short term loans from banks during the year.

The Net Debts as on March 31, 2010 stands at Rs. 15,944.99 mn as at 31st March 2010 after reducing the cash of Rs. 863.9 mn.

8. Fixed Assets

Gross Block has decreased by Rs. 1,039.03 mn to Rs. 20,774.31 mn in FY10 on transfer of asset to WGBL on demerger.

9. Inventory

Inventory as on March 31, 2010 decreased by Rs. 607.73 mn to Rs. 3,607.55 mn, despite increase in scale of operations and high cotton prices as compared to the previous year. The same can be attributed to better inventory management which reflected in reduction of the inventory turnover days from 91 days to 53 days of Net Sales.

10. Debtors

Sundry Debtors increased from Rs.1,434.95 mn as on March 31, 2009 to Rs.1,797.64 mn as on March 31, 2010. However, Sundry Debtors turnover days for the FY10 have remained at similar level of 34 days.

11. Cash and Bank Balances

Cash and Bank balances as at 31st March 2010 decreased to Rs.863.90 million as against Rs. 1,197.87 million as at 31st March 2009.

12. Loans and Advances

The loans and advances increased from Rs 2,557.85 million as at 31st March 2009 to Rs. 3,555.52 million as at 31st March 2010.

13. Current Liabilities

The current liabilities have decreased by Rs. 1,112.93 million to Rs. 2103.07 million in FY10, which is mainly due to reduction in the balance outstanding on acceptances and sundry creditors.

KEY FINANCIAL INDICATORS:

(Rs. in million except ratios)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Net Worth	5,214.06	4,460.55
Net Sales	19,371.62	16,991.20
Net Sales/ Net Worth	3.72	3.81
Net Profit/Loss after Tax	1,608.29	(765.57)
Return on Net Worth	30.85%	-17.16%
Debt/Equity Ratio	3.22	4.20
Inventory Turnover Ratio	5.37	4.03
Inventory (Days)	68	91
Debtors Turnover Ratio	10.78	11.84
Days Sales Outstandings (DSO)	34	31
Reported EBITDA	4,238.21	1,658.39
EBIT	3,111.95	571.82
Return on Capital Employed	13.70%	2.48%
Current Ratio	4.67	2.92

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.

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Corporate Social Responsibility

Welspun, a large diversified conglomerate, believes that any organization is an extension of society and it does not function in isolation. Contributing to the economic development of the country through ethical business practices is a focused area. Carrying out its operations in diverse business verticals, Welspun Group has multi-faceted responsibilities towards its customers, employees and the communities at large.

Our vision is to light up the world by making a difference. Moving towards transformation, we have identified that sustainable community development is the very basis of empowerment. The three guiding paths for this transformation are:

1. Education
2. Empowerment
3. Environment

Initiatives in Education

Adult Education

Education is not a bastion for children alone, but for each individual who wants to grab an opportunity to transform his/her life. The results of a survey conducted at Welspun Grams in Anjar indicated that approximately eighty percent of the worker's wives were illiterate. In response to this, an Adult Education program was launched in association with the Jan Shikshan Sansthan. The teachers were trained by the faculty at Welspun Vidya Mandir. With our CSR personnel's continued efforts, the attendance has risen to twenty regular participants.

Anganwadi

Knowledge enables us to recognize new opportunities towards a better life. The women who have enrolled in the program are more committed towards sending their children to the Welspun Anganwadi and then to regular schools for formal education. Welspun's Anganwadi, which was launched last year has seen a remarkable increase in the number of students. Another remarkable feature is that these children have enrolled themselves into school for formal education. Welspun Vidya Mandir is the first CBSE accredited school in the region.

Employee Engagement

Every employee has a role in modeling CSR as a part of the culture within the Welspun Group. Employees are encouraged to participate in a mentor-mentee program involving children from slums through an NGO partnership with Akanksha.



Initiatives in Empowerment

Vocational Training

Empowering women is at the core of Welspun's CSR efforts. Nari Shakti was launched to achieve this objective. Under this banner, vocational training has been provided to the residents of the Welspun Grams. Training has been imparted for candle-making, stitching & cutting. Women, although hesitant in enrolling for the program, are now more keen on attending classes and taking all the necessary steps towards becoming economically independent. Vocational training through self help groups has also been offered to them.

Monetization

Exhibitions were organized for showcasing and selling the handicraft products made by the women attending the vocational training sessions. The women have also received orders from Welspun India Ltd, supporting them in marketing and retailing their products.

Initiatives in Environment

Medical Support

Medical Centres in Welspun Grams, Anjar have been established to provide basic medical care to the residents. We have tied up with medical institutes to provide health care and medical treatment in areas where such facilities are rare. Funding for treatment of ailments is another avenue and numerous employees have benefited through this program. Free medical check-ups for workers and family have also been organized in Bharuch. A blood donation camp in association with Red Cross Blood Bank was organized in Bharuch with one hundred and fifteen employees participating.





Health Awareness Workshops

Proactive steps have been taken to provide medical knowledge and facilities to the residents and communities situated near our manufacturing facilities in Anjar. A tie up with Matrusparsh Hospital has ensured that a Gynaecologist and a Pediatrician visit the Welspun Grams every Saturday. Workshops for women conducted on vector - borne diseases, in Welspun Grams, Anjar has resulted in a drastic decrease of any further outbreaks. Numerous Sanitation and health-awareness Camps with focus on Asthma, Mother & Child, Clean water Camps and Family Planning have been organized.

Carbon Emission Reduction

We believe in caring for our environment. We take proactive actions towards being environment friendly. In order to decrease carbon footprints, one of the practices we follow is converting carbon emissions into dry ice and liquid carbon dioxide. Studies have shown a net reduction of carbon dioxide emission of 35,131 metric tons every year.

Afforestation

The once barren and arid desert land of Anjar has been covered with lush green plantations. It now boasts of approximately 100,000 plants. The residents of Welspun Grams have actively participated in planting of saplings. The women ensure that their children offer protection and care to the plants.

Invigorating the Spirit

The 39th National Safety Week was celebrated at Welspun India Facility, emphasizing safety in every day work life. Competitions like "Spot the Hazard," Safety Quiz etc were organized. A safety awareness program and fire fighting demonstration were held in the Welspun Gram for the families of the employees.

Celebrating Events & Festivals

A plethora of festival celebrations have been organized at our facilities for both employees and their families. On the occasion of Janmashtmi, chocolates were distributed to the Balwadi children. On a periodic basis, competitions for children and women are organized by the Ladies club to build the Welspun family spirit.

GRI Sustainability workshops have been conducted on a periodic basis for the Corporate Social Responsibility staff in Anjar.

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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, 2010, 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. Without qualifying our opinion, we draw your attention to:
 - (a) Note 8 (a) on Schedule 19, regarding the year end investments of Rs. 739.12 million in, loans of Rs. 476.57 million to, and other receivables of Rs. 42 million due from Welspun AG, a wholly owned subsidiary whose net-worth has been completely eroded, for which no provisions have been made in these financial statements for the reasons stated therein which, however, are susceptible to inherent uncertainties around the performance of Welspun AG in the environment in which it operates. If Welspun AG does not achieve its projected financial results, the carrying value of investments in, loans to and other receivable from, Welspun AG at the year end could be significantly impacted.
 - (b) Note 8 (b) on Schedule 19, regarding the year-end receivables of Rs. 475.93 million due from Welspun Retail Limited ('WRL'), a related company which has incurred significant losses up to the year-end, for which no provisions have been made in these financial statements for the reasons stated therein which, however, are susceptible to inherent uncertainties around the performance of WRL in the environment in which it operates. If WRL does not achieve its projected financial results, the receivable from WRL at the year end could be significantly impacted.
 - (c) Note 9 (d) 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 and investment and treasury arms of the Company effective April 1, 2009 as described in Note 9 (a) and 9(b) on Schedule 19. If the arrangement between the Company, WGBL and WRL are discontinued, the business of the Company could be adversely impacted.
 - (d) Notes 9 (e) and 3 on Schedule 19, regarding corporate guarantees, aggregating Rs. 3,593 million at the year end, issued consequent to the demerger of the marketing and investment and treasury arms of the Company referred to in paragraph 4 (c) 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 9, aggregating Rs. 2,084.8 million at the year end, issued on behalf of WGBL, Welspun USA Inc. ('WUSA') and Welspun Home Textiles UK limited ('WHTL'). If WGBL, WUSA 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.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

**AUDITORS' REPORT TO THE MEMBERS OF WELSPUN INDIA LIMITED**

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, 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, 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, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 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, 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, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (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 12, 2010

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, 2010

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) 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 has maintained 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. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
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

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, 2010

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, excise duty and service tax as at March 31, 2010 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	9.44	2001-02, 2003-04 and 2004-05	Joint Commissioner of Sales Tax (Appeals - 2), Vadodara
Central Excise Act, 1944	Excise Duty including penalty and interest	1.21	March 2004 to July 2006	Commissioner of Central Excise and Custom (Appeals), Daman
Central Excise Act, 1944	Excise Duty	69.28	September 2005 to July 2006	Joint Secretary, Ministry of Finance, Department of Revenue
Central Excise Act, 1944	Service Tax	0.16	April 2004 to May 2005	Commissioner of Central Excise and Custom (Appeals)

* Net of amounts paid under protest

10. The Company has no accumulated losses as at March 31, 2010 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 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.

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, 2010

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 12, 2010



BALANCE SHEET AS AT MARCH 31, 2010

	SCHEDULES	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	780.90	780.90
Reserves and Surplus	2	5,397.96	4,821.37
		6,178.86	5,602.27
LOAN FUNDS			
Secured Loans	3	16,163.59	16,089.09
Unsecured Loans	4	417.38	500.03
		16,580.97	16,589.12
DEFERRED TAX LIABILITY (NET)	5	1,562.09	1,039.83
		24,321.92	23,231.22
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6A	20,314.49	19,121.19
Less: Depreciation		5,245.96	4,231.42
Net Block		15,068.53	14,889.77
Capital Work-in-progress		239.82	884.04
		15,308.35	15,773.81
Incidental Expenditure Pending Capitalisation/ Allocation	6B	-	54.05
INVESTMENTS	7	929.44	1,046.71
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	3,544.27	2,105.63
Sundry Debtors	9	1,733.53	1,523.91
Cash and Bank Balances	10	830.12	888.13
Loans and Advances and Other Current Assets	11	4,035.04	3,705.66
		10,142.96	8,223.33
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	1,912.23	1,821.64
Provisions		146.60	45.04
		2,058.83	1,866.68
NET CURRENT ASSETS		8,084.13	6,356.65
		24,321.92	23,231.22

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 12, 2010

For and on behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

R.R. Mandawewala

Director

Place: Mumbai

Date: May 12, 2010

M. L. Mittal

Executive Director (Finance)

Shashikant Thorat

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	SCHEDULES	Year ended March 31, 2010 (Rs. million)	Year ended March 31, 2009 (Rs. million)
Income			
Sales	13	18,355.74	13,453.55
Less : Excise Duty		120.33	9.15
		18,235.41	13,444.40
Other Income	14	577.30	171.60
		18,812.71	13,616.00
Expenditure			
Materials and Manufacturing Expenses	15	13,378.73	9,466.05
Employees' Remuneration and Benefits	16	1,163.63	1,035.18
Selling, Administration and Other Expenses	17	632.49	975.98
Finance Expenses (Net)	18	870.05	921.11
Depreciation	6A	1,063.25	952.98
		17,108.15	13,351.30
Profit Before Taxation From Ordinary Activities		1,704.56	264.70
Profit/ (Loss) Before Taxation From Ordinary Activities And From Continuing Operations		1,704.56	(50.47)
Provision For Taxation			
- Current Tax		288.93	27.10
Less : Minimum Alternative Tax Credit Availed		(288.93)	(27.10)
- Excess Provision for Tax in Earlier Years		(16.76)	-
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Year		49.00	-
- Deferred Tax (Refer Note on Schedule 5)		522.26	(60.40)
- Fringe Benefit Tax		-	5.99
Profit After Taxation From Ordinary Activities And From Continuing Operations		1,150.06	3.94
Extraordinary Item (net of deferred tax credit : Rs. Nil; Previous Year : Rs. 3.77 million)		-	7.33
Profit/ (Loss) After Taxation From Continuing Operations	(A)	1,150.06	(3.39)
Profit Before Taxation From Ordinary Activities And From Discontinuing Operations		-	315.17
- Fringe Benefit Tax		-	2.75
Profit After Taxation From Ordinary Activities And From Discontinuing Operations	(B)	-	312.42
Profit After Taxation	(A) + (B)	1,150.06	309.03
Profit and Loss Account Balance Brought Forward		2,001.65	1,692.62
Profit Available for Appropriation		3,151.71	2,001.65
Appropriations:			
Proposed Final Dividend			
- Equity Shareholders		73.09	-
- Preference Shareholders		17.41	-
Tax on Proposed Final Dividend		15.03	-
Profit and Loss Account Balance carried to the Balance Sheet		3,046.18	2,001.65
		3,151.71	2,001.65
Earnings Per Share (Rs.) - (Refer Note 28 on Schedule 19)			
- Basic and Diluted before Extraordinary Item		15.73	4.33
- Basic and Diluted after Extraordinary Item		15.73	4.23
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

For and on behalf of the Board of Directors

B. K. Goenka
Chairman & Managing Director
R.R. Mandawewala
Director
Place: Mumbai
Date: May 12, 2010

M. L. Mittal
Executive Director (Finance)
Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 12, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
SCHEDULE 1 : CAPITAL		
Authorised (Refer Note 10 on Schedule 19)		
125,000,000 (March 31, 2009: 81,500,000) Equity Shares of Rs. 10 each	1,250.00	815.00
500,000 (March 31, 2009 : 1,100,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	50.00	110.00
- (March 31, 2009 : 23,500,000) Redeemable Cumulative Preference Shares of Rs. 10 each	-	235.00
	1,300.00	1,160.00
Issued, Subscribed and Paid Up		
73,089,519 Equity Shares of Rs. 10 each fully paid up	730.90	730.90
500,000 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up	50.00	50.00
	780.90	780.90
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	2,638.11	2,638.11
Less : Adjustment on demerger (Refer Note 9(c) on Schedule 19)	750.00	-
	1,888.11	2,638.11
Capital Redemption Reserve	428.38	428.38
Capital Reserve - Forfeiture of Equity Warrants	48.18	48.18
Hedging Reserve Account	-	(294.95)
Foreign Exchange Translation Reserve (Refer Note 4 on Schedule 19)	(12.89)	-
Profit and Loss Account	3,046.18	2,001.65
	5,397.96	4,821.37
SCHEDULE 3 : SECURED LOANS		
Term Loans (Refer Notes 14(a) and (b) on Schedule 19)		
From Banks		
- In Rupee	12,280.08	13,049.92
- In Foreign Currency	157.39	-
Working Capital Loans from Banks (Refer Notes 14(c) and (d) on Schedule 19)	3,726.12	3,039.17
	16,163.59	16,089.09
SCHEDULE 4 : UNSECURED LOANS		
Interest Free Sales Tax Loan (Repayable in six annual installments for each disbursement till October 7, 2010) (Repayable within one year Rs. 0.01 million ; March 31, 2009 : Rs. 0.02 million)	0.01	0.03
Short Term Loans from Banks	328.57	500.00
Inter-Corporate Loan from Welspun Investments and Commercials Limited (Formerly Welspun Investments Limited) (Repayable within one year : Rs. Nil ; March 31, 2009 : Rs. Nil)	88.80	-
	417.38	500.03
SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)		
(Refer Note 1(viii)(b) on Schedule 19)		
Deferred Tax Liability arising on account of Timing differences in :		
- Depreciation	2,063.49	1,932.16
Deferred Tax Asset arising on account of Timing differences in :		
- Provision for Doubtful Debts/ Advances	3.64	8.50
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	4.48	2.59
- Provision for Employee Benefits	12.03	14.66
- Unabsorbed Depreciation as per the Income Tax Act, 1961 (Refer Note below)	480.47	865.58
- Provision for Others	0.78	1.00
	501.40	892.33
	1,562.09	1,039.83

Note:

The Income Tax Department had disallowed certain expenditure claimed by the Company in its income tax return for the Assessment Years 1999-2000, 2000-2001, 2002-2003 and 2003-2004. During the year, the Bombay High Court decided the matter in the Company's favour, consequent to which, the Company has recognised deferred tax asset aggregating Rs. 73.82 million on unabsorbed depreciation pertaining to the aforesaid assessment years.

SCHEDULES ANNEXED TO AND FORM PART OF THE BALANCESHEET AS AT MARCH 31, 2010

SCHEDULE 6A : FIXED ASSETS

(Refer Notes 1(ii), (iv), (v), (xii), (xiii) and 9(c) on Schedule 19)

(Rs. In million)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK			
	As at March 31, 2009	Additions during the year	Deletions/ Adjustments during the year	Transfer on Demerger	As at March 31, 2010	Accumulated upto March 31, 2009	For the Year	On Deletions during the year	Transfer on Demerger	Accumulated upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	99.25	-	-	-	99.25	-	-	-	-	-	99.25	99.25
Buildings	2,937.03	387.70	0.20	-	3,324.53	331.91	88.49	0.06	-	420.34	2,904.19	2,605.12
Leasehold Improvements	47.15	2.07	-	-	49.22	1.97	5.90	-	-	7.87	41.35	45.18
Plant and Machinery (Refer Note 1 below)	15,611.15	928.13	162.40	-	16,376.88	3,728.82	930.75	41.61	-	4,617.96	11,758.92	11,882.33
Vehicles	38.93	3.39	0.87	-	41.45	15.86	3.70	0.58	-	18.98	22.47	23.07
Furniture and Fixtures	136.47	21.39	3.55	-	154.31	31.68	9.71	1.04	-	40.35	113.96	104.79
Office Equipment	68.43	9.89	3.57	0.45	74.30	10.62	4.78	1.28	0.10	14.02	60.28	57.81
Computer Hardware	127.62	16.21	4.16	0.92	138.75	83.63	13.39	3.86	0.16	93.00	45.75	43.99
Computer Software	53.60	1.40	-	0.76	54.24	25.37	6.53	-	0.02	31.88	22.36	28.23
Goodwill	1.56	-	-	-	1.56	1.56	-	-	-	1.56	-	-
TOTAL	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	15,068.53	14,889.77
Previous Year	17,033.88	2,180.02	92.71	-	19,121.19	3,327.58	952.98	49.14	-	4,231.42	239.82	884.04
Capital Work-in-progress [(including Capital Advances Rs. 90.75 million (March 31, 2009 : Rs. 61.62 million)] (Refer Note 2 below).												
Notes											15,308.35	15,773.81

Capital Work-in-progress [(including Capital Advances Rs. 90.75 million (March 31, 2009 : Rs. 61.62 million)] (Refer Note 2 below).

Notes

- Deletions/ Adjustments for Plant and Machinery includes adjustments for the capital subsidy of Rs. 113.85 million (Previous Year : Rs. 11.03 million) granted under the Technology Upgradation Fund (TUF) Scheme.
- Capital Work-in-progress includes adjustment for the capital subsidy of Rs. Nil (Previous Year : Rs. 28.24 million) granted under the Technology Upgradation Fund (TUF) Scheme.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 6B : INCIDENTAL EXPENDITURE PENDING CAPITALISATION/ ALLOCATION
(Refer Note 1(iii) on Schedule 19)

	As at March 31, 2010 (Rs. million)	As at March 31, 2009 (Rs. million)
Opening Balance (A)	54.05	62.78
Add :		
Raw Material Consumption during Trial Run	-	81.15
Stores and Spares Consumed	-	4.77
Dyes and Chemicals Consumed	-	15.05
Packing Material Consumed	-	8.47
Job Work Expenses	-	8.45
Power and Fuel	-	4.48
Freight, Forwarding and Coolie Charges	-	3.84
Repairs and Maintenance		
- Others	-	0.10
Salaries, Wages, Bonus and Allowances	-	59.07
Contribution to Provident and Other Funds	-	4.01
Staff and Labour Welfare	-	1.01
Rates and Taxes	-	0.43
Printing and Stationery	-	0.19
Travelling and Conveyance	-	5.83
Legal and Professional Charges	-	4.79
Insurance	-	1.55
Communication	-	0.11
Loss on Redemption/ Sale of Units of Mutual Funds (Net)	-	0.03
Postage, Courier and Telephone	-	0.65
Vehicle Expenses	-	0.14
Advertising and Sales Promotion	-	9.52
Interest on Fixed Loans	-	97.52
Interest on Working Capital Loans	-	0.02
Discounting and Bank Charges	-	1.00
Miscellaneous	-	8.02
(B)	-	320.20
Less :		
Sales during Trial Run	-	118.83
Sale of Scrap	-	0.58
Export Benefits	-	8.90
Interest on Deposit Accounts - Gross	-	13.48
(Tax Deducted at Source Rs. Nil; Previous Year Rs. 3.06 million)	-	
Dividend	-	2.91
Increase in Stocks during Trial Run	-	46.44
(C)	-	191.14
(A) + (B) - (C)	54.05	191.84
Less : Transferred to :		
Plant and Machinery	51.62	110.36
Buildings	2.43	27.43
Incidental Expenditure Pending Capitalisation/ Allocation	-	54.05

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
SCHEDULE 7 : INVESTMENTS		
(Refer Note 1(vi) on Schedule 19)		
Long Term		
Non - Trade		
Investment in Government Securities		
National Saving Certificates	0.01	0.01
(Lodged with District Magistrate, Valsad)		
Trade (At Cost)		
(Unquoted)		
In Wholly Owned Subsidiaries		
Nil (March 31, 2009 : 1,500,000) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.# (Refer Note 9(c) on Schedule 19)	-	282.67
Nil (March 31, 2009 : 5,000) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus # (Refer Note 9(c) on Schedule 19)	-	337.06
17,000 (March 31, 2009 : Nil) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland (Refer Note 8(a) on Schedule 19)	739.12	-
10,000 Equity Shares of Rs. 10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10
Nil (March 31, 2009 : 500,000) Equity Shares of Rs. 10 each fully paid up of Welspun Global Brands Limited # (Refer Note 9(c) on Schedule 19)	-	10.00
Nil (March 31, 2009 : 50,000) Equity Shares of Rs. 10 each fully paid up of Welspun Investments and Commercials Limited (Formerly Welspun Investments Limited) # (Refer Note 9(c) on Schedule 19)	-	0.50
In Others		
2,750,000 Equity Shares of Rs. 10 each fully paid up of Welspun Zucchi Textiles Limited	34.56	34.56
Nil (March 31, 2009 : 9,800,000) Equity Shares of Rs. 10 each fully paid up of Welspun Retail Limited (Refer Note 9(c) on Schedule 19)	-	244.63
100 Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
Nil (March 31, 2009 : 3,320,000) Equity Shares of Rs. 10 each fully paid up of MEP Cotton Limited (Refer Note 5 on Schedule 19)	-	99.50
184,210 (March 31, 2009 : Nil) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.# (Refer Note 6 on Schedule 19)	33.92	-
1,500 (March 31, 2009 : Nil) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus # (Refer Note 7 on Schedule 19)	116.13	-
Share Application Money Pending Allotment	-	0.05
(Quoted)		
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
Nil (March 31, 2009 : 4,033,000) Equity Shares of Rs. 5 each fully paid up of Welspun Gujarat Stahl Rohren Limited (Refer Note 9(c) on Schedule 19)	-	32.03
	929.44	1,046.71
Aggregate of Unquoted Investments - At Book Value	923.84	1,009.08
Aggregate of Quoted Investments - At Book Value	5.60	37.63
- At Market Value	3.49	301.32

* Less than Rs.10,000

Ceased to be a subsidiary effective April 1, 2009


SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
SCHEDULE 8 : INVENTORIES (Refer Note 1(vii) on Schedule 19)		
Raw Materials	1,673.53	504.21
Work-in-Process	1,398.24	1,077.64
Finished Goods	277.70	332.41
Stores, Spares, Dyes and Chemicals	194.80	191.37
	3,544.27	2,105.63
SCHEDULE 9 : SUNDRY DEBTORS (Refer Notes 8(b) and 15 on Schedule 19)		
Unsecured		
Debts Outstanding for a period exceeding six months :		
- Considered Good	170.64	4.02
- Considered Doubtful	2.98	16.38
Other Debts :	173.62	20.40
- Considered Good	1,562.89	1,519.89
- Considered Doubtful	-	-
	1,562.89	1,519.89
Less : Provision for Doubtful Debts	2.98	16.38
	1,733.53	1,523.91
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash on Hand	0.83	1.16
Cheques on Hand	0.95	15.38
Balances with Scheduled Banks		
- In Current Accounts	174.09	253.83
- In Fixed Deposit Accounts	653.99	617.35
[includes deposits aggregating Rs. 529.39 million; (March 31, 2009: Rs. 536.31 million) pledged with banks against term loans, overdraft, letters of credit and bank guarantee facilities]		
- In Exchange Earners Foreign Currency Accounts (USD 5,897.07; March 31, 2009 : USD 8,140.56)	0.26	0.41
	830.12	888.13
SCHEDULE 11 : LOANS, ADVANCES AND OTHER CURRENT ASSETS (Refer Notes 15(b) and 29 on Schedule 19)		
LOANS AND ADVANCES		
Unsecured		
Loans to Subsidiary Companies		
- Welspun USA Inc.*	-	320.80
- Welspun Holdings Private Limited, Cyprus*	-	348.60
- Welspun AG, Switzerland (Refer Note 8(a) on Schedule 19)	476.57	150.34
- BESA Developers and Infrastructure Private Limited	31.50	31.50
	508.07	851.24
Loan to Others		
- Welspun USA Inc.*	112.25	-
- Others	-	42.68
Intercompany Deposit to Welspun Global Brands Limited *	1,113.87	-
Advance to Subsidiary Companies		
- Welspun Global Brands Limited*	-	0.60
- Welspun AG, Switzerland	1.62	1.33
- Welspun Holdings Private Limited, Cyprus*	-	4.75
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	71.76	296.07
- Considered Doubtful	7.72	8.63
	79.48	304.70
Less : Provision for Doubtful Advances	7.72	8.63
	71.76	296.07

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
Balances with Customs, Excise, Sales Tax and other Government Authorities	743.51	507.78
Advance Tax and Tax Deducted at Source (Net of Provision of Rs. 529.17 million; March 31, 2009 : Rs. 257 million)	47.03	44.46
Minimum Alternative Tax Credit Entitlement	449.43	209.50
Deposits	363.72	306.54
	3,411.26	2,264.95
OTHER CURRENT ASSETS		
Technology Upgradation Fund Credit Receivable	470.43	525.33
Receivable from Welspun Holdings Private Limited, Cyprus	-	739.12
Interest Accrued on loan given to Subsidiaries and others	59.17	112.86
Interest Receivable under Subvention Scheme	0.31	8.60
Interest Accrued on Deposits	93.87	54.80
	623.78	1,440.71
	4,035.04	3,705.66
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 18 on Schedule 19)	1.07	0.79
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	1,771.98	1,080.50
Mark-to-Market Loss on Options/ Forward Contracts	-	596.77
Amounts due to Subsidiary		
- Welspun USA Inc.*	-	48.92
- Welspun Mexcio S.A. de C.V	-	0.04
- Welspun UK Limited (Formerly Christy UK Limited)*	-	0.12
Advance Received from Customers	2.05	5.27
Temporary Overdraft with Scheduled Banks	60.64	9.29
Interest Accrued but not Due	76.49	79.94
	1,912.23	1,821.64
PROVISIONS		
Proposed Dividend	90.50	-
Tax on Proposed Dividend	15.03	-
Fringe Benefit Tax (Net of Advance Tax Rs. 36.11 million ; March 31, 2009 : Rs. 36.11 million)	1.90	1.90
Gratuity (Refer Notes 1(ix)(b) and 22 on Schedule 19)	-	1.61
Leave Entitlement (Refer Notes 1(ix)(c) and 22 on Schedule 19)	39.17	41.53
	146.60	45.04
	2,058.83	1,866.68

* Ceased to be a subsidiary effective April 1, 2009


SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		Year ended March 31, 2010 (Rs. million)	Year ended March 31, 2009 (Rs. million)
SCHEDULE 13 : SALES			
Sales - Export		1,177.57	8,402.05
Sales - Local		15,779.91	4,151.48
		16,957.48	12,553.53
Export Benefits		1,398.26	900.02
		18,355.74	13,453.55
SCHEDULE 14 : OTHER INCOME			
Rent (Tax Deducted at Source Rs. 0.80 million, Previous Year : Rs. 1.90 million)		7.32	7.85
Dividend - Trade Investments		-	10.70
Dividend - Others		4.47	5.86
Insurance Claim		0.05	0.43
Profit on Redemption/ Sale of Units in Mutual Funds		0.02	3.60
Profit on Sale of Bonds		0.28	2.00
Liabilities Written Back as no Longer Required		2.56	1.43
Provision for Gratuity no longer required written back		3.60	-
Profit on Sale of Shares		-	221.35
Provision for Doubtful Debts Written Back		13.40	-
Provision for Doubtful Advances Written Back		0.91	-
Profit on Cancellation of Forward Contracts		2.36	21.13
Exchange Gain/ (Loss) - Net		82.50	(231.80)
Job Work and Processing Charges		25.69	25.95
Excise and Sales Tax Benefit		408.05	92.30
Miscellaneous		26.09	10.80
		577.30	171.60
SCHEDULE 15 : MATERIALS AND MANUFACTURING EXPENSES			
Raw Materials Consumed			
Opening Stock	504.21		758.44
Add: Purchases	9,903.55		4,894.65
	10,407.76		5,653.09
Less: Closing Stock	1,673.53		504.21
		8,734.23	5,148.88
Cost of Traded Goods Sold (Increase)/ Decrease in Stocks		69.24	311.78
Opening Stock			
Finished Goods	332.41		622.47
Work-in-Process	1,077.64		1,256.47
	1,410.05		1,878.94
Add: Stock Transferred from Trial Run Production			
Finished Goods	-		16.03
Work-in-Process	-		30.41
	-		46.44
Less: Loss of Finished Goods and Work-in-Process inventory due to floods	-		191.62
Closing Stock			
Finished Goods	277.70		332.41
Work-in-Process	1,398.24		1,077.64
	1,675.94		1,410.05
		(265.89)	323.71
Manufacturing Expenses			
Stores and Spares Consumed	323.66		219.89
Dyes and Chemicals Consumed	1,306.45		1,077.59
Contract Labour Charges	336.29		212.38
Job Work Expenses	216.32		89.71
Excise Duty on Closing Stock	7.59		2.68
Power, Fuel and Water Charges	1,658.05		1,419.59
Packing Charges	929.54		633.06
Repairs and Maintenance:			
Plant and Machinery	48.06		20.42
Factory Building	15.19		6.36
		4,841.15	3,681.68
		13,378.73	9,466.05

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 (Rs. million)	Year ended March 31, 2009 (Rs. million)
SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Allowances and Other Benefits (Refer Note 22 on Schedule 19)	993.58	919.34
Contribution to Provident and Other Funds (Refer Note 22 on Schedule 19)	91.25	74.75
Managerial Remuneration (Refer Note 17 on Schedule 19)	34.96	8.17
Staff and Labour Welfare	43.84	32.92
	1,163.63	1,035.18
SCHEDULE 17 : SELLING, ADMINISTRATION AND OTHER EXPENSES		
Claims, Discounts and Rebates	106.55	91.83
Brokerage and Commission	3.14	24.65
Freight, Forwarding and Coolie Charges	137.21	197.69
Repairs and Maintenance - Others	11.76	13.65
Directors' Sitting Fees	0.16	0.14
Rent	84.13	88.97
Rates and Taxes	17.58	4.14
Stamp Duty Expense	2.50	-
Printing and Stationery	6.49	8.37
Travelling and Conveyance	77.24	88.42
Legal and Professional Charges	27.94	64.65
Security Expenses	13.17	12.12
Insurance	29.62	36.95
Communication	9.70	20.53
Postage and Courier	4.18	21.72
Loss on Sale/ Discarding of Fixed Assets (Net)	10.91	15.08
Provision for Doubtful Debts	-	0.03
Provision for Doubtful Advances	-	1.21
Bad Debts/ Advances Written off	14.31	4.25
Design Development and Testing Expenses	6.47	12.98
Royalty	1.03	-
Advertising and Sales Promotion	21.35	231.92
Donations	16.50	1.76
Auditors' Remuneration		
- As Auditors	1.53	3.12
- In other capacity - As Tax Auditors	0.27	0.48
- Certification and Other Matters	0.09	0.94
- Out of Pocket Expenses	0.14	0.10
Miscellaneous	28.52	30.27
	632.49	975.98
SCHEDULE 18 : FINANCE EXPENSES (NET)		
Interest on Fixed Loans	775.19	634.28
(net of interest subsidy of Rs. 614.21 million, Previous Year : Rs. 534.47 million)		
Interest on Debentures	-	6.53
Interest on Working Capital Loans	234.01	355.21
Interest to Others	6.68	8.20
Discounting and Bank Charges	39.24	55.47
	1,055.12	1,059.69
Less:		
Interest on Fixed Deposits - Gross	52.61	43.63
(Tax Deducted at Source Rs. 1.73 million, Previous Year : Rs. 1.83 million)		
Interest on Loans given to Subsidiaries and Others	106.66	79.78
(Tax Deducted at Source Rs. 15.32 million, Previous Year : Rs. 0.88 million)		
Interest on Others - Gross	0.52	0.46
(Tax Deducted at Source Rs. 0.02 million, Previous Year : Rs. 0.01 million)		
Cash Discount received	25.28	14.71
	185.07	138.58
	870.05	921.11



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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, 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 and stores and spares is determined on weighted average basis. Cost of traded goods is determined on first-in-first-out basis. Cost of work-in-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.

(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, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**(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 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 recognized 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 are 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.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(xi) Revenue Recognition

- (a) Sales revenue is recognized on transfer of significant risks and rewards of ownership of the goods to the buyer. Domestic sales are recognized 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. Realized 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 Duty Drawback scheme and Focus Market Scheme are recognized 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 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.

(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 recognized in the period in which the results are known/ materialised.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

2. Contingent Liabilities

Description	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
Excise, Customs and Service Tax Alleged excess clearance of cotton yarn in Domestic Tariff Area over and above the limit specified in para 9.9 (b) of the Exim Policy 1997-2002. The Company had deposited Rs. 0.70 million under protest and filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad against the order passed by Commissioner (Appeals) of Central Excise and Customs. The case has been settled in the Company's favour during the year.	-	19.45
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 had passed the order against the Company. The Company has paid pre-deposit of Rs 100 million as required by Central Excise authorities and obtained stay on payment of remaining amount. The case has been remanded back to the lower authority to consider the claim of the Company by Commissioner Appeals. Further, during the year, a separate show cause notice has 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.	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 has passed the order against the Company. The Company has filed Revision Application with the Joint Secretary, Ministry of Finance, Department of Revenue.	69.57	69.28
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 March 2008. The Company has filed its reply against the show cause notices issued by Joint Commissioner and Commissioner of Customs and Central Excise, Daman. Based on the review and comments made by the Committee of Chief Commissioners, the Commissioner has made an application to CESTAT to withdraw his order passed in April 2008 in respect of non payment of excise duty.	3.50	3.33
Alleged improper abatement of service tax on payments made to Goods Transport Agency under Notification No. 32/04-ST dated 3-12-2004. The Company has filed its reply against the show cause notice issued by the Commissioner of Central Excise & Customs, Daman.	47.98	45.51
Alleged service tax credit based on improper documents. The Company has received an order from Commissioner, Central Excise & 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	0.15
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 has paid Rs. 0.70 million under protest and filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman in March 2009.	1.91	1.82
Alleged improper availment of cenvat credit on service tax paid on insurance premia paid for availing insurance services that are not used in or in relation to manufacture of final products. The Company has received a show-cause notice from Assistant Commissioner of Central Excise and Customs, Vapi against which it has filed a reply. The Company has paid Rs. 0.02 million under protest.	0.04	0.03
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 has issued a show cause notice seeking recovery of the non-reversed amount. The Company has submitted its reply to the Commissioner of Central Excise.	96.40	-
Alleged erroneous sanction of refund of service tax by Assistant Commissioner of Central Excise. The Deputy Commissioner of Central Excise has 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	-



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Description	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
Stamp Duty : Disputed stamp duty liability on De-merger Scheme. The Company has 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 2003-04 and raised the demand on purchase of Furnace oil during the year 2003-04 in respect of purchases made by the Company at a concessional rate of tax. The Company has deposited Rs. 0.09 million under protest and has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	1.17	1.07
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2004-05 and raised the demand on purchase of Furnace oil during the year 2004-05 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.	7.31	6.75
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 2000-01 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 Company had filed an appeal with Joint Commissioner, Baroda on October 1, 2006. The demand has been confirmed by the Joint Commissioner. The Company is in process of filing an appeal before the Appellate Tribunal.	1.32	-
FEMA : The Appellate Tribunal for Foreign Exchange, New Delhi has issued an order for contravention of the provision of Section 18(2) of the Foreign Exchange Regulation Act, 1973 read with Section 49(3) and (4) of Foreign Exchange Management Act, 1999 in respect of non-realisation of export proceeds. The Company had paid Rs. 0.45 million under protest and preferred an appeal with the Appellate Tribunal for Foreign Exchange (ATFE), New Delhi. The said appeal was dismissed by ATFE and the Company has paid the balance amount Rs. 0.45 million in the current year.	-	0.90
Others: Accumulated dividend on cumulative redeemable preference shares	-	17.41
Claims against the Company not acknowledged as debts	2.89	2.65
Bills discounted in respect of export debtors	75.96	684.55

Description	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
3. (a) Guarantees given by banks on behalf of the Company	111.85	30.67
(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, 2009 : GBP 10 million) granted to Welspun Home Textiles UK Limited for acquisition of CHT Holdings Limited.	679.56	724.89
- Guarantees aggregating USD 8.62 million (March 31, 2009 : USD 7.92 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.	387.04	401.75

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Description	As At March 31, 2010 (Rs. million)	As At March 31, 2009 (Rs. million)
- 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
- Guarantee of USD 19 million (March 31, 2009: USD 19 million) on behalf of WELMEX to Verde Chihuahua Industrial S de RL de CV (Verde), in respect of all payments by WUSA as a tenant under lease agreement between WELMEX and Verde.	853.10	963.68
- Guarantee of USD 1.12 million (March 31, 2009: 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.	50.29	56.81
- 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	210.00
- Guarantee of USD 18 million (March 31, 2009 : Nil) on behalf of Welspun USA, Inc. (WUSA) in favour of Bank of Baroda, New York (USA) Branch to secure repayment of loans extended / to be extended by Bank of Baroda to WUSA.	808.20 *	-
- Guarantee on behalf of Welspun Global Brands Limited (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 [Also refer Note 9(e) below].	3,593.00 *	-
(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.	29.13	55.41
(d) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	1,046.73	36.22

* These guarantees are subject to approval of the shareholders under Section 372A of the Companies Act, 1956.

4. On November 30, 2009, Welspun India Limited entered into a subordination agreement with its wholly owned subsidiary, Welspun AG. By virtue of this agreement, loans aggregating Rs. 371.30 million were converted into a subordinated loan at zero rate of interest. The exchange difference of Rs. 12.89 million arising on translation of this subordinated loan is accounted in Foreign Exchange Translation Reserve.
5. As on April 1, 2009, the Company was holding 3,320,000 equity shares of Rs.10 each of MEP Cotton Limited, a joint venture with Mr. K. K. Mittal formed for ginning of cotton. The Company transferred its entire shareholding in MEP Cotton Limited to Welspun Investments and Commercials Limited at book value on February 1, 2010.
6. On July 25, 2009, the Company invested in 184,210 shares of Welspun USA Inc. for a consideration of Rs. 33.92 million (USD 700,000).
7. On September 24, 2009, the Company invested in 1,500 shares of Welspun Holdings Private Limited for a consideration of Rs. 116.13 million (GBP 1,500,000).
8. (a) The Company has investments aggregating Rs. 739.12 million in its wholly owned subsidiary in Switzerland, Welspun AG (WAG). Further, the Company has given a subordinated loan of Rs. 371.30 million at zero rate of interest and other loans aggregating Rs. 105.27 million. Interest accrued on such loans aggregated Rs. 42 million as at March 31, 2010. The accumulated losses of WAG as at March 31, 2010 aggregated Rs. 910.62 million. The Company considers WAG a strategic long term investment. Based upon the financial support of the Company and the future growth plans of embarking in the domestic market with aggressive cost reduction programs, WAG is expected to yield positive results in the coming years. Accordingly, in the opinion of the management, the aforesaid investments and the loan amounts including interest accrued on such loans outstanding as at March 31, 2010 are considered good and recoverable.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(b) As at March 31, 2010, the Company has trade receivables aggregating Rs. 475.93 million due from a related Company, Welspun Retail Limited (WRL). Of the said amount Rs. 159.75 million is outstanding for more than 180 days. 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 opening new stores, 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, 2010 is considered good and recoverable.

9 (a) The Scheme of Arrangement between Welspun India Limited (WIL), Welspun Global Brands Limited (WGBL) and Welspun Investments and Commercials Limited (WICL) and their respective members and creditors (the "Scheme") was approved by the High Court of Gujarat at Ahmedabad by its order dated May 8, 2009. Pursuant to the Scheme, assets and liabilities of the marketing division of WIL (as tabulated in (c) below) were transferred to WGBL with effect from the appointed date (April 1, 2009). Upon the transfer, WGBL issued one equity share of Rs. 10 each credited as fully paid up to the shareholders of WIL for every ten equity shares held by them in WIL. Accordingly, 7,308,952 equity shares of Rs. 10 each of WGBL were allotted to the shareholders of WIL on July 14, 2009. Further, 500,000 equity shares held by WIL in WGBL as at March 31, 2009 were cancelled.

(b) Further, as per the Scheme, the assets and liabilities of the Investment and Treasury Division of WIL were transferred to WICL with effect from the appointed date. Upon the transfer, WICL issued one equity share of Rs. 10 each credited as fully paid up to the shareholders of WIL for every 20 equity shares held by them in WIL. Accordingly, 3,654,476 equity shares of Rs. 10 each of WICL were allotted to the shareholders of WIL on July 14, 2009. Further, 50,000 equity shares held by WIL in WICL as at March 31, 2009 were cancelled.

(c) Transfer of assets, liabilities and reserves pursuant to the Scheme

Particulars	Welspun Global Brands Limited Rs. million	Welspun Investments & Commercials Limited Rs. million	Total Rs. million
Fixed Assets (Net)	1.84	-	1.84
Investments	874.36	32.53	906.89
Current Assets	4.29	200.82	205.11
Current Liabilities and Provisions	(603.74)	-	(603.74)
Loans	(55.05)	-	(55.05)
Net Assets Transferred	221.70	233.35	455.05
Add: Hedging Reserve (Debit balance)	294.95	-	294.95
Total	516.65	233.35	750.00*

* Amount adjusted from Securities Premium Account as per the Scheme.

(d) As a result of the demerger, the Company is dependent upon WGBL for all marketing of its products and WGBL is the company's only customer as regards international sales of its products. Further, as a result of the demerger, all retail brands used in relation to the Company's products are owned by WGBL. Further, with effect from April 1, 2009, 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.

(e) Consequent to the demerger, the Company has issued a corporate guarantee of Rs. 3,593 million on behalf of WGBL in favour 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 an equivalent amount 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.

10. Pursuant to the Scheme, with effect from April 1, 2009, authorised share capital of the Company stood as Rs. 800,000,000 divided into 75,000,000 equity shares of Rs. 10 each and 500,000 Redeemable preference shares of Rs. 100 each. Further, during the year, the authorised share capital has been increased by Rs. 500,000,000 by creating 50,000,000 equity shares of Rs. 10 each, pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on December 14, 2009.

11. Subsequent to the year end, the Company has issued 15,603,000 equity shares of Rs. 10 each at Rs. 100 per share pursuant to a Qualified Institution Placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

12. On June 30, 2009, holders of outstanding 1,290,000 options surrendered their options. The Company then granted 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) (Exercise Price).

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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.

Summary of Stock Options	No. of Stock Options	Weighted Average Exercise Price (Rs.)
Options granted during the year	2,265,000	35.60
Options forfeited/lapsed during the year	135,000	35.60
Options exercised during the year	-	-
Options outstanding on March 31, 2010	2,130,000	35.60
Options vested but not exercised on March 31, 2010	-	-

Information in respect of options outstanding as at March 31, 2010

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
426,000	3.25	35.60
426,000	4.25	35.60
639,000	5.25	35.60
639,000	6.25	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 is 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. 13.33 million, Profit After Tax lower by Rs. 8.80 million and the basic and diluted earning per share would have been lower by Rs. 0.12 and by 0.17 respectively.

13. 500,000 (March 31, 2009 : 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.
14. 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 14(b) below and on current assets as per 14(c) and (d) below against borrowing from banks for working capital finance.
- b) In addition to 14(a) above, term loans from Banks Rs. 3,880.09 million (March 31, 2009 : Rs. 4,215.75 million) and interest thereon, are secured by lien on fixed deposits of the Company.
- c) The working capital loan towards overdraft facility aggregating Rs. Nil (March 31, 2009 : Rs. 266.50 million) is secured by Technology Upgradation Fund subsidy receivable from Government of India for textile industries towards term loan borrowing by the Company and against collateral of post dated cheques and a subservient charge on Company's entire current assets.
- d) The working capital loans (other than referred in 14(c) above), which includes cash credit, packing credit, and 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.
15. (a) Sundry Debtors include Rs. Nil (March 31, 2009: Rs. 1,121.08 million) due from subsidiaries as below:

	As at March 31, 2010	As at March 31, 2009
Welspun USA Inc.**	-	*
Christy UK Limited**	-	37.53
Welspun Mexico S.A. de C.V	-	6.95
Welspun AG	-	172.10
Welspun Global Brands Limited **	-	872.16
Welspun Sorema Europe S.A. (Formerly known as SOREMA – Tapetes E Cortinas De Banho, S. A.)**	-	32.34
Total	-	1,121.08

*Less than Rs.10,000

** Ceased to be a subsidiary effective April 1, 2009.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

- (b) Loan/ Deposits of Rs. 48.18 million (March 31, 2009: Rs. Nil) given to companies in which some of the Directors are interested as members.

16. 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 sold all of its shares in MCL on February 1, 2010.
- (c) The Company's share of contingent liability of WZTL and MCL is Rs.14.85 million (March 31, 2009: Rs. 7.43 million) and Rs. Nil (March 31, 2009 : Rs.15.61 million), respectively.
- (d) The Company's share of the aggregate amounts of assets and liabilities as on March 31, 2010 and income and expenditures of WZTL and MCL for the year ended March 31, 2010 are as under:

Particulars	WZTL		MCL	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Assets	95.03	101.63	-	422.22
Liabilities (excluding Share Capital and Reserves and Surplus)	26.74	40.73	-	355.46
Income	131.53	171.93	374.58 *	523.89
Expenditure (including provision for taxes)	124.14	166.33	395.23 *	585.33

* Part of the year Refer Note 16(b) above.

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

	Year ended March 31, 2010	Year ended March 31, 2009
Managing / Whole time directors		
(i) Salary and Allowances	7.70	7.72
(ii) Perquisites	0.30	0.45
(iii) Commission to Managing Director and a Wholetime Director	26.96	-
Total	34.96	8.17
Directors other than Managing / Whole time directors Sitting fees	0.16	0.14
Total	35.12	8.31

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 for the year ended March 31, 2010 in accordance with Section 198 of the Companies Act, 1956:

	Year ended March 31, 2010
Net Profit	1,704.56
Add:	
Managerial Remuneration and Sitting Fees	35.12
Depreciation as per the Profit and Loss Account	1,063.25
	2802.93
Less:	
Provision for doubtful debts/ advances written back	14.31
Profit on redemption/ sale of units in Mutual Funds	0.02
Profit on sale of Bonds	0.28
Depreciation as per Section 350 of the Act	1,063.25
Net profit as per Section 198 of the Act	1,725.07
Maximum remuneration payable under the Companies Act, 1956 @ 10% of the above	172.51
Restricted to	35.12

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**18. Disclosure for Micro and Small Enterprises:****(Rs. million)**

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
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	1.05	0.78
- Interest due thereon	0.02	0.01
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 supplier beyond the appointed day during each accounting year;		
- Principal	1.40	1.75
- Interest	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;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
-Total interest Accrued	0.02	0.01
- Interest remaining unpaid	0.02	0.01
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.	0.02	0.01

* less than Rs. 1,000

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

19. Details of Purchase and Sale of Investments during the year ended March 31, 2010

INVESTMENTS	Number of Shares/ Units Purchased during the Year ended March 31, 2010	Number of Shares/ Units Sold during the Year ended March 31, 2010
Welspun Global Brands Limited	-	500,000*
Welspun Investments and Commercials Limited (Formerly Welspun Investments Limited)	-	50,000**
MEP Cotton Limited	-	3,320,000
Welspun Retail Limited	-	9,800,000***
Welspun Gujarat Stahl Rohren Limited	-	4,033,000***
Welspun AG, Switzerland	17,000	-
Welspun USA Inc.	184,210	1,500,000***
Welspun Holdings Private Limited	1,500	5,000***
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment	2,203,425	2,203,425
Birla Sun Life Savings Fund - Institutional - Daily Dividend Reinvestment	2,381,324	2,381,324
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	2,382,450	2,382,450
BOB Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	1,371,073	1,371,073
UTI Money Market Fund - Institutional Plan- Daily Dividend Option - Re-investment	34,394	34,394
Fortis Money Plus Institutional Plan - Daily Dividend Plan	19,274,362	19,274,362
Fortis Overnight Fund - Institutional Plan - Daily Dividend Plan	23,652,072	23,652,072
LICMF Floating Rate Fund - Daily Dividend Reinvestment Plan	46,634,484	46,634,484
LICMF Income Plus Fund - Daily Dividend Plan	2,651,697	2,651,697
LICMF Liquid Fund - Daily Dividend Reinvestment Plan	67,796,669	67,796,669
LICMF Saving Plus Plan - Daily Dividend Reinvestment	15,758,224	15,758,224
SBI Magnum Insta Cash Fund - Daily Dividend Option	1,418,903	1,418,903

* Refer Note 9(a) on Schedule 19 ** Refer Note 9(b) on Schedule 19 *** Refer Note 9(c) on Schedule 19



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

a) Licensed Capacity

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.

Not Applicable

Installed Capacity as at March 31, 2010 (As certified by Management)

Cotton Terry Towels

Cotton Yarn

Bed Sheets

Rugs

41,500 (March 31, 2009 : 38,201) M.T.

33,130 (March 31, 2009 : 28,326) M.T.

45,000 (March 31, 2009 : 42,840) 000' Mtrs

10,151 (March 31, 2009 : 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	687.30 (1,618.05)	141.22 (281.60)	38,966.67 (30,088.17)	- -	- -	36,284.19 (31,018.92)	9,656.95 (7,975.30)	551.82 (687.30)	115.61 (141.22)
Cotton Yarn (Refer Note 3)	MT	- (359.49)	- (39.04)	31,387.30 (26,980.70)	- -	- -	1,180.08 (884.40)	104.40 (67.82)	193.80 -	17.74 -
Bed Linen Products	000 Mtrs	1,784.72 (2,303.85)	157.17 (295.18)	39,304.56 (25,709.11)	- -	- -	39,929.86 (26,228.24)	6,078.93 (3,812.45)	1,159.42 (1,784.72)	120.92 (157.17)
Grey Fabric - Bed Linen Products (Refer Note 4)	000 Mtrs	- -	- -	2,105.00 (2,125.45)	- -	- -	2,105.00 (2,125.45)	152.55 (128.51)	- -	- -
Rugs (Refer Note 5)	MT	140.61 -	30.40 -	2,921.96 (450.15)	- -	- -	2,930.33 (309.54)	636.49 (118.83)	132.24 (140.61)	17.86 (30.40)
Others (Refer Note 6)		- -	3.62 (6.65)	- -	- -	- -	- (262.70)	257.59 (262.70)	- -	5.57 (3.62)
Traded										
Cotton	MT	- -	- -	- -	155.49 (286.00)	16.89 (60.68)	155.49 (286.00)	16.94 (57.78)	- -	- -
Cotton Yarn	MT	- (54.61)	- (3.38)	- -	91.17 (54.62)	14.56 (0.91)	91.17 (109.23)	14.56 (7.38)	- -	- -
Bed Linen Products	000 PCS	- -	- -	- -	101.16 (520.40)	37.22 (209.58)	101.16 (520.40)	38.50 (211.38)	- -	- -
Others		- -	- -	- -	- -	0.57 (37.23)	- -	0.57 (30.79)	- -	- -
Total			332.41 (625.85)			69.24 (308.40)		16,957.48 (12,672.94)		277.70 (332.41)

Notes:

1. Previous Year figures are given in brackets.
2. Terry Towel production includes captive consumption of 2,817.96 MT (Previous Year : Nil)
3. Cotton Yarn production includes captive consumption of 30,013.42 MT (Previous Year : 26,455.80 MT).
4. Sales Rugs includes Nil (Previous Year : 309.54 MT) of Rs. Nil (Previous Year : Rs.118.83 million) sold during Trial Run.
5. Sales Others Includes Rs. Nil (Previous Year Rs. 0.58 million) sold during Trial Run.

c) Raw Material Consumed:

	UNIT	Year ended March 31, 2010		Year ended March 31, 2009	
		Qty.	Rs. Million	Qty.	Rs. million
Cotton Yarn*	MT	25,554.34	3,229.34	20,766.65	2,714.80
Cotton	MT	32,452.29	2,254.83	24,317.80	1,604.55
Fabric Consumed**	MT	4,713.22	760.16	1,171.65	207.38
Bed Linen Fabrics	000 Mtrs.	19,814.79	2,489.90	6,537.28	703.30
Total			8,734.23		5,230.03

*Includes Nil (Previous Year : 381.06 MT) of Rs. Nil (Previous Year : Rs. 63.94 million) consumed during Trial Run (Refer Schedule 6B)

** Includes Nil (Previous Year : 139.89 MT) of Rs. Nil (Previous Year : Rs. 17.21 million) consumed during Trial Run (Refer Schedule 6B)

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

1. Raw Material

	Year ended March 31, 2010		Year ended March 31, 2009	
	%	Rs. Million	%	Rs. million
Imported @	13.99%	1,221.76	10.64%	556.35
Indigenous @	86.01%	7,512.47	89.36%	4,673.68
Total	100.00%	8,734.23	100.00%	5,230.03

@ Includes imported raw material Rs. Nil (Previous Year : Rs. 42.37 million) and indigenous raw material Rs. Nil (Previous Year : Rs. 38.78 million) consumed during trial Run (Refer Schedule 6B)

2. Stores and Spares and Dyes and Chemicals

	Year ended March 31, 2010		Year ended March 31, 2009	
	%	Rs. Million	%	Rs. million
Imported #	7.26%	118.32	12.42%	163.55
Indigenous #	92.74%	1,511.79	87.58%	1,153.75
Total	100.00%	1,630.11	100.00%	1,317.30

Includes imported stores & spares and dyes & chemicals Rs. Nil (Previous Year : Rs. 2.22 million) and indigenous stores & spares and dyes & chemicals Rs. Nil (Previous Year : Rs. 17.60 million) consumed during trial Run (Refer Schedule 6B)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

e) Value of Imports on CIF Basis:

	Year ended March 31, 2010	Year ended March 31, 2009
	Rs. million	Rs. million
Raw Materials	1,801.81	544.83
Stores & Spares and Dyes & Chemicals	143.79	203.87
Capital Goods	149.02	1,003.11
Packing Material	114.26	12.85
Total	2,208.88	1,764.66

f) FOB Value Of Exports

1,044.38	8,321.12
-----------------	-----------------

g) Income in Foreign Currency

16.95	-
--------------	----------

h) Expenditure in Foreign Currency

Travelling	6.12	3.79
Commission	1.80	21.52
Legal and Professional Charges	1.70	23.19
Claims, Discount and Rebate	67.92	78.91
Freight	0.28	52.48
Advertisement and Sales Promotion	9.41	210.84
Interest	42.87	-
Others	10.54	23.91
Total	140.64	414.64

21 Disclosure of Derivative Instruments

A. Derivative instruments outstanding at the year end :

- i) Forward and Option Contracts to hedge the foreign currency exposure for payments to be received against exports and other receivables :
(Rs. million)

Currency	Forward and Option Contracts	
	March 31, 2010	March 31, 2009
USD	-	161.38
(Equivalent Rs.)	-	(7,769.93)
EURO	-	0.69
(Equivalent Rs.)	-	(46.44)

- ii) Forward and Option Contracts to hedge the foreign currency exposure for payments to be made against imports and other payables :
(Rs. million)

Currency	Forward and Option Contracts	
	March 31, 2010	March 31, 2009
USD	5.46	1.44
(Equivalent Rs.)	(245.15)	(73.95)
EURO	8.14	0.76
(Equivalent Rs.)	(498.72)	(49.62)
CHF	1.72	-
(Equivalent Rs.)	(71.84)	-

- B.** As of the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 678.77 million (March 31, 2009 : Rs. 913.17 million) for receivables and Rs. 543.52 million (March 31, 2009 : Rs. 860.86 million) for payables.

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the year ended March 31, 2010

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Balance as at the beginning of the year (Debit Balance)	(294.95)	-
Transfer of Hedging Reserve to Welspun Global Brands Limited (Refer Note below)	294.95	-
Unrealized gain/ (losses) on cash flow hedging derivatives	-	(903.54)
Net gains/ (losses) reclassified into net income on occurrence transactions.	-	(608.59)
Balance as at Year end	-	(294.95)

Note:

The entire balance of Hedging Reserve Account as at March 31, 2009 of Rs. 294.95 million pertaining to marketing Division of the Company was transferred to Welspun Global Brands Limited (WGBL) with effect from April 1, 2009 pursuant to demerger and transfer of 'Marketing Division' as referred in Note 9 above, to WGBL.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

I Defined Contribution Plans

- Employers' Contribution to Provident Fund
- Employers' Contribution to Employee's State Insurance
- Employers' Contribution to Employee's Pension Scheme, 1995

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

- Employers' Contribution to Provident Fund *
- Employers' Contribution to Employee's State Insurance *
- Employers' Contribution to Employee's Pension Scheme *

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

II Defined Benefit Plan Contribution to Gratuity Fund

a. Major Assumptions

Discount Rate : - Staff
- Worker

Expected Rate of Return on Plan Assets

Salary Escalation Rate @

@ 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

Opening Present Value of Obligation
Transfer of Projected Benefit Obligations to Welspun Global Brands Limited pursuant to demerger scheme
Current Service Cost
Interest Cost
Benefit/ Exgratia paid
Actuarial Loss/ (gain) on Obligations
Closing Present Value of Obligation

c. Change in Fair Value of Plan Assets

Opening Fair Value of Plan Assets
Expected Return on Plan Assets
Actuarial (loss)/gain on Plan Assets
Contributions
Benefits paid
Closing Fair Value of Plan Assets (Refer Note below)

Note:

Includes Gratuity Fund balance of Rs. 5.75 million held by the employee group gratuity trust of the Company, for the employees transferred to the Welspun Global Brands Limited pursuant to the scheme of demerger of the Company.

d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets to Assets and Liabilities recognised in Balance Sheet

Present Value of Funded Obligation
Fair Value of Plan Assets

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)

e. Expenses Recognised in the Profit and Loss Account

Current Service Cost
Interest Cost
Expected Return on Plan Assets
Net Actuarial Loss/(gain) recognised in the period

Total expenses recognised in the Profit and Loss Account

Actual Return/(Loss) on Plan Assets

** Included in Other Income (Refer Schedule 14)

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

f. Other Disclosure

Present Value of Funded Obligation
Fair Value of Plan Assets
Funded Status
Present Value of Unfunded Obligation

2009-10 Rs. million	2008-09 Rs. million
------------------------	------------------------

36.44	32.03
9.95	6.69
44.86	36.03

2009-10 (% p.a.)	2008-09 (% p.a.)
---------------------	---------------------

8.20	7.50
8.20	7.25
8.50	8.00
6.00	5.00

2009-10 Rs. million	2008-09 Rs. million
------------------------	------------------------

52.16	47.23
(5.75)	
11.73	11.72
4.28	4.02
(6.24)	(12.01)
(0.58)	1.20
55.60	52.16

2009-10 Rs. million	2008-09 Rs. million
------------------------	------------------------

50.55	53.24
4.30	4.26
14.73	(7.53)
-	9.48
(4.45)	(8.90)
65.13	50.55

As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
-------------------------------------	-------------------------------------

55.60	52.16
65.13	50.55
(9.53)	1.61

2009-10 Rs. million	2008-09 Rs. million
------------------------	------------------------

11.73	11.72
4.28	4.02
(4.30)	(4.26)
(15.31)	8.73

(3.60) **	20.21 ***
-----------	-----------

19.03	(3.27)
-------	--------

As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million	As at March 31, 2008 Rs. million	As at March 31, 2007 Rs. million
--	--	--	--

55.60	52.16	47.23	36.83
65.13	50.55	53.24	34.02
9.53	(1.61)	6.01	(2.81)
-	1.61	-	2.81

III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 39.17 million (March 31, 2009: Rs. 41.53 million).

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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) (upto January 31, 2010)
(c)	Associate Company	Welspun USA Inc., USA (WUSA)*
		Welspun Holdings Private Limited, Cyprus (WHPL)*
(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) (Formerly Welspun Investments Limited) *
		Welspun Sorema Europe, S.A. (SOREMA) (Formerly SOREMA – Tapetes E Cortinas De Banho, S.A., Portugal)
		Welspun UK Limited (WUKL) (Formerly Christy UK Limited)*
		Welspun Home Textiles Limited (WHTL)
		Welspun Retail Limited (WRL) **
		Welspun 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)
		Refined Salts Private Limited (RSPL)
		Welspun Foundation for Health and Knowledge (WFHK)
(e)	Key Management Personnel	B.K.Goenka (BKG)
		R. R. Mandawewala (RRM) (upto October 31, 2009)
		M. L. Mittal (MLM)
(f)	Relatives of Key Management Personnel	Deepali Goenka (DBG)

* Ceased to be a subsidiary effective April 1, 2009

** Ceased to be an associate effective April 1, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

23 (f) Following are the transactions with related parties mentioned in (i) above and the year-end balances																												Rs. million				
	WUSA	WHPL	BESA	WGBL ***	WCL ***	SOREMA	WAG	WWEK	WHTL	WUHL	WZTL	MCL	WRL	WGSRL	WPSL	WSL	WTL	WWL	WML	KTL	WLL	WPL	VTL	MSL	WPBL	RSPL	WFHK	BKG	RRM	MLM	DBG	
Transactions during the year																																
Loans, Advances and Deposits given	113.92 (945.29)	- (0.41)	- (0.50)	1,326.44 (0.50)	- (0.50)	- (655.58)	478.83 (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	7.00 (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	- (7.00)	
Repayment of Loans, Advances and Deposits given **	345.60 (49.87)	407.18 (11.63)	- (11.63)	212.57 (11.63)	- (11.63)	- (11.63)	112.79 (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	- (11.63)	
Loan Advance & Deposits Received	(5.06)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repayment Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Services/ Expenses incurred	12.36 (193.84)	-	-	68.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Goods/ DRPL Licences +	-	-	-	15,324.66 (1,069.62)	-	-	40.59 (1,069.62)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Job Charges Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Services/ Expenses Incurred	5.08 (30.34)	# (4.94)	-	-	-	-	0.47 (2.16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Fixed Assets / Capital Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Income	0.22 (16.47)	-	-	89.71 (32.49)	-	-	16.73 (26.94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment Of Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Claims, Discount and Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Remuneration and Commission	(10.94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Made during the year	33.92 (275.78)*	855.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of shares of WGBL during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Balance	6.03 (5.06)	- (0.41)	- (0.50)	18.51 (0.50)	88.85 (0.50)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)	- (655.58)
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	112.83	4.46	31.50	1,130.81	-	-	520.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debtors (Net of Bills Discounted with Banks)	(345.60)	(1,151.04)	-	(0.60)	-	-	(181.16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Creditors	(#)	-	-	1,213.54	-	-	8.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments (Net of Provision for Diminution in Value)	33.92 (282.67)	116.13 (337.06)	0.10 (0.10)	-	-	-	739.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Guarantee given	1,195.24	-	-	3,803.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Application Money Pending Allotment	(401.75)	-	-	(210.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

Previous year figures are given in brackets.

* Investment made during the year is out of conversion of loan given into equity share capital.

@ Shares of WAG sold to WHPL

Less than Rs. 10,000

+ Amount is inclusive of taxes

** Include Loans, Advances & Deposits given transferred to WGBL

*** Refer Note 9 on Schedule 19 for transaction relating to demerger

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

24. In accordance with the Company's policy given in Note 1(x)(a) above, net exchange gain of Rs. 104.29 million (Previous Year: net exchange loss of Rs. 1,060.59 million) has been accounted in Profit and Loss Account.
25. Borrowing Costs aggregating Rs. 15.46 million; Previous Year: Rs. 99.99 million (net of interest subsidy of Rs. 13.18 million; Previous Year: Rs. 90.66 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.
26. Segment Information for the year ended March 31, 2010.

(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, 2010 and as on that date.

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

	India		Outside India		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
External Revenue	16,963.30	4,142.33	1,272.11	9,302.07	18,235.41	13,444.40
Carrying Amount of Segment Assets	24,701.28	23,037.88	1679.47	2,060.02	26,380.75	25,097.90
Capital Expenditure (excluding the Incidental Expenditure Pending Capitalisation/ Allocation)	725.97	1,705.87	-	-	725.97	1,705.87

(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.

27. 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:

Particulars	(Rs. million)	
	March 31, 2010	March 31, 2009
Buildings		
Gross Block	10.25	10.25
Accumulated Depreciation	1.98	1.82
Depreciation recognised in the Profit and Loss Account for the year	0.16	0.17
Plant and Machinery		
Gross Block	42.49	42.49
Accumulated Depreciation	31.89	30.63
Depreciation recognised in the Profit and Loss Account for the year	1.26	3.73

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. 84.13 million (Previous Year: Rs. 88.97 million).



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

28. Earnings per Share

(Rs. million)

Particulars	March 31, 2010	March 31, 2009
Profit after Tax and before Extraordinary Item (A)	1,150.06	316.36
Less : Extraordinary Item	-	7.33
Profit after Tax and after Extraordinary Item (B)	1,150.06	309.03
Number of Equity Shares		
- Weighted Number of equity shares outstanding during the year (C)	73,089,519	73,089,519
Basic and Diluted earning per share before Extra Ordinary Item (A/C) (Rs.)	15.73	4.33
Basic and Diluted earning per share after Extra Ordinary Item (B/C) (Rs.)	15.73	4.23
Nominal value of an equity share (Rs.)	10	10

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

(Rs. million)

	Balance as at March 31, 2010	Maximum amount outstanding during the year ended March 31, 2010	Balance as at March 31, 2009	Maximum amount outstanding during the year ended March 31, 2009
i. Loans and advances in the nature of loans to subsidiary, (excluding interest accrued)				
- Welspun USA Inc.*	-	-	320.80	590.30
- Welspun Holdings Private Limited, Cyprus*	-	-	348.60	442.93
- Welspun AG	476.57	596.17	150.34	692.85
- Besa Developers and Infrastructure Private Limited	31.50	31.50	31.50	31.50
ii. Loans and advances in the nature of loans to associates				
- Welspun Retail Limited**	-	-	42.68	42.68
- Welspun USA Inc.	112.25	320.80	-	-
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 Companies Act, 1956.	-	-	-	-
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, 2010	-	-	-	-

* ceased to be a subsidiary effective April 1, 2009.

** ceased to be an associate effective April 1, 2009.

30. Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable. Prior year amounts are not strictly comparable with the current year's amounts due to reason stated in Note 9(a) above.

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 12, 2010

For and on behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

R.R. Mandawewala

Director

Place: Mumbai

Date: May 12, 2010

M. L. Mittal

Executive Director (Finance)

Shashikant Thorat

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rs. million	For the Year Ended March 31, 2010 Rs. million	For the Year Ended March 31, 2009 Rs. million
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		1,704.56	264.70
Adjustments for :			
Depreciation	1,063.25		952.98
Unrealised Foreign Exchange Differences	(85.08)		(49.93)
Loss on Sale of Fixed Assets	10.91		15.08
Profit on Redemption/ Sale of Units in Mutual Funds	(0.02)		(3.60)
Profit on Sale of Bonds	(0.28)		(2.00)
Profit on sale of Shares	-		(221.35)
Dividend	(4.47)		(16.56)
Liabilities/ Provision Written Back as no Longer Required	(6.16)		(1.43)
Provision for Doubtful Debts/ Advances Written Back	(14.31)		-
Provision for Doubtful debts/ Advances	-		1.24
Debts/ Advances Written off	14.31		4.25
Extraordinary Item	-		(11.10)
Interest Income and Cash Discount Received	(185.07)		(138.58)
Interest and Other Finance Expenses	1,055.12		1,059.69
		1,848.20	1,588.69
Operating Profit Before Working Capital Changes		3,552.76	1,853.39
Adjustments for changes in working capital :			
Trade and Other Receivables	(224.38)		(1,395.52)
Loans and Advances	(909.37)		-
Inventories	(1,438.64)		796.29
Current Liabilities and Provisions	717.51		68.63
		(1,854.88)	(530.60)
Cash Flow Generated from Operations		1,697.88	1,322.79
Income Tax and Fringe Benefit Tax paid		(274.74)	(45.46)
Net Cash Flow from Operating Activities		1,423.14	1,277.33
B. CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work-in-progress)		(673.75)	(1,739.59)
Sale of Fixed Assets		3.41	17.46
Capital Subsidy		113.85	39.27
(Purchase) / Sale of Investments (Net)		(149.75)	84.99
Refund of Share Application Money		0.05	-
Dividend Received		4.47	16.56
Interest Received		52.61	14.96
Net Cash Flow used in Investing Activities		(649.11)	(1,566.35)
C. CASH FLOW USED IN / FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Long Term		199.91	1,770.73
Repayment of Borrowings - Long Term		(769.87)	(1,074.23)
Proceeds/ Repayments of Other Borrowings		660.58	465.69
Interest and Other Finance Expenses		(922.66)	(905.55)
Net Cash Flow (used in)/ from Financing Activities		(832.04)	256.64
(A + B + C)		(58.01)	(32.38)
Cash and Cash Equivalents at the beginning of the year		888.13	920.51
Cash and Cash Equivalents at the end of the year		830.12	888.13
Net Decrease in Cash and Cash Equivalents		(58.01)	(32.38)

NOTES :

- 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.
- Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable. Prior year's amounts are not strictly comparable with the current year's amounts due to the reason stated in Note 9(a) on Schedule 19.

This is the Cash flow statement 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

For and on behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

R. R. Mandawewala

Director

M. L. Mittal

Executive Director

(Finance)

Shashikant Thorat

Company Secretary

Place: Mumbai

Date: May 12, 2010

Place: Mumbai

Date: May 12, 2010



**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
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 State Code

0	4
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Balance Sheet Date

3	1
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0	3
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2	0	1	0
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Date Month Year

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

Public Issue										Rights Issue									
Bonus Issue										Private Placement									

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

Total Liabilities										Total Assets									
Paid-up Capital										Equity Warrants									
Reserves and Surplus										Secured Loans									
Unsecured Loans										Deferred Tax Liability (Net)									
Net Fixed Assets										Incidental Expenditure Pending Capitalisation/ Allocation									
Investments										Net Current Assets									
Accumulated Losses										Miscellaneous Expenditure									

IV Performance of Company (Amount in Rs. Thousands)

Turnover (including Other Income)										Total Expenditure									
Profit/Loss Before Tax										Profit/Loss after Tax									
Earnings Per Share after extraordinary items (Basic and Diluted) (In Rs.)										Dividend Rate %									

(Please tick appropriate box + for Positive, - for Negative)

(Please tick appropriate box + for Positive, - for Negative)

WELSPUN INDIA LIMITED

Annexure (continued)

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

Item Code No. (ITC Code)

	6	3	0	4	9	2	5	0
	6	3	0	4	1	9	1	0
	5	2	0	5	1	1	0	0

Product Description

C	O	T	T	O	N		T	E	R	R	Y		T	O	W	E	L
C	O	T	T	O	N		B	E	D		S	H	E	E	T		
C	O	T	T	O	N		Y	A	R	N							

On behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

M. L. Mittal

Executive Director (Finance)

R. R. Mandawewala

Director

Shashikant Thorat

Company Secretary

Place: Mumbai

Date: May 12, 2010

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	March 31, 2010	March 31, 2010	March 31, 2010
3.	Shares of the subsidiary Company held on the above date and extent of holding (i) Equity shares (ii) Extent of holding	17,000 shares of CHF 1,000 each 100%	50,000 Equity Shares of 1 peso 100%	10,000 equity shares of Rs. 10 each 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	USD (9,973,000) -	Peso 44,784,563 -	- -
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	USD (10,307,9 88) -	Peso (45,981,773) -	- -

For and on behalf of the Board of Directors

B. K. Goenka
Chairman & Managing Director**R.R. Mandawewala**
Director**M. L. Mittal**
Executive Director (Finance)**Shashikant Thorat**
Company Secretary

Place: Mumbai

Date: May 12, 2010



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 entities 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, 2010, 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 two jointly controlled entities included in the consolidated financial statements, which constitute total assets of Rs. 609.47 million and net assets of Rs. 330.95 million as at March 31, 2010, total revenue of Rs. 1,226.72 million, net loss of Rs. 191.34 million and net cash inflows amounting to Rs. 8.77 million for the year then ended; and (ii) an associate company which constitutes net loss of Rs. 7.06 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. Without qualifying our opinion, we draw your attention to:
 - a) Note 7 on Schedule 19, regarding the year-end receivables of Rs. 475.93 million due from Welspun Retail Limited ('WRL'), a related company which has incurred significant losses up to the year-end, for which no provisions have been made in these financial statements for the reasons stated therein which, however, are susceptible to inherent uncertainties around the performance of WRL in the environment in which it operates. If WRL does not achieve its projected financial results, the receivable from WRL at the year end could be significantly impacted.
 - b) Note 8 (d) 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 and investment and treasury arms of the Company effective April 1, 2009 as described in Note 8 (a) and 8 (b) on Schedule 19. If the arrangement between the Company, WGBL and WRL are discontinued, the business of the Company could be adversely impacted.
 - c) Notes 8 (e) and 3 on Schedule 19, regarding corporate guarantee, aggregating Rs 3,593million at the year end, issued consequent to the demerger of the marketing and investment and treasury arms of the Company referred to in paragraph 4 (b) 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. 2,084.80 million at the year end, issued on behalf of WGBL, Welspun USA Inc. ('WUSA') and Welspun Home Textiles UK limited ('WHTL'). If WGBL, WUSA 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.
5. Note 11 on Schedule 19, regarding significant uncertainty of the current tax position on the negative gross margins of a subsidiary, Welspun AG (WAG) for the years ended March 31, 2009 and March 31, 2010. Though management is currently in the process of clarifying the position with the tax authorities, the ultimate outcome cannot be determined reliably. WAG's external tax advisor, by applying assumptions and judgement, has estimated a potential tax liability in the range of Rs. 50.78 million to Rs. 122.73 million. No provision has been made in the financial statements of WAG for the potential liability. We are currently unable to ascertain the impact of this matter on the consolidated financial statements.

Auditors' Report on the Consolidated Financial Statements of Welspun India Limited

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 subsection 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 effect of the matters referred to in paragraph 5 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, 2010;
 - (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 12, 2010



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	SCHEDULES	As At March 31, 2010 Rs. million	As At March 31, 2009 Rs. million
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	780.90	780.90
Reserves and Surplus	2	4,433.16	3,659.35
		5,214.06	4,440.25
Minority Interest		-	20.30
LOAN FUNDS			
Secured Loans	3	16,391.51	18,186.71
Unsecured Loans	4	417.38	529.62
		16,808.89	18,716.33
DEFERRED TAX LIABILITY (NET)	5	1,561.98	1,046.70
		23,584.93	24,223.58
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6A	20,774.31	21,813.34
Less: Depreciation		5,331.59	5,146.42
Net Block		15,442.72	16,666.92
Capital Work-in-progress		271.32	997.27
		15,714.04	17,664.19
Incidental Expenditure Pending Capitalisation/ Allocation	6B	-	55.28
INVESTMENTS	7	149.35	314.16
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	3,607.55	4,215.28
Sundry Debtors	9	1,797.64	1,434.95
Cash and Bank Balances	10	863.90	1,197.87
Loans, Advances and Other Current Assets	11	3,555.52	2,557.85
		9,824.61	9,405.95
LESS: CURRENT LIABILITIES AND PROVISIONS	12		
Liabilities		1,931.39	3,141.65
Provisions		171.68	74.35
		2,103.07	3,216.00
NET CURRENT ASSETS		7,721.54	6,189.95
		23,584.93	24,223.58
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

For and on behalf of the Board of Directors

Neeraj Gupta
Partner
Membership No. F055158

B. K. Goenka
Chairman & Managing Director

M. L. Mittal
Executive Director (Finance)

R. R. Mandawewala
Director

Shashikant Thorat
Company Secretary

Place: Mumbai
Date: May 12, 2010

Place: Mumbai
Date: May 12, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	SCHEDULES	Year ended March 31, 2010 Rs. million	Year ended March 31, 2009 Rs. million
INCOME			
Sales	13	19,491.95	17,000.35
Less : Excise Duty		120.33	9.15
		19,371.62	16,991.20
Other Income	14	683.61	254.34
Gain on disposal of Subsidiaries and Associates pursuant to Demerger (Refer Note 8 (f) on Schedule 19)		710.85	-
		20,766.08	17,245.54
EXPENDITURE			
Materials and Manufacturing Expenses	15	14,310.70	11,339.94
Employees' Remuneration and Benefits	16	1,316.50	2,034.26
Selling, Administration and Other Expenses	17	900.67	2,212.95
Finance Expenses (Net)	18	925.73	1,176.56
Depreciation	6A	1,126.26	1,086.57
		18,579.86	17,850.28
PROFIT/ (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAXATION		2,186.22	(604.74)
Exceptional Items		-	(38.52)
PROFIT/ (LOSS) BEFORE TAXATION FROM ORDINARY ACTIVITIES		2,186.22	(643.26)
PROFIT/ (LOSS) BEFORE TAXATION FROM ORDINARY ACTIVITIES AND FROM CONTINUING OPERATIONS AND BEFORE SHARE OF LOSS OF ASSOCIATES		2,186.22	(98.36)
Provision For Taxation			
- Current Tax		304.20	31.95
- Less : Minimum Alternative Tax Credit Availed		(288.93)	(27.10)
		15.27	4.85
- Excess Provision for Tax in Earlier Years		(16.77)	-
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Year		49.00	-
- Deferred Tax (Refer Footnote on Schedule 5)		523.86	(62.99)
- Fringe Benefit Tax		-	2.97
PROFIT/ (LOSS) AFTER TAXATION FROM ORDINARY ACTIVITIES AND FROM CONTINUING OPERATIONS AND BEFORE SHARE OF LOSS OF ASSOCIATES		1,614.86	(43.19)
Share of Associate's Net (Loss)/ Profit		(6.57)	-
PROFIT/ (LOSS) AFTER TAXATION FROM ORDINARY ACTIVITIES AND FROM CONTINUING OPERATIONS		1,608.29	(43.19)
Extraordinary Item (Net of Deferred Tax Credit of Rs. Nil; Previous Year Rs. 3.77 million)		-	7.33
PROFIT/ (LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS	(A)	1,608.29	(50.52)
PROFIT/(LOSS) BEFORE TAXATION FROM ORDINARY ACTIVITIES AND FROM DISCONTINUING OPERATIONS AND BEFORE SHARE OF LOSS OF ASSOCIATE AND MINORITY		-	(544.90)
Provision For Taxation			
- Current Tax		-	(53.31)
- Deferred Tax		-	27.84
- Fringe Benefit Tax		-	6.21
PROFIT/ (LOSS) AFTER TAXATION FROM ORDINARY ACTIVITIES AND FROM DISCONTINUING OPERATIONS AND BEFORE SHARE OF LOSS OF ASSOCIATE AND MINORITY INTEREST		-	(525.64)
Share of Associate's Net (Loss)/ Profit		-	(204.31)
PROFIT/ (LOSS) AFTER TAXATION FROM ORDINARY ACTIVITIES AND FROM DISCONTINUING OPERATIONS AND BEFORE SHARE OF MINORITY INTEREST		-	(729.95)
Minority's Share of Profit/ (Loss) in Certain Subsidiary Companies		-	(14.90)
PROFIT/ (LOSS) AFTER TAXATION FROM ORDINARY ACTIVITIES AND FROM DISCONTINUING OPERATIONS	(B)	-	(715.05)
NET PROFIT/ (LOSS)	(A+B)	1,608.29	(765.57)
Profit and Loss Account Balance Brought Forward		609.26	1,374.83
PROFIT AVAILABLE FOR APPROPRIATION		2,217.55	609.26
APPROPRIATIONS:			
Proposed Final Dividend			
- Equity Shareholders		73.09	-
- Preference Shareholders		17.41	-
Tax on Proposed Final Dividend		15.03	-
PROFIT AND LOSS ACCOUNT BALANCE CARRIED TO BALANCE SHEET		2,112.02	609.26
		2,217.55	609.26
Earnings Per Share (Rs.) - (Refer Note 24 on Schedule 19)			
- Basic and Diluted before Extraordinary Item		22.00	(10.37)
- Basic and Diluted after Extraordinary Item		22.00	(10.47)
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: 0075675

Chartered Accountants

Neeraj Gupta

Partner

Membership No. F055158

For and on behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

M. L. Mittal

Executive Director (Finance)

R. R. Mandawewala

Director

Shashikant Thorat

Company Secretary

Place: Mumbai

Date: May 12, 2010

Place: Mumbai

Date: May 12, 2010



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 Rs. million	As At March 31, 2009 Rs. million
SCHEDULE 1 : CAPITAL		
Authorised (Refer Note 9 on Schedule 19)		
125,000,000 (March 31, 2009 : 81,500,000) Equity Shares of Rs. 10 each	1,250.00	815.00
500,000 (March 31, 2009 : 1,100,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	50.00	110.00
- (March 31, 2009 : 23,500,000) Redeemable Cumulative Preference Shares of Rs. 10 each	-	235.00
	<u>1,300.00</u>	<u>1,160.00</u>
Issued, Subscribed and Paid Up		
73,089,519 Equity Shares of Rs. 10 each fully paid up	730.90	730.90
500,000 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up (Refer Note 13 on Schedule 19)	50.00	50.00
	<u>780.90</u>	<u>780.90</u>
Less : Adjustment for 50 Equity Shares representing 50% of 100 equity shares of Welspun India Limited held by WelspunZucchi Textiles Limited, a jointly controlled entity.	*	*
	<u>780.90</u>	<u>780.90</u>
* Less than Rs. 1,000		
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	2,638.11	2,638.11
Less : Adjustment on demerger (Refer Note 8(c) on Schedule 19)	750.00	-
	<u>1,888.11</u>	<u>2,638.11</u>
Capital Redemption Reserve	428.38	428.38
Capital Reserve - Forfeiture of Equity Warrants	48.18	48.18
Capital Reserve		
- Arising on acquisition of interest in Joint Venture	-	0.08
- Arising on dilution of interest in Joint Venture	-	28.07
- Arising on dilution in Shareholding of Associate Company	-	380.39
- Arising on acquisition of Shareholding of Associate Company	0.25	-
	<u>0.25</u>	<u>408.54</u>
Hedging Reserve	-	(332.63)
Foreign Exchange Translation Reserve	(43.78)	(140.49)
Profit and Loss Account	2,112.02	609.26
[includes Share in Joint Ventures - Profit of Rs. 33.90 million (March 31, 2009 : Loss of Rs. 27.46 million)]		
	<u>4,433.16</u>	<u>3,659.35</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans		
- From Banks		
- In Rupee	12,280.08	13,049.92
- In Foreign Currency	385.31	1,256.44
	<u>3,726.12</u>	<u>3,603.72</u>
Working Capital Loans from Banks	16,391.51	17,910.08
Share in Joint Venture	-	276.63
	<u>16,391.51</u>	<u>18,186.71</u>
SCHEDULE 4 : UNSECURED LOANS		
Interest Free Sales Tax Loan (Repayable in six annual installments for each disbursement till October 7, 2010) (Repayable within one year Rs. 0.01 million ; March 31, 2009 : Rs. 0.02 million)	0.01	0.03
Short Term Loans from Banks	328.57	500.00
Inter-Corporate Loan from Welspun Investment and Commercials Limited (Repayable within one year : Rs. Nil ; March 31, 2009 : Rs. Nil)	88.80	-
	<u>417.38</u>	<u>500.03</u>
Share in Joint Venture	-	29.59
	<u>417.38</u>	<u>529.62</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 Rs. million	As At March 31, 2009 Rs. million
SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)		
(Refer Note 1 C (vii) (b) on Schedule 19)		
Deferred Tax Liability arising on account of Timing differences in : - Depreciation	2,063.49	1,926.69
Deferred Tax Asset arising on account of Timing differences in : - Provision for Doubtful Debts/ Advances	3.64	20.08
- Provision for Unpaid Statutory Dues	4.48	5.78
- Provision for Employee Benefits	12.03	14.66
- Provision for Deferred Rent	-	0.23
- Unabsorbed Depreciation and Net Operating Losses (Refer Note below)	480.47	836.53
- Provision for Others	0.78	1.00
	501.40	878.28
Share in Joint Venture	(0.11)	(1.71)
	1,561.98	1,046.70

Note:

The Income Tax Department had disallowed certain expenditure claimed by the Company in its income tax return for the Assessment Years 1999-2000, 2000-2001, 2002-2003 and 2003-2004. During the year, the Bombay High Court decided the matter in the Company's favour, consequent to which, the Company has recognised deferred tax asset aggregating Rs. 73.82 million on unabsorbed depreciation pertaining to the aforesaid assessment years.

SCHEDULE 6A : FIXED ASSETS

(Refer Notes 1 C (i), (ii), (iii), (iv), (xi) and (xii) on Schedule 19)

Rs. million

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at March 31, 2009	As at March 31, 2010	Accumulated Upto March 31, 2009	Accumulated Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	99.25	99.25	-	-	99.25	99.25
Buildings	2,985.58	3,324.53	331.99	420.34	2,904.19	2,653.59
Leasehold Improvements	88.44	51.41	4.23	8.10	43.31	84.21
Plant and Machinery (Refer Note 1 below)	16,426.74	16,762.38	4,167.34	4,667.51	12,094.86	12,259.40
Vehicles	69.30	41.46	35.99	18.98	22.48	33.31
Furniture and Fixtures	390.14	157.30	198.11	40.67	116.63	192.03
Office Equipment	131.00	74.48	38.49	14.04	60.44	92.51
Computer Hardware	259.95	151.73	157.47	97.79	53.94	102.48
Computer Software	95.71	71.36	37.73	38.90	32.46	57.98
Goodwill on Consolidation of subsidiaries and Jointly controlled Entities	961.17	0.31	75.49	-	0.31	885.68
Goodwill on Amalgamation	1.56	1.56	1.56	1.56	-	-
Development Expenditure	70.15	-	66.81	-	-	3.34
TOTAL	21,578.99	20,735.77	5,115.21	5,307.89	15,427.88	16,463.78
Share in Joint Venture	234.35	38.54	31.21	23.70	14.84	203.14
TOTAL	21,813.34	20,774.31	5,146.42	5,331.59	15,442.72	16,666.92
Previous Year	19,556.13	21,813.34	4,327.48	5,146.42		
Capital Work-in-progress [including Capital Advance Rs. 122.26 million (March 31, 2009 : Rs. 86.18 million)] (Refer Note 3 below).					271.32	958.70
Share in Joint Venture [including Capital Advance Rs. Nil (March 31, 2009 : Rs. 15.54 million)]					-	38.57
					271.32	997.27
					15,714.04	17,664.19

Notes:

1. Net book value of Plant and Machinery of Rs. Nil (March 31, 2009 : Rs. 8.77 million) is acquired under finance lease.
2. Net book value of Vehicles of Rs. Nil (March 31, 2009 : Rs. 5.97 million) is acquired under finance lease.
3. Capital Work-in-progress includes adjustment for the capital subsidy of Rs. Nil (Previous Year : Rs. 28.24 million) granted under the Technology Upgradation Fund (TUF) Scheme.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 Rs. million	As At March 31, 2009 Rs. million
SCHEDULE 6B : INCIDENTAL EXPENDITURE PENDING CAPITALISATION/ ALLOCATION		
(Refer Note 1 C (ii) on Schedule 19)		
Opening Balance	(A) 55.28	65.94
Add :		
Raw Material Consumption during Trial Run	-	81.15
Stores and Spares Consumed	-	4.77
Dyes and Chemicals Consumed	-	15.05
Packing Material Consumed	-	8.47
Job Work Expenses	-	8.45
Power and Fuel	-	4.48
Freight, Forwarding and Coolie Charges	-	3.84
Repairs and Maintenance	-	
- Others	-	0.10
Salaries, Wages, Bonus and Allowances	-	59.07
Contribution to Provident and Other Funds	-	4.01
Staff and Labour Welfare	-	1.01
Rates and Taxes	-	0.43
Printing and Stationery	-	0.19
Travelling and Conveyance	-	5.83
Legal and Professional Charges	-	4.79
Insurance	-	1.55
Communication	-	0.11
Loss on Redemption/ Sale of Units of Mutual Funds (Net)	-	0.03
Postage, Courier and Telephone	-	0.65
Vehicle Expenses	-	0.14
Advertising and Sales Promotion	-	9.52
Interest on Fixed Loans	-	97.52
Interest on Working Capital Loans	-	0.02
Discounting and Bank Charges	-	1.00
Miscellaneous	-	8.02
Less :	(B) -	320.20
Sales during Trial Run	-	118.83
Sale of Scrap	-	0.58
Export Benefits	-	8.90
Interest on Deposit Accounts - Gross	-	13.48
(Tax Deducted at Source Rs. Nil; Previous Year Rs. 3.06 million)	-	
Dividend	-	2.91
Increase in Stocks during Trial Run	-	46.44
	(C) -	191.14
	(A) + (B) - (C)	195.00
Less : Transferred to :		
Plant and Machinery	52.85	113.52
Buildings	2.43	27.43
Incidental Expenditure Pending Capitalisation/ Allocation	-	54.05
Share in Joint Venture	-	1.23
	-	55.28
SCHEDULE 7 : INVESTMENTS		
(Refer Note 1 C (v) on Schedule 19)		
Non - Trade		
Investment in Government Securities		
National Saving Certificates	0.01	0.01
(Lodged with District Magistrate, Valsad)		
Trade - Long Term (At Cost)		
(Unquoted)		
184,210 (March 31, 2009 : Nil) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.	33.92	-
Add : Capital Reserve on acquisition	0.25	-
Add : Company's Share of Loss as at the year end	0.49	-
	34.66	-
1,500 (March 31, 2009 : Nil) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Ltd.	116.13	-
Cost of acquisition (including goodwill of Rs. 83.35 million)	7.06	-
Less : Company's Share of Loss as at the year end	109.07	-
Nil (March 31, 2009 : 9,800,000) Equity Shares of Rs. 10 each fully paid up of Welspun Retail Limited	-	244.63
Cost of acquisition (including goodwill of Rs. Nil; March 31, 2009 : Rs. 0.02 million)	-	380.39
Add: Increase in carrying value arising on dilution in shareholding	-	625.02
Less : Company's Share of Loss as at the year end	-	353.08
	-	271.94
(Quoted)		
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
Nil (March 31, 2009 : 4,033,000) Equity Shares of Rs. 5 each fully paid up of Welspun Gujarat Stahl Rohren Limited	-	32.03
	149.34	309.58
Share in Joint Venture	0.01	4.58
	149.35	314.16
Aggregate of Unquoted Investments - At Book Value	143.75	276.53
Aggregate of Quoted Investments - At Book Value	5.60	37.63
- At Market Value	3.49	301.32

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As At March 31, 2010 Rs. million	As At March 31, 2009 Rs. million
SCHEDULE 8 : INVENTORIES		
(Refer Note 1 C (vi) on Schedule 19)		
Raw Materials	1,695.42	794.40
Work-in-Process	1,405.08	1,099.80
Finished and Traded Goods	251.38	1,944.19
Stores, Spares, Dyes and Chemicals	235.34	209.52
	3,587.22	4,047.91
Share in Joint Venture	20.33	167.37
	3,607.55	4,215.28
SCHEDULE 9 : SUNDRY DEBTORS		
(Refer Note 7 on Schedule 19)		
Unsecured		
Debts Outstanding for a period exceeding six months :		
- Considered Good	170.67	4.02
- Considered Doubtful	2.98	16.38
	173.65	20.40
Other Debts :		
- Considered Good	1,610.50	1,380.56
- Considered Doubtful	-	9.54
	1,610.50	1,390.10
Less : Provision for Doubtful Debts	2.98	25.92
	1,781.17	1,384.58
Share in Joint Venture	16.47	50.37
	1,797.64	1,434.95
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash on Hand	1.01	2.66
Cheques on Hand	0.95	15.38
Bank Balances		
- with Scheduled Banks :		
- In Current Accounts	174.17	269.69
- In Fixed Deposit Accounts	653.99	617.45
- with Others :		
- In Current Accounts in Foreign Currency	26.20	286.74
- Joint Deposit Account (Escrow)	-	242.16
Less : Held in Trust	-	(242.16)
- In Exchange Earners Foreign Currency Accounts (USD 5,897.07; Previous Year : USD 8,140.56)	0.26	0.41
	856.58	1,192.33
Share in Joint Venture	7.32	5.54
	863.90	1,197.87
SCHEDULE 11 : LOANS, ADVANCES AND OTHER CURRENT ASSETS		
LOANS AND ADVANCES		
Unsecured		
Loans :		
- Welspun USA Inc.	112.25	-
- Welspun Global Brands Limited	1,113.87	-
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	97.75	651.39
- Considered Doubtful	7.72	8.63
	105.47	660.02
Less : Provision for Doubtful Advances	7.72	8.63
	97.75	651.39
Balances with Customs, Excise, Sales Tax and other Government Authorities	752.43	700.55
Advance Tax and Tax Deducted at Source (Net of Provision for Tax)	54.90	37.56
Minimum Alternative Tax Credit Entitlement	441.55	209.50
Deposits	370.06	315.90
	2,942.81	1,914.90
OTHER CURRENT ASSETS		
Technology Upgradation Fund Credit Receivable	470.43	525.33
Interest Accrued on Loans	17.17	-
Interest Receivable under Subvention Scheme	0.31	11.16
Interest Accrued on Deposits	93.87	55.12
	581.78	591.61
Share in Joint Venture	30.93	51.34
	3,555.52	2,557.85
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	-	200.65
Sundry Creditors	1,785.61	2,113.82
Mark-to-Market Loss on Options/ Forward Contracts	-	596.77
Advance received from Customers	2.05	71.18
Temporary Overdraft with Scheduled Banks	60.64	9.29
Interest Accrued but not Due	76.74	79.94
	1,925.04	3,071.65
Share in Joint Venture	6.35	70.00
	1,931.39	3,141.65
PROVISIONS		
Proposed Dividend	90.50	-
Tax on Proposed Dividend	15.03	-
Taxation	4.68	-
Fringe Benefit Tax (Net of Advance Tax)	1.90	1.90
Gratuity (Refer Notes 1 C (viii) (b) and 18 on Schedule 19)	-	1.61
Leave Entitlement (Refer Notes 1 C (viii) (c) and 18 on Schedule 19)	39.17	41.52
Provision for Closure Costs	-	9.35
	151.28	54.38
Share in Joint Venture	20.40	19.97
	171.68	74.35
	2,103.07	3,216.00


SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rs. million	Year ended March 31, 2009 Rs. million
SCHEDULE 13 : SALES		
Sales	17,597.00	15,261.95
Export Benefits	1,398.26	1,045.13
	18,995.26	16,307.08
Share in Joint Venture	496.69	693.27
	19,491.95	17,000.35
SCHEDULE 14 : OTHER INCOME		
Rent	7.32	7.85
Dividend	4.47	16.56
Insurance Claim	0.05	0.43
Profit on Redemption/ Sale of Units in Mutual Funds	0.02	3.60
Profit on Sale of Shares	-	221.35
Profit on Sale of Bonds	0.28	2.00
Liabilities Written Back as no Longer Required	2.56	1.43
Provision for Gratuity no longer required written back	3.60	-
Provision for Doubtful Debts/ Advances written back	13.40	-
Profit on Cancellation of Forward Contracts	2.36	21.13
Exchange Gain/ (Loss) (Net)	125.94	(169.52)
Job Charges Received	25.69	25.95
Excise and Sales Tax Benefits	408.05	92.30
Royalty Income	-	7.84
Gain on disposal of a Joint Venture (Refer Note 4 on Schedule 19)	53.45	-
Miscellaneous	27.01	20.87
	674.20	251.79
Share in Joint Venture	9.41	2.55
	683.61	254.34
SCHEDULE 15 : MATERIALS AND MANUFACTURING EXPENSES		
Materials Consumed (Refer Note 23 on Schedule 19)		
Opening Stock of Raw Material, Work-in-Process, Finished Goods and Traded Goods	3,838.38	3,421.96
Less: Adjustment on Demerger of Marketing Division	1,931.46	-
	1,906.92	3,421.96
Add: Purchases of Raw Material and Traded Goods	10,477.40	7,325.87
	12,384.32	10,747.83
Less: Closing Stock of Raw Material, Work-in-Process, Finished Goods and Traded Goods	3,351.88	3,838.38
	9,032.44	6,909.45
Manufacturing Expenses		
Stores and Spares Consumed	278.13	249.49
Dyes and Chemicals Consumed	1,306.45	1,077.59
Contract Labour Charges	336.29	212.38
Job Work Expenses	207.78	114.37
Excise Duty On Closing Stocks	7.59	-
Power and Fuel	1,673.18	1,493.90
Packing Charges	951.07	635.11
Repairs and Maintenance:		
- Plant and Machinery	52.98	25.53
- Factory Building	15.90	8.32
	4,829.37	3,816.69
Share in Joint Venture	448.89	613.80
	14,310.70	11,339.94

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rs. million	Year ended March 31, 2009 Rs. million
SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Allowances and Other Benefits	1,106.39	1,791.60
Contribution to Provident and Other Funds (Refer Note 18 on Schedule 19)	99.16	122.04
Managerial Remuneration	34.96	38.07
Staff and Labour Welfare	59.37	62.24
	1,299.88	2,013.95
Share in Joint Venture	16.62	20.31
	1,316.50	2,034.26
SCHEDULE 17 : SELLING, ADMINISTRATION AND OTHER EXPENSES		
Claims, Discounts and Rebates	111.43	235.20
Brokerage and Commission	9.07	258.69
Freight, Forwarding and Coolie Charges	161.70	374.17
Repairs and Maintenance - Others	11.76	58.44
Directors' Sitting Fees	0.16	0.25
Rent	177.34	287.00
Rates and Taxes	62.23	40.61
Stamp Duty Expense	2.50	-
Printing and Stationery	7.20	11.71
Travelling and Conveyance	85.96	169.71
Legal and Professional Charges	51.40	112.74
Security Expenses	13.17	12.12
Insurance	34.53	69.50
Communication	10.39	45.62
Postage and Courier	4.18	21.72
Loss on Sale/ Discarding of Fixed Assets (Net)	10.91	15.12
Debts/ Advances Written off	13.40	4.70
Provision for Doubtful Debts	-	10.13
Provision for Doubtful Advances	-	5.40
Design Development and Testing Expenses	10.41	71.13
Royalty	11.89	119.53
Advertising and Sales Promotion	27.36	128.45
Donations	16.50	2.46
Auditors' Remuneration		
- As Auditors	3.97	10.77
- In other capacity - As Tax Auditors	0.27	2.94
- Certification and Other Matters	0.86	0.97
- Out of Pocket Expenses	0.14	0.46
Miscellaneous	48.23	96.15
	886.96	2,165.69
Share in Joint Venture	13.71	47.26
	900.67	2,212.95
SCHEDULE 18 : FINANCE EXPENSES (NET)		
Interest on Fixed Loans	783.71	660.00
(net of interest subsidy of Rs. 614.21 million, Previous Year : Rs. 534.47 million)		
Interest on Debentures	-	6.53
Interest on Working Capital Loans	234.01	415.32
Interest to Others	6.68	40.21
Discounting and Bank Charges	41.68	74.03
Lease Rentals	-	0.08
	1,066.08	1,196.17
Less:		
Interest on Fixed Deposits -Gross	52.61	45.73
Interest on Loans	89.93	-
Interest on Others -Gross	0.52	5.92
Cash Discount received	25.28	14.71
	897.74	1,129.81
Share in Joint Venture	27.99	46.75
	925.73	1,176.56



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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 Companies 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) Minority Interest in the net assets of consolidated subsidiaries consist of :
 - the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - the minorities' share of movements in equity since the date the parent subsidiary relationship comes into existence.
- (d) 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.
- (e) 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.

On occasion, an associate company accounted for by the equity method may issue its shares to third parties as either a public offering or private placement at per share amounts in excess of or less than Parent Company's average per share carrying value. With respect to such transactions, the resulting gains/ losses arising from the dilution of interest are recorded as Capital Reserve/ Goodwill.

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

- (f) 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

- (ii) The Subsidiary Companies, Joint Venture Companies 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, 2010
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
MEP Cotton Limited (MCL)(Extent of holding – 26.94%) (upto January 31, 2010)	Joint Venture	India	-
Welspun USA Inc. (WUSA)	Associate	U.S.A.	10.94
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
Christy UK Limited (CUKL) (Held through CHTL)	Subsidiary of Associate	U.K.	9.68
Christy 2004 Limited (Held through CUKL)	Subsidiary of Associate	U.K.	9.68
Flyspark Limited (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



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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.

(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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**(vii) Accounting for Taxes on Income/ Minimum Alternate Tax Credit**

Income tax expense comprises current tax and deferred tax charge or credit.

(a) Current Taxation

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, 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 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 entities 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 entities 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 are in substance



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

forms part of Company's net investment in a non-integral foreign operation are recognised in Foreign Exchange Translation Reserve under Reserves and Surplus. 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 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. Export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme and Focus Market Scheme are recognized on shipment for direct exports. In case of other sales made as Support Manufacturer, on export such goods in accordance with the agreed terms and conditions with customers.
- 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'.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(xii) Impairment of Assets

At each balance sheet date an assessment is made as to whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. 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 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, 2010 Rs. million	As at March 31, 2009 Rs. million
Excise, Customs and Service Tax		
Alleged excess clearance of cotton yarn in Domestic Tariff Area over and above the limit specified in para 9.9 (b) of the Exim Policy 1997-2002. The Company had deposited Rs. 0.70 million under protest and filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad against the order passed by Commissioner (Appeals) of Central Excise and Customs. The case has been settled in the Company's favour during the year.	-	19.45
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 had passed the order against the Company. The Company has paid pre-deposit of Rs 100 million as required by Central Excise authorities and obtained stay on payment of remaining amount. The case has been remanded back to the lower authority to consider the claim of the Company by Commissioner Appeals. Further, during the year, a separate show cause notice has 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.	318.58	318.58



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Description	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
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 has passed the order against the Company. The Company has filed Revision Application with the Joint Secretary, Ministry of Finance, Department of Revenue.	69.57	69.28
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 March 2008. The Company has filed its reply against the show cause notices issued by Joint Commissioner and Commissioner of Customs and Central Excise, Daman. Based on the review and comments made by the Committee of Chief Commissioners, the Commissioner has made an application to CESTAT to withdraw his order passed in April 2008 in respect of non payment of excise duty.	3.50	3.33
Alleged improper abatement of service tax on payments made to Goods Transport Agency under Notification No. 32/04-ST dated 3-12-2004. The Company has filed its reply against the show cause notice issued by the Commissioner of Central Excise & Customs, Daman.	47.98	45.51
Alleged service tax credit based on improper documents. The Company has received an order from Commissioner, Central Excise & 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	0.15
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 has paid Rs. 0.70 million under protest and filed an appeal against the order with Commissioner of Central Excise & Customs (Appeals), Daman in March 2009.	1.91	1.82
Alleged improper availment of cenvat credit on service tax paid on insurance premia paid for availing insurance services that are not used in or in relation to manufacture of final products. The Company has received a show-cause notice from Assistant Commissioner of Central Excise and Customs, Vapi against which it has filed a reply. The Company has paid Rs. 0.02 million under protest.	0.04	0.03
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 has issued a show cause notice seeking recovery of the non-reversed amount. The Company has submitted its reply to the Commissioner of Central Excise.	96.40	-
Alleged erroneous sanction of refund of service tax by Assistant Commissioner of Central Excise. The Deputy Commissioner of Central Excise has 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	-
Stamp Duty		
Disputed stamp duty liability on De-merger Scheme. The Company has 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

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Description	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
Sales Tax		
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2003-04 and raised the demand on purchase of Furnace oil during the year 2003-04 in respect of purchases made by the Company at a concessional rate of tax. The Company has deposited Rs. 0.09 million under protest and has filed an appeal with the Joint Commissioner of Sales Tax, Vadodra.	1.17	1.07
The Deputy Commissioner of Sales Tax has issued an assessment order for the financial year 2004-05 and raised the demand on purchase of Furnace oil during the year 2004-05 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.	7.31	6.75
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 2000-01 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 Company had filed an appeal with Joint Commissioner, Baroda dated October 1, 2006. The demand has been confirmed by the Joint Commissioner. The Company is in process of filing an appeal before the Appellate Tribunal.	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.	7.24	7.24
FEMA		
The Appellate Tribunal for Foreign Exchange, New Delhi has issued an order for contravention of the provision of Section 18(2) of the Foreign Exchange Regulation Act, 1973 read with Section 49(3) and (4) of Foreign Exchange Management Act, 1999 in respect of non-realisation of export proceeds. The Company had paid Rs. 0.45 million under protest and preferred an appeal with the Appellate Tribunal for Foreign Exchange (ATFE), New Delhi. The said appeal was dismissed by ATFE and the Company has paid the balance amount Rs. 0.45 million in the current year.	-	0.90
Others:		
Accumulated dividend on cumulative redeemable preference shares.	-	17.41
Claims against the Company not acknowledged as debts.	2.89	2.72
Bills discounted in respect of export debtors	75.96	1,021.30

Description	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
3) (a) Guarantees given by banks on behalf of the Company and its subsidiaries [including the Company's share of Rs. 0.24 million (March 31, 2009 : Rs. 0.24 million) in Jointly Controlled entities and Rs. 24.06 million (March 31, 2009 : Rs. 9.28 million) in associates]	363.56	296.43
(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, 2009 : Nil) granted to Welspun Home Textiles UK Limited for acquisition of CHT Holdings Limited.	679.56	-



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Description	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
Guarantees aggregating USD 8.62 million (March 31, 2009 : Nil) 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.	387.04	-
Guarantee on behalf of Welspun Global Brands Limited (WGBL) in favour of India to secure repayment of loans extended / to be extended by Bank of India to WGBL.	210.00	-
Guarantee of USD 18 million (March 31, 2009 : Nil) on behalf of Welspun USA, Inc. (WUSA) in favour of Bank of Baroda, New York (USA) Branch to secure repayment of loans extended / to be extended by Bank of Baroda to WUSA.	808.20*	-
Guarantee on behalf of Welspun Global Brands Limited (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*	-
(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. [including company's share of Rs. Nil (March 31, 2009 : Rs. 15.54 million) in jointly controlled entities].	29.13	70.95
(d) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for [including the Company's share of Rs. Nil (March 31, 2009 : Rs. 0.67 million) in jointly controlled entities].	1,046.73	36.89

* These guarantees are subject to approval of the shareholders under Section 372A of the Companies Act, 1956.

- 4) As on April 1, 2009, the Company was holding 3,320,000 equity shares of Rs.10 each of MEP Cotton Limited, a joint venture with Mr. K. K. Mittal formed for ginning of cotton. The Company transferred its entire shareholding in MEP Cotton Limited to Welspun Investments and Commercials Limited at book value as per its stand-alone financial statements on February 1, 2010. As the proceeds from disposal being the book value exceeded carrying value of the net assets as per the consolidated financial statements, the resultant gain of Rs. 53.45 million has been recognised in the Profit and Loss Account.
- 5) On July 25, 2009, the Company invested in 184,210 shares of Welspun USA Inc. for a consideration of Rs. 33.92 million (USD 700,000).
- 6) On September 24, 2009, the Company invested in 1,500 shares of Welspun Holdings Private Limited for a consideration of Rs. 116.13 million (GBP 1,500,000).
- 7) As at March 31, 2010, the Company has trade receivables aggregating Rs. 475.93 million due from a related Company, Welspun Retail Limited (WRL). Of the said amount Rs. 159.75 million is outstanding for more than 180 days. 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 opening new stores, 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, 2010 is considered good and recoverable.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

- 8) (a) The Scheme of Arrangement between Welspun India Limited (WIL), Welspun Global Brands Limited (WGBL) and Welspun Investments and Commercials Limited (WICL) and their respective members and creditors (the "Scheme") was approved by the High Court of Gujarat at Ahmedabad by its order dated May 8, 2009. Pursuant to the Scheme, assets and liabilities of the marketing division of WIL (as tabulated in (c) below) were transferred to WGBL with effect from the appointed date (April 1, 2009). Upon the transfer, WGBL issued one equity share of Rs. 10 each credited as fully paid up to the shareholders of WIL for every ten equity shares held by them in WIL. Accordingly, 7,308,952 equity shares of Rs. 10 each of WGBL were allotted to the shareholders of WIL on July 14, 2009. Further, 500,000 equity shares held by WIL in WGBL as at March 31, 2009 were cancelled.
- (b) Further, as per the Scheme, the assets and liabilities of the Investment and Treasury Division of WIL were transferred to WICL with effect from the appointed date. Upon the transfer, WICL issued one equity share of Rs. 10 each credited as fully paid up to the shareholders of WIL for every 20 equity shares held by them in WIL. Accordingly, 3,654,476 equity shares of Rs. 10 each of WICL were allotted to the shareholders of WIL on July 14, 2009. Further, 50,000 equity shares held by WIL in WICL as at March 31, 2009 were cancelled.
- (c) Transfer of assets, liabilities and reserves pursuant to the Scheme

	Welspun Global Brands Limited	Welspun Investments and Commercials Limited	Total
Particulars	Rs. million	Rs. million	Rs. million
Fixed Assets (Net)	1.84	-	1.84
Investments	874.36	32.54	906.90
Current Assets	4.29	200.81	205.10
Current Liabilities and Provisions	(603.74)	-	(603.74)
Loans	(55.05)	-	(55.05)
Net Assets Transferred	221.70	233.35	455.05
Add: Hedging Reserve (Debit balance)	294.95	-	294.95
Total	516.65	233.35	750.00*

* Amount adjusted from Securities Premium Account as per the Scheme

- (d) As a result of the demerger, the Company is dependent upon WGBL for marketing of significant proportion of its products and WGBL is the company's major customer as regards international sales of its products. Further, as a result of the demerger, all retail brands used in relation to the Company's products are owned by WGBL. Further, with effect from April 1, 2009, 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 a material adverse effect on the business of the Company.
- (e) Consequent to the demerger, the Company has issued a corporate guarantee of Rs. 3,593 million favour of a consortium of bankers in relation to post-shipment debt facilities provided by them to WGBL. WGBL has also given a corporate guarantee 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.
- (f) Pursuant to the demerger, with effect from April 1, 2009, the Company has transferred investments in its subsidiaries, Welspun Holdings Private Limited and Welspun USA Inc. and investment in an associate, Welspun Retail Limited to Welspun Global Brands Limited at book values as reflected in its separate financial statements. In the consolidated financial statements, the Company had recognised its share of losses in these subsidiaries and the associate till March



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

31, 2009. The purchase consideration on disposal of these subsidiaries and the associate, being the book value of the investments per the standalone financial statements of the Company, significantly exceeded the carrying amount of the net assets and goodwill per the consolidated financial statement of the Company, gain of Rs. 710.85 million has been recognised in the Profit and Loss Account.

- 9) Pursuant to the Scheme, with effect from April 1, 2009, authorised share capital of the Company stood as Rs. 800,000,000 divided into 75,000,000 equity shares of Rs. 10 each and 500,000 Redeemable preference shares of Rs. 100 each. Further, during the year, the authorised share capital has been increased by Rs. 500,000,000 by creating 50,000,000 equity shares of Rs. 10 each, pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on December 14, 2009.
- 10) Subsequent to the year end, the Company has issued 15,603,000 equity shares of Rs. 10 each at Rs. 100 per share pursuant to a Qualified Institution Placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- 11) The Company's wholly owned subsidiary in Switzerland, Welspun AG (WAG) has been incurring losses and had a negative gross margin for the years ended March 31, 2009 and March 31, 2010. Since the transfer pricing study for the aforementioned years is also not complete, there could arise a potential tax liability if the tax authorities are not convinced about the reasons for the losses. The management of WAG is in the process of providing explanations to the cantonal and federal tax authorities regarding the negative gross margins. WAG's external tax advisor, by applying assumptions and judgement, has estimated a potential tax liability in the range of Rs. 50.78 million to Rs. 122.73 million in the event that appropriate rulings from the tax authorities are not obtained. However, the management believes that the appropriate rulings will be obtained in due course and hence, no provision is considered necessary.
- 12) On June 30, 2009, holders of outstanding 1,290,000 options surrendered their options. The Company then granted 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) (Exercise Price). 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.

Summary of Stock Options	No. of Stock Options	Weighted Average Exercise Price (Rs.)
Options granted during the year	2,265,000	35.60
Options forfeited/lapsed during the year	135,000	35.60
Options exercised during the year	-	-
Options outstanding on March 31, 2010	2,130,000	35.60
Options vested but not exercised on March 31, 2010	-	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Information in respect of options outstanding as at March 31, 2010

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
426,000	3.25	35.60
426,000	4.25	35.60
639,000	5.25	35.60
639,000	6.25	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 is 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. 13.33 million, Profit After Tax lower by Rs. 8.80 million and the basic and diluted earning per share would have been lower by Rs. 0.12 and by 0.17 respectively.

- 13) 500,000 (March 31, 2009 : 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.
- 14) In accordance with the Company's policy given in Note 1(C)(ix)(a) above, net exchange gain of Rs. 109.98 million (Previous Year: net exchange loss of Rs. 1,092.20 million) which includes the Company's share of net exchange gain of Rs. 3.36 million (Previous Year: net exchange loss of Rs. 3.97 million) in jointly controlled entities, has been accounted in the Profit and Loss Account.
- 15) Borrowing Costs aggregating Rs. 23.43 million; Previous Year: Rs. 101.79 million (net of interest subsidy of Rs. 13.18 million; Previous Year: Rs. 90.66 million) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets which includes the Company's share of Rs. Nil (Previous Year: Rs. 1.80 million) in jointly controlled entities.
- 16) Segment Information for the year ended March 31, 2010:

(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, 2010 and as on that date.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(ii) Information about Secondary Geographical Segments:

	(Rs. million)					
	India		Outside India		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
External Revenue	17,243.86	1,163.36	2,127.76	15,827.84	19,371.62	16,991.20
Carrying Amount of Segment Assets	23,488.55	21,408.07	2,199.44	6,031.51	25,687.99	27,439.58
Capital Expenditure (excluding the Incidental Expenditure Pending Capitalisation/ Allocation)	728.62	1,754.06	38.67	441.24	767.29	2,195.30

(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.

17) A subsidiary of the Company has four separate trademark licensing agreements, under which it could utilize certain names on towels.

The future minimum annual royalty obligations as at March 31, 2010 are as follows:

(Rs. million)	
Year ending on March 31	Royalty
2011	13.51
2012	14.78
Total	28.29

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

18) 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

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

	2009-10 Rs. million	2008-09 Rs. million
- Employers' Contribution to Provident Fund *	36.44	32.03
- Employers' Contribution to Employee's State Insurance *	9.95	6.69
- Employers' Contribution to Employee's Pension Scheme *	44.86	36.03
- Other Social Security Funds *	7.91	47.29

The Company's share of expenses in jointly controlled entities recognised in the Profit and Loss Account.

1.21

1.28

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

II Defined Benefit Plan

Contribution to Gratuity Fund

a. Major Assumptions

	2009-10 (% p.a.)	2008-09 (% p.a.)
Discount Rate : - Staff	8.20	7.50
- Worker	8.20	7.25
Expected Rate of Return on Plan Assets	8.50	8.00
Salary Escalation Rate @	6.00	5.00

@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

	2009-10 Rs. million	2008-09 Rs. million
Opening Present Value of Obligation	52.16	47.23
Transfer of Obligations to Welspun Global Brands Limited pursuant to demerger scheme	(5.75)	
Current Service Cost	11.73	11.72
Interest Cost	4.28	4.02
Benefit/ Exgratia paid	(6.24)	(12.01)
Actuarial Loss/ (gain) on Obligations	(0.58)	1.20
Closing Present Value of Obligation	55.60	52.16



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

c. Change in Fair Value of Plan Assets

	2009-10 Rs. million	2008-09 Rs. million
Opening Fair Value of Plan Assets	50.55	53.24
Expected Return on Plan Assets	4.30	4.26
Actuarial (loss)/gain on Plan Assets	14.73	(7.53)
Contributions	-	9.48
Benefits paid	(4.45)	(8.90)
Closing Fair Value of Plan Assets (Refer Note below)	65.12	50.55

Note:

Includes Gratuity Fund balance of Rs. 5.75 million held by the employee group gratuity trust of the Company, for the employees transferred to the Welspun Global Brands Limited pursuant to the scheme of demerger of the Company.

d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets to Assets and Liabilities recognised in Balance Sheet

	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million
Present Value of Funded Obligation	55.60	52.16
Fair Value of Plan Assets	65.12	50.55
Liability/ (Assets) recognised in the balance Sheet and included under Current Liabilities and Provisions	(9.52)	1.61
(Refer Schedule 12) and under Loans and Advance and Other Current Assets (Refer Schedule 11)		

e. Expenses Recognised in the Profit and Loss Account

	2009-10 Rs. million	2008-09 Rs. million
Current Service Cost	11.73	11.72
Interest Cost	4.28	4.02
Expected Return on Plan Assets	(4.30)	(4.26)
Net Actuarial Loss/(gain) recognised in the period	(15.31)	8.73
Total expenses recognised in the Profit and Loss Account	(3.60) **	20.21 ***
Actual Return/(Loss) on Plan Assets	19.03	(3.27)

** Included in Other Income (Refer Schedule 14)

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

The Company's share of expenses recognised in the Profit and Loss Account in jointly control entities	(0.06)	0.51
The Company's share of (Assets)/Liability recognised in the balance sheet in jointly controlled entities	(0.15)	0.27

f. Other Disclosure

	As at March 31, 2010 Rs. million	As at March 31, 2009 Rs. million	As at March 31, 2008 Rs. million	As at March 31, 2007 Rs. million
Present Value of Funded Obligation	55.60	52.16	47.23	36.83
Fair Value of Plan Assets	65.12	50.55	53.24	34.02
Funded Status	9.52	(1.61)	6.01	(2.81)
Present Value of Unfunded Obligation	-	1.61	-	2.81

III Other Employee Benefit

The Liability for the leave entitlement and compensated expenses as at year end is Rs. 39.17 million (March 31, 2009: Rs. 41.52 million).

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

19) Disclosure of Derivative Instruments

A. Derivative instruments outstanding at the year end :

- i) Forward and Option Contracts to hedge the foreign currency exposure for payments to be received against exports and other receivables :

(In million)

Currency	Forward and Option Contracts	
	March 31, 2010	March 31, 2009
USD	-	186.91
(Equivalent Rs.)	-	(9,052.89)
EURO	-	0.69
(Equivalent Rs.)	-	(46.44)

- ii) Forward and Option Contracts to hedge the foreign currency exposure for payments to be made against imports and other payables :

(In million)

Currency	Forward and Option Contracts	
	March 31, 2010	March 31, 2009
USD	5.46	1.44
(Equivalent Rs.)	(245.15)	(73.95)
EURO	8.14	0.76
(Equivalent Rs.)	(498.72)	(49.62)
CHF	1.72	-
(Equivalent Rs.)	(71.84)	-

- B.** As of the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 678.77 million (March 31, 2009 : Rs. 913.17 million) for receivables and Rs. 543.52 million (March 31, 2009 : Rs. 860.86 million) for payables.

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the year ended March 31, 2010

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Balance as at the beginning of the year	(332.63)	-
Transfer of Hedging Reserve to Welspun Global Brands Limited pursuant to demerger	332.63	-
Unrealized gain/ (losses) on cash flow hedging derivatives	-	(941.22)
Net gains/ (losses) reclassified into net income on occurrence transactions.	-	(608.59)
Balance as at Year end	-	(332.63)



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

20) Related Party Disclosures

(i) Relationships

(a)	Joint Venture Companies	Welspun Zucchi Textiles Limited (WZTL) MEP Cotton Limited (MCL) (upto January 31, 2010)
(b)	Associate Company	Welspun USA Inc., USA (WUSA) Welspun Holdings Private Limited, Cyprus (WHPL)
(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) (Formerly Welspun Investments Limited) Welspun Sorema Europe, S.A. (SOREMA) (Formerly SOREMA – Tapetes E Cortinas De Banho, S.A., Portugal) Welspun UK Limited (WUKL) (Formerly Christy UK Limited) Welspun Home Textiles UK Limited (WHTL) Welspun Retail Limited (WRL) Welspun 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) Refined Salts Private Limited (RSPL) Welspun Foundation for Health and Knowledge (WFHK)
(d)	Key Management Personnel	B.K.Goenka (BKG) R. R. Mandawewala (RRM) (upto October 31,2009) 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, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
20 (ii) Following are the transactions with related parties mentioned in (i) above and the year-end balances

PARTICULARS	WUSA	WHPL	WGBL ***	WICL ***	SOREMA	WHTL	WUKL	CUSA	ERKL	WZTL	MCL	WRL	WGSRL	WPSSL	WSL
Transactions during the year															
Loans, Advances and Deposits given	113.92	-	1,326.44	-	-	-	-	-	-	-	-	-	-	-	7.00
Repayment of Loans, Advances and Deposits given **	-	-	-	-	-	-	-	-	-	-	-	(42.68)	-	-	-
Loan Advance & Deposits Received	-	0.43	212.57	-	-	-	-	-	-	-	20.00	42.68	-	-	7.00
Repayment Loans, Advances and Deposits received	-	-	-	199.50	-	-	-	-	-	-	-	-	-	-	-
Purchase of Goods	27.02	-	44.57	-	-	-	-	-	-	0.45	-	-	424.05	103.43	22.69
Purchase of Services/ Expenses incurred	13.65	-	-	-	-	-	-	-	-	-	(18.76)	(0.02)	(498.01)	(58.63)	(5.47)
Sale of Goods/ DEPB Licenses +	413.61	-	15,324.66	-	-	-	1.65	-	-	(22.14)	(5.66)	(13.35)	(4.48)	(47.39)	(4.69)
Job Charges Received	121.47	-	-	-	-	-	-	-	-	(40.46)	-	(511.35)	(21.24)	(3.71)	(2.44)
Sale of Services/ Expenses incurred	6.18	-	79.49	-	-	-	-	-	-	3.11	-	(1.33)	66.92	14.65	-
Sale of Fixed Assets	-	-	-	(0.31)	-	-	-	-	-	(3.27)	-	(9.83)	(69.73)	(12.63)	(3.53)
Purchase of Fixed Assets / Capital Goods	-	-	-	-	-	-	-	-	-	-	-	0.01	5.58	2.52	-
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	(4.72)	(3.63)	-
Interest Income	0.22	-	89.71	-	-	-	-	-	-	-	-	-	-	-	2.13
Payment of Interest	-	-	-	13.99	-	-	-	-	-	-	-	-	-	-	(1.36)
Claims, Discount and Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and Commission	-	-	-	-	-	-	-	-	-	(0.14)	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	(3.88)	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	-	(10.70)	-	-
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Made during the year	33.92	855.24	-	-	-	-	-	-	-	-	0.05	-	-	-	-
Purchase of shares of WGBL during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investment during the year	-	-	-	99.50	-	-	-	-	-	-	-	-	-	-	-
Closing Balance															
Loans, Advances and Deposits received	8.36	-	18.51	88.85	-	-	-	-	-	10.00	-	-	9.40	-	-
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	112.83	4.46	1,130.81	-	-	-	-	-	-	(10.00)	-	-	(10.40)	-	-
Debtors (Gross of Bills Discounted with Banks)	26.21	-	1,220.07	-	8.26	-	-	-	-	2.07	(20.03)	(42.86)	(1.23)	(0.28)	-
Creditors	7.66	-	0.51	-	-	-	-	-	-	(10.20)	-	(257.92)	-	-	(1.41)
Investments	33.92	116.13	-	-	-	-	-	-	-	(0.05)	-	#	0.01	-	1.91
Corporate Guarantee given	1,195.24	-	3,803.00	(0.50)	-	679.56	-	-	-	(34.56)	(99.50)	(244.63)	(32.03)	#	(5.60)
Share Application Money Pending Allotment	-	-	-	-	-	-	-	-	-	-	(0.05)	-	-	-	-

Less than Rs. 10,000
+ Amount is inclusive of taxes
** Include Loans, Advances & Deposits given transferred to WGBL
*** Refer Note 8 on Schedule 19 for transaction relating to demerger
Note:
Previous year figures are given in brackets.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

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

PARTICULARS	WTL	WWL	WML	KTL	WLL	WRPL	VTL	MSL	WPBL	RSPL	WFKH	BKG	RRM	MLM	DBG
Transactions during the year															
Loans, Advances and Deposits given	-	-	-	-	-	-	5.50	-	-	-	-	-	-	-	-
Repayment of Loans, Advances and Deposits given **	-	-	-	-	-	-	0.49	1.67	-	-	(17.90)	-	-	-	-
Loan Advance & Deposits Received	-	-	-	-	(23.40)	(16.20)	-	(1.67)	-	(9.20)	-	-	-	-	-
Repayment Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Goods	-	-	-	-	-	-	-	-	0.97	-	-	-	-	-	-
Purchase of Services/ Expenses incurred	-	-	-	-	6.21	42.78	1.47	4.42	(0.93)	-	-	-	-	-	-
Sale of Goods/ DEPB Licenses +	-	-	-	-	-	(24.95)	-	(4.42)	-	-	-	-	-	-	-
Job Charges Received	-	-	-	-	-	-	-	0.05	(0.05)	-	-	-	-	-	-
Sale of Services/ Expenses incurred	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	(1.67)	-	-	-	(0.01)	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets / Capital Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims, Discount and Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	20.38	11.12	3.45	2.46
Donation	-	-	-	-	-	-	-	-	-	-	-	(2.85)	(2.16)	(3.16)	(2.23)
Refund of Share Application Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of shares of WGBL during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investment during the year	(2.50)	(2.50)	(2.50)	(2.50)	-	-	-	-	-	-	-	(#)	(#)	-	(#)
Closing Balance															
Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	-	-	-	-	-	206.03	5.01	11.67	-	-	14.40	-	-	-	-
Debtors (Gross of Bills Discounted with Banks)	-	-	-	-	-	(233.80)	-	(13.34)	-	-	(29.40)	-	-	-	-
Creditors	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	(#)	-	-	-	-	-	-	-
Corporate Guarantee given	-	-	-	-	-	-	-	(0.04)	-	-	-	-	-	-	-
Share Application Money Pending Allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Less than Rs. 10,000

+ Amount is inclusive of taxes

** Include Loans, Advances & Deposits given transferred to WGBL

*** Refer Note 8 on Schedule 19 for transaction relating to demerger

Note:

Previous year figures are given in brackets.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

21) 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, 2010	March 31, 2009
Buildings		
Gross Block	10.25	10.25
Accumulated Depreciation	1.98	1.82
Depreciation recognised in the Profit and Loss Account for the year	0.16	0.17
Plant and Machinery		
Gross Block	42.49	42.49
Accumulated Depreciation	31.89	30.63
Depreciation recognised in the Profit and Loss Account for the year	1.26	3.73

B. Where the Company is a lessee :

Operating Lease

The Company, some of its subsidiaries and one of its jointly controlled entities have taken various residential, office premises, godowns 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, 2010 are as under:

(Rs. million)		
Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
102.00*	294.94	172.22
(167.38*)	(767.61)	(100.49)

Previous Year figures are given in brackets

* Including the Company's share of Rs. Nil (March 31, 2009: Rs. 0.04 million) in jointly controlled entities

The aggregate rental expenses of all the operating leases for the year are Rs. 177.40 million (Previous Year: Rs. 287.29 million) which includes the Company's share of Rs. 0.06 million (Previous Year Rs. 0.29 million) in jointly controlled entities.

22) Disclosure of Interest in Joint Ventures

	(Rs. million)	
	As at March 31, 2010	As at March 31, 2009
I ASSETS		
1. Fixed Assets	14.84	241.71
2. Incidental Expenditure Pending Capitalisation/ Allocation	-	1.23
3. Investments	0.01	4.58
4. Deferred Tax Asset – Net	0.11	1.71
5. Current Assets, Loans and Advances		
a) Inventories	20.33	167.37
b) Sundry Debtors	16.47	50.37
c) Cash and Bank Balances	7.32	5.54
d) Loans, Advances and Other Current Assets	30.93	51.34



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	(Rs. million)	
	As at March 31, 2010	As at March 31, 2009
II LIABILITIES		
1. Shareholders' Funds – Reserves and Surplus (excluding Share Premium)	33.90	(27.46)
2. Secured Loans	-	276.63
3. Unsecured Loans	-	29.59
4. Current Liabilities and Provisions		
a) Liabilities	6.35	70.00
b) Provisions	20.40	19.97
		(Rs. million)
	For the year ended March 31, 2010	For the year ended March 31, 2009
III INCOME		
1. Sales (net of excise duty)	496.69	693.27
2. Other Income	9.41	2.55
	506.11	572.39
IV EXPENDITURE		
1. Materials and Manufacturing Expenses	448.89	613.80
2. Employees' Remuneration and Benefit	16.62	20.31
3. Selling, Administration and Other Expenses	13.71	47.26
4. Finance Expenses (Net)	27.99	46.75
5. Depreciation	7.54	15.58
	514.75	743.70
Loss before taxation	(8.64)	(47.88)
Provision for taxation (including deferred taxation)	2.73	7.96
Loss after taxation	(11.37)	(55.84)

- 23)** 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.

24) Earnings per Share

	(Rs. million)	
Particulars	March 31, 2010	March 31, 2009
Earnings (Loss) after Tax and before Extraordinary Item (A)	1,608.28	(758.24)
Less : Extraordinary Item	-	(7.33)
Profit (Loss) after Tax and after Extraordinary Item (B)	1,608.28	(765.57)
Number of Equity Shares		
- Weighted Number of equity shares outstanding during the year (C)	73,089,519	73,089,519
Basic and Diluted Earnings/ (Loss) per share before Extra Ordinary Item (A/C) (Rs.)	22.00	(10.37)
Basic and Diluted Earnings (Loss) per share after Extra Ordinary Item (B/C) (Rs.)	22.00	(10.47)
Nominal value of an equity share (Rs.)	10	10

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

- 25)** Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable. Prior year amounts are not strictly comparable with the current year's amounts due to reason stated in Note 8(a) above.

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 12, 2010

For and on behalf of the Board of Directors

B. K. Goenka
Chairman & Managing Director

R. R. Mandawewala
Director

Place: Mumbai
Date: May 12, 2010

M. L. Mittal
Executive Director (Finance)

Shashikant Thorat
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rs. million	For the Year Ended March 31, 2010 Rs. million	For the Year Ended March 31, 2009 Rs. million
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		2,186.22	(643.26)
Adjustments for :			
Depreciation	1,126.26		1,086.57
Exceptional Items	-		(38.52)
Unrealised Foreign Exchange Differences	(85.08)		12.14
Loss/ (Profit) on Sale of Fixed Assets	10.91		15.12
Profit on Redemption/ Sale of Units of Mutual Funds	(0.02)		(3.60)
Profit on Sale of Bonds	(0.28)		(2.00)
Profit on sale of Shares	-		(221.35)
Dividend	(4.47)		(16.56)
Liabilities/ Provision Written Back as no Longer Required	(6.16)		(1.43)
Provision for Doubtful Debts/ Advances Written Back	(13.40)		-
Provision for Doubtful Debts/ Advances	-		15.53
Debts/ Advances Written off	13.40		4.70
Gain on disposal of a Joint Venture	(53.45)		-
Gain on disposal of Subsidiaries and Associates pursuant to Demerger	(710.85)		-
Extraordinary Item	-		(11.10)
Interest Income and Cash Discount	(168.34)		(66.36)
Finance Expenses	1,094.07		1,242.92
		1,202.59	2,016.06
Operating Profit Before Working Capital Changes		3,388.81	1,372.80
Adjustments for changes in working capital :			
Trade and Other Receivables	(1,955.02)		(199.46)
Inventories	(1,323.73)		(368.63)
Loans and Advances	(2,068.41)		
Current Liabilities and Provisions	3,107.57		715.04
		(2,239.59)	146.95
Cash Flow Generated from Operations		1,149.22	1,519.75
Income Tax and Fringe Benefit Tax paid		(300.09)	(51.08)
Net Cash Flow from Operating Activities		849.13	1,468.67
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work-in-progress)		(734.89)	(2,100.24)
Sale of Fixed Assets		3.41	10.40
Capital Subsidy		113.85	39.27
(Purchase) / Sale of Investments (Net)		(118.12)	175.05
Dividend Received		4.47	16.56
Interest Received		52.61	17.60
Net Cash Flow used in Investing Activities		(678.67)	(1,841.36)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings (Net of Repayments)		448.41	898.80
Proceeds from Other Borrowings (Net of Repayments)		515.50	465.69
Finance Expenses Paid		(978.34)	(1,092.57)
Net Cash Flow (used in)/ from Financing Activities		(14.43)	271.92
(A + B + C)		156.03	(100.77)
Cash and Cash Equivalents at the beginning of the year		1,197.87	1,298.64
Less : Transfer of Cash and Cash Equivalents on Demerger		(490.00)	-
Cash and Cash Equivalents at the end of the year		863.90	1,197.87
Net Increase/ (Decrease) in Cash and Cash Equivalents		156.03	(100.77)

NOTES :

- 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.
- Previous year's comparatives have been reclassified to conform with the current year's presentation, wherever applicable. Prior year's amounts are not strictly comparable with the current year's amounts due to the reason stated in Note 8(a) on Schedule 19.

This is the Consolidated Cash Flow 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 12, 2010

For and on behalf of the Board of Directors

B. K. Goenka

Chairman & Managing Director

R. R. Mandawewala

Director

Place: Mumbai

Date: May 12, 2010

M. L. Mittal

Executive Director (Finance)

Shashikant Thorat

Company Secretary

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

Name of the subsidiary company	Rs. million		
	Welspun AG	Welspun Mexico SA de CV	Besa Developers and Infrastructure Private Limited
Financial Year of the subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010
Share Capital	739.12	0.23	0.10
Reserves & Surplus	(988.65)	(0.08)	-
Total Assets (Fixed Assets + Investments + Current Assets)	481.49	587.45	31.60
Total Liabilities (Debts + Current Liabilities)	731.02	587.30	31.50
Investment (excluding investments in subsidiaries)	-	-	-
Turnover	635.94	614.23	-
Profit before Taxation	(472.94)	176.70	-
Provision for Taxation	-	14.14	-
Profit after Taxation	(472.94)	162.56	-
Proposed Dividend	-	-	-

For and on behalf of the Board of Directors

B. K. Goenka
Chairman & Managing Director**R.R. Mandawewala**
Director**M. L. Mittal**
Executive Director (Finance)**Shashikant Thorat**
Company Secretary

Place: Mumbai

Date: May 12, 2010



As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 disclosure of individuals, bodies corporate forming part of Group within the meaning of Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations. This statement forms a part of Annual Report of the Company for the year ended March 31, 2010.

Individuals:

1) Mr. B.K.Goenka, 2) Mrs. Dipali Goenka, 3) Ms. Radhika Goenka, 4) Ms. Vanshika Goenka, 4) Mr. R.R.Mandawewala, 5) Mrs. Pratima Mandawewala, 6) Mr. Abhishek Mandawewala, 7) Mr. Yash Mandawewala,

Bodies Corporate/ Trust

1) Mr. B.K.Goenka – Trustee, B.K.Goenka Family Trust, 2) Welspun Corp Limited, 3) Welspun Syntex Ltd., 3) Welspun Finance Ltd., 4) Welspun Fintrade Ltd., 5) Welspun Zucchi Textiles Ltd., 6) Welspun Mercantile Ltd., 7) Welspun Steel Ltd., 8) Welspun Wintex Ltd. 9) Krishiraj Trading Ltd., 10) Refined Salts Pvt.Ltd., 11) Methodical Inv.& Trading Co. Pvt. Ltd., 12) FRANCO AGENCIES (A PARTNERSHIP FIRM IN WHICH DIRECTORES OF THE COMPANY ARE PARTNERS), 13) Adani Welspun Exploration Ltd., 14)Besa Developers & Infrastructures Pvt. Ltd., 15) Dahej Infrastructure Pvt Ltd., 16) Friends Connection (P) Ltd., 17) Giant Realty Pvt. Ltd., 18) Goldenarch Estate Pvt Ltd., 19) Goodvalue Polyplast Pvt Ltd., 20) Kalyan Realty & Developers Pvt. Ltd., 21) MEP Cotton Ltd., 22) Mertz Securities Ltd., 23) MGN Builders Pvt. Ltd., 24) Welspun Tradings Limited, 25) Sequence Apartments Pvt Ltd., 26) Vipuna Trading Ltd., 27) Welspun Anjar SEZ Ltd., 28) Welspun Construction Pvt. Ltd., 29) Welspun Developers & Infrastrucure Pvt Ltd. 30) Welspun Global Brands Ltd., 31) Welspun Infratech Ltd., 32) Welspun Integrated Textile Park Ltd., 33) Welspun Investments & Commercials Ltd., 34) Welspun Logistics Ltd. 35) Welspun Natural Resources Pvt Ltd., 36) Welspun Pipes Ltd., 37) Welspun Platics Pvt. Ltd. (Formerly Jaycee Plastic Industries Ltd.), 38) Welspun Properties Pvt. Ltd., 39) Welspun Realty Pvt. Ltd., 40) Welspun Retail Ltd., 41) Welspun SEZ Developers Pvt. Ltd., 42) Welspun Energy Ltd. 43) Welspun Energy Maharashtra Private Limited, 44) Welspun Energy Uttarakhand Private Limited, 45) Welspun Energy Rajasthan Private Limited, 46) Welspun Energy Meghalaya Private Limited, 47) Welspun Energy Chhattisgarh Ltd. 48) Welspun Steel Plates and Coil Mills Pvt. Ltd. 49) Welspun Renewables Energy Ltd. 50) Welspun Energy Resources Private Limited, 51) Welspun Urja India Ltd. 52) Viraj Renewables Energy Private Limited, 53) Welspun Orissa Power and Steel Ltd. 54) Dombivali Properties P. Ltd. 55) Worli Realty Pvt. Ltd. 56) Welspun Maxsteel Limited 57) Welspun Marine Logistics (Raigad) Ltd (formerly Welspun Integrated Tex Park Ltd) 58) Welspun Holdings Pvt. Ltd. 59) Sarveshwar Properties Private Limited 60) MGN Estates Private Limited 61) Kalyan Realty & Developers Private Limited 62) K K M International Pvt. Ltd. 63) International Synthesfab Pvt. Ltd 64) Crescent Trading Pvt. Ltd. 65) Angel Power and Steel Pvt. Ltd. 66) Wel-treat Enviro Management Organization

Foreign Bodies Corporate

1) Welspun Pipes Inc., 2) Welspun Tubular LLC, 3) Welspun Global Trade LLC, 4) Welspun USA Inc., 5) Welspun Mauritius Holdings Ltd., 6) Welspun Enterprises (Cyprus) Limited 7) Red Lebondal Limited 8) Welspun AG 9) Welspun Mexico S.A. de C.V. 10) Welspun Sorema Europe S.A. 11) Welspun Home Textiles UK Limited 12) Sorema Welspun Distribution and Logistics S.A. 13) Sorema Welspun Espana S.L.U. 14) Sorema Welspun Benelux B.V. 15) Sorema Welspun Deutschland GmbH 16) CHT Holdings Limited 17) Christy Home Textiles Limited 18) Welspun UK Limited 19) Christy 2004 Limited 20) Christy Europe GmbH 21) ER Kingsley Limited 22) Christy UK Limited



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*conditions apply

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Folio No. _____

D.O.B. _____

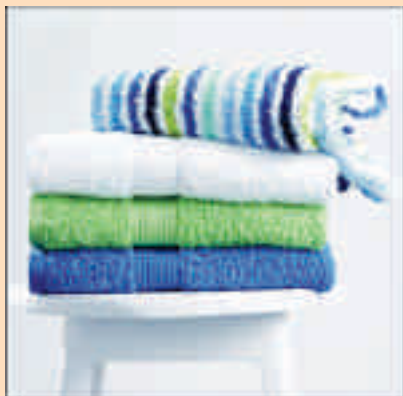
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Bill No. _____

Bill Date _____

Bill Amount _____

Store _____



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Validity: 1st February 2011 to 31st July 2011

*Privilege
Coupon*

Name _____

Address _____

Tel. _____

E-mail _____

Folio No. _____

D.O.B. _____

For store use only

Bill No. _____

Bill Date _____

Bill Amount _____

Store _____

- 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 Jiofashion, Jewellery Retail Ltd. will not be liable for replacement or compensation.
- This voucher is applicable for purchase of product at M.R.P. only.

- 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 JioMart, Welspun Retail Ltd. will not be liable for replacement or compensation.
- This voucher is applicable for purchase of product at M.R.P. only.

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