



Registered Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of Welspun India Limited will be held on Monday, December 31, 2012 at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110 at 11 a.m. to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
- 2) To appoint a director in place of Mr. Ram Gopal Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
- 3) To consider and approve re-appointment of M/s. Price Waterhouse, Chartered Accountants having Firm Registration Number 012754N as Statutory Auditors, who retire at the meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

- 4) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT Mr. Arun Tadarwal, whose term of office as an additional director, pursuant to section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, (the “Act”) (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of members of the Company be and hereby accorded for appointment of Mrs. Kushboo Mandawewala as a Deputy General Manager w.e.f October 01, 2012 on a remuneration of Rs. 10.00 lacs per annum plus perquisites, the details of which are as under :

Sr. No.	Pay & Allowances	(Amount in Rupees)	
		(Monthly)	(Annual / Annualized)
1	Basic	25,000	300,000
2	HRA	10,000	120,000
3	Other Allowances	48,333	580,000
Total Compensation		83,333	1000,000

- Other perquisites and facilities as per Company Policy

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to increase the aforesaid remuneration on April 01, 2013 and thereafter at the end of every 12 months by not more than 25% of the remuneration last drawn.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things including the decision of break of remuneration package, designation, effective date of appointment etc. as may be necessary in order to give effect to the aforesaid.”



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

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) (hereinafter referred to as the “Act”), and provisions of all other applicable laws and regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company and in accordance with the Listing Agreement entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed, and all other concerned statutory and other authorities to the extent necessary and such other approvals, consents, permissions sanctions and the like, as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which shall include a duly authorized committee thereof for the time being exercising the powers conferred upon it by the Board), the Articles of Association of the Company be and is hereby modified / altered as under :

1. The following amendments be made in Article 2 :

- a. The following Articles shall stand deleted :

Article 2 (i)	Article 2 (iii)	Article 2 (v)	Article 2 (viii)
Article 2(viii-a)	Article 2(xiii-a)	Article 2(xiii-b)	Article 2(xiii-c)
Article 2(xiii-d)	Article 2 (xiv)	Article 2(xiv-a)	Article 2 (xvi)
Article 2 (xviii)	Article 2{xxi-a)	Article 2(xxv)	Article 2(xxvi)
Article 2(xxx)	Article 2{xxxii)	Article 2(xxxiii)	Article 2(xxxxiii)
Article 2(xxxxiv)	Article 2(xxxxv)	Article 2(xxxxvi)	

- b. Article 2 (xxxii-a) be altered by deleting following text at the end :

“but excluding any transfer of Shares between either of the Investors and their respective Affiliates in accordance with these presents and any transfer of Shares between the Promoters inter se and/or between the Promoters and Permitted Affiliates approved by the Investors.”

2. The following Articles shall stand deleted :

Article 6A	Article 6B	Article 6C	Article 6D
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3. Article 56 shall stand replaced with text given below :

“Subject to the provisions of Section 111 of the Act, the Board, without assigning any reason for such refusal, may, within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien or the Board does not approve. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.”

4. Article 57 shall stand replaced with the text given below :

“In the case of refusal to register the transfer of any shares, the directors shall within one month from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor a notice of refusal.”

5. Article 61 shall stand replaced with the text given below :

“Neither the Company nor the directors shall incur any liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown on appearing in the Register of Members) to the prejudice of any person or persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company or the Directors may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company and neither the

Company nor the Director shall be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company and the Directors shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if they shall so think fit."

6. The following Articles shall stand deleted :

Article 65B

Article 65C

Article 65D

7. Article 117 shall be replaced with text given below:

"Until otherwise determined by a general meeting, the number of directors shall not be less than three or more than twelve excluding the ex-officio Directors and /or Special Director, Debenture Directors or Mortgage Directors, or Nominated Director, if any."

8. Article 123 shall stand replaced with text given below :

"The directors may allow and pay to any director who travel for the purpose of attending and returning from meeting of the Board of Directors or any committee thereof, general meeting or in connection with the business of the Company his travelling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance and in connection with the business of the Company in addition to his fees for attending such meetings specified above and other remuneration payable to him. The Directors may also, subject to the provision of Section 309 of the Act, from time to time fix the remuneration to be paid to any member or members or their body constituting a committee appointed by the directors in terms of these Articles and may pay the same."

9. Article 127 shall stand replaced with text given below :

"The Directors of the Company may appoint an Alternate Director to act for a director (hereinafter called "Original Director") during his absence for a period of not less than three months from the state in which meeting of the directors are held. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to such state. If the term of office of the Original Director is determined before he returns to such state any provision in the Act or in these Articles for the automatic re-appointment shall apply to the Original Director and not to the Alternate Director."

10. Article 142 shall stand replaced with text given below :

"The directors may meet together for the discharge of business, adjourn and otherwise regulate their meetings and proceedings from time to time as they deem fit. Provided further that a meeting of Board of Directors shall be held at least once in every three months and at least four such meetings shall be held every year."

11. Article 143 shall stand replaced with text given below :

"The Director may at any time and Secretary shall upon such request of any director call a meeting of the Directors at such place as he may think fit for the disposal of business. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every director for the time being in India and at his usual address in India to every other director."

12. Article 147 shall stand replaced with text given below :

"The directors may elect a Chairman of their meetings and determine the period for which he is to hold office, but if no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes after time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, then the directors present shall choose one of their member to be the Chairman of such meeting."

13. Article 149 shall stand replaced with text given below :

(a) The Board may, subject to the provisions of Section 292 and other applicable sections, if any of the Act, delegate any of its powers to committees or sub-committee or sub-committees consisting of such member or members of their body as they think fit and they may from time to time revoke and discharge

any such committee or sub-committee, either wholly or in part and either as to persons or purposes, but every such committee shall in the exercise of the powers so delegate, confirm to any regulations that may from time to time be imposed by the Board. All acts done by any such committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise and have the like force and effect as if done by the Board.

- (b) The Board may from time to time delegate all or any of the powers and authorities to any officer of the Company except those powers which under the Act or by these presents are required to be exercised or performed by the Board.

14. The following Articles shall stand deleted :

Article 152A	Article 152C	Article 152D	Article 200A
Article 202A	Article 202B	Article 202C	Article 211A
Article 213A	Article 215A	Article 217	Article 218
Article 219	Article 220		

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT in supersession of the earlier resolutions passed under Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans (including working capital facilities) obtained from the Company’s bankers in the ordinary course of business) (hereinafter referred to as the “Borrowings”) shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount of the Borrowings by the Board of Directors shall not exceed Rs. 3,500 Crore (Rupees Three Thousand Five Hundred Crore only).”

- 8) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT in supersession of the earlier resolutions passed under section 293(1)(a) of the Companies Act, 1956 (the “Act”), consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Act, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, wheresoever situated, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms, in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events in favour of Banks, Financial Institutions, other lenders / investing agencies and trustees for the holders of Debentures / other instruments, for securing, inter alia, any loans (both rupee loans as well as foreign currency loans) and/or advances already obtained or debts already incurred or that may hereafter be obtained or incurred from any of the lenders and/or to secure any debentures issued/that may be issued, and/or any financial obligations/ commitment hereinafter collectively referred to as the “Loans”) and all interest, compound/additional interest, commitment charges, Trustees’ remuneration, costs, charges expenses and all other monies payable by the Company to the concerned Lenders, and/or Agents and Trustees for debentures provided that the amount of loans shall not exceed Rs. 3,500 Crore (Rupees Three Thousand Five Hundred Crore only) and the temporary loans (including working capital facilities) obtained from the Company’s bankers in the ordinary course of business together with interest charges thereon.”

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

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company for making investments not exceeding in aggregate up to Rs. 65 Crore (Rupees Sixty Crore only) in Welspun Captive Power Generation Limited or any of its subsidiary.”

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

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to, as a part of its treasury operations, invest its surplus funds to acquire by way of subscription, purchase or otherwise the securities, including, share, scrips, stocks, bonds, debentures, units of mutual funds, of anybody corporate mainly public sector undertakings, banks, financial institutions, etc., up to a limit not exceeding Rs. 3000 million as a part of treasury operations of the Company or otherwise notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Principal Officer of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

By Order of the Board

Place : Mumbai
Date : December 7, 2012

Shashikant Thorat
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company remained closed from Thursday, December 27, 2012 to Friday, December 28, 2012 (both days inclusive).
3. Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Share Transfer Agent i.e Link Intime India Private Limited, Unit: Welspun India Limited, at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai-400078. All the correspondence pertaining to shareholding, transfer of shares, transmission etc. should be lodged with the Company's Share Transfer Agent.

By Order of the Board

Place : Mumbai
Date : December 7, 2012

Shashikant Thorat
Company Secretary

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

BRIEF RESUME OF DIRECTORS BEING RE-APPOINTED

ITEM NO. 2

Re-appointment of Mr. Ram Gopal Sharma

Mr. Ram Gopal Sharma, aged 72 years, joined the Board of Directors in 2008. He is a non-executive and an independent director. Mr. Sharma is MA (Econ), B.Com and Fellow of Insurance Institute of India. He has specialised knowledge in the field of life insurance, mutual funds, training, sales and marketing and investment.

Details of directorships / memberships of the Committees of the Board of other companies are as under :

Directorships:

1. Welspun Corp Limited
2. Welspun Steel Limited
3. Remi Metals Gujarat Limited
4. Welspun Maxsteel Limited

Committee positions :

Sr. No.	Name of the Company	Name of Committee	Member / Chairman
1.	Welspun Corp Limited	Audit Committee	Member
		Remuneration Committee	Member
2.	Remi Metals Gujarat Limited	Audit Committee	Member
		Remuneration Committee	Member
		Share Transfer and Investor Grievance Committee	Member
3.	Welspun Steel Limited	Remuneration Committee	Member
4.	Welspun Maxsteel Limited	Audit Committee	Chairman
		Remuneration Committee	Chairman
		Budget Committee	Chairman
		International Trade Practices and Governance Committee	Chairman
		Finance Committee	Member

Mr. Ram Gopal Sharma holds 633 equity shares of the Company.

ITEM NO. 4

Mr. Arun Todarwal is a fellow member of the Institute of Chartered Accountants of India and has been practicing since 1981. He is also a member of the Institute of Internal Auditors, National Centre for Quality Management, International Fiscal Association, Bombay Management Association, Bombay Chartered Accountants Society and their study group on International Taxation and Finance.

Mr. Todarwal was appointed as an Additional Director on the Board of the Company on December 7, 2012. In terms of section 260 of the Companies Act, 1956, additional directors can hold office only up to the Annual General Meeting of the Company. As the tenure of Mr. Arun Todarwal comes to an end at the forthcoming Annual General Meeting, it is proposed to appoint him as director liable to retire by rotation. In this regard, notice has been received from a shareholder proposing his appointment.

The Board of Directors recommends passing of the said resolution.

None of the Directors, except Mr. Arun Tadarwal, is considered to be interested in the above resolution.

Details of directorships / memberships of the Committees of the Board of other companies are as under:

Directorships:

1. Welspun Global Brands Limited
2. Welspun Investments and Commercials Limited
3. Sterlite Technologies Ltd.
4. Lakecity Ventures Pvt. Ltd.
5. Graviss Hospitality Limited
6. Graviss Hotels & Resorts Limited
7. Anuh Pharma Ltd.
8. SREI Mutual Fund Pvt. Ltd.

Sr. No.	Name of the Company	Name of Committee	Member / Chairman
1	Welspun Global Brands Limited	Audit Committee	Member
		Share Transfer and Investor Grievance Committee	Member
		Remuneration Committee	Member
2	Welspun Investments and Commercials Limited	Audit Committee	Member
		Share Transfer and Investor Grievance Committee	Member
		Remuneration Committee	Member
3	Sterlite Technologies Ltd.	Audit Committee	Member
		Share Transfer and Investor Grievance Committee	Member
		Remuneration Committee	Member
		Allotment Committee	Member
4	Anuh Pharma Ltd.	Audit Committee	Member

Mr. Arun Tadarwal does not hold any equity share in the Company.

ITEM NO.5

Mrs. Kushboo Mandawewala has done her Bachelor of Engineering in Information Technology from University of Mumbai in the year 2009. Taking into consideration her educational qualification, it is proposed that she be appointed as a Deputy General Manager with an annual remuneration of Rs. 10 lacs plus perquisites, the details of which are as under :

Sr. No.	Pay & Allowances	(Amount in Rupees)	
		(Monthly)	(Annual / Annualized)
1	Basic	25,000	300,000
2	HRA	10,000	120,000
3	Other Allowances	48,333	580,000
Total Compensation		83,333	1000,000

- Other perquisites and facilities as per Company Policy

Since she is daughter-in-law of Mr. Rajesh R. Mandawewala, Managing Director, the appointment, as the matter being appointment of a relative of a director of the Company to the office of profit under section 314 of the Companies Act, 1956, is required to be approved by the shareholders of the Company.

Members are requested to approve the said resolution at item no. 5 as a Special Resolution.

None of the directors of the Company except Mr. Rajesh R. Mandawewala is in any way concerned or interested in the said ion.

ITEM NO. 6

Mr. B.K. Goenka, Mr. Rajesh Mandawewala & Others ("the Promoters") and Dunearn Investments (Mauritius) Limited ("Dunearn") had entered into an agreement with the Company in the year 2005 for subscription of shares and warrants in the Company. As per the terms and conditions of the said Agreement, the Company was required to amend its Articles of Association so as to reflect the terms and conditions of the said agreement. As such, the Articles of Association were altered by incorporating various terms and conditions of the said Agreement. As per the provisions of the Agreement mentioned above, the agreement stood automatically terminated with Dunearn's shareholding in the Company going below 5% of the total equity share capital of the Company. Dunearn has sold its entire shareholding in the Company and as a result the said agreement stood terminated. The termination of the agreement has made references of Dunearn in the Articles of Association redundant. Therefore, it is proposed to amend the Articles of Association and remove the references of the agreement.

As per Section 31 of the Companies Act, 1956, any alteration in the Articles of Association of the Company shall have to be approved by the shareholders by way of Special Resolution. Accordingly, your Board recommends the said resolution for adoption.

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

ITEM NOS. 7 AND 8

The Board of Directors in its meeting held on November 8, 2012 has approved a project for capital expenditure at the Company's existing production facilities at Anjar and Vapi in the state of Gujarat.

Considering the quantum of expenditure entailing borrowings or issue of convertible securities, the limits specified pursuant to Sections 293 (1) (a) and (d) of the Companies Act, 1956 vide the existing resolutions passed by the members of the Company would be inadequate and hence the same needs to be suitably increased.

Members' approval is sought by way of ordinary resolutions proposed under Items no. 7 and 8.

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

ITEM NO. 9

The members at the 25th Annual General Meeting had approved investment of Rs. 60 Crore into Welspun Captive Power Generation Limited ("WCPGL"). WCPGL was formed in order to take advantage of captive power generation for user companies within Welspun group. WCPGL operates a captive power generation plant. Initially it was proposed that the Company will have 30% shareholding of WCPGL. Considering the recently approved capital expenditure, the Company's requirement may be higher and hence, it is proposed that the Company holds up to 50% of share capital of WCPGL. To accommodate acquisition of additional shareholding, the Company may require to invest amount marginally exceeding Rs. 60 Crore. Hence, it is proposed that the Board of Directors be authorised to make investment of an amount up to Rs. 65 Crore in WCPGL.

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

Hence, the members are requested to approve the resolution at item no. 9 as a special resolution.

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

ITEM NO. 10

Considering the nature of business operations, the Company requires good amount of working capital. Similarly, the operations generate huge amount of idle funds during the operations which may be parked or invested beneficially as a

part of treasury operations. Since aggregate of the investments already made in, loans already given to, guarantees and securities already given on behalf of, other bodies corporate by the Company exceeds both sixty per-cent of the paid-up share capital and free reserves and hundred per-cent of the free reserves of the Company, approval of the shareholders is required to be obtained by way of a special resolution in a general meeting to invest surplus funds in other bodies corporate mainly public sector undertakings, banks, financial institutions. Hence, the members are requested to approve the resolution at item no. 10 as a special resolution authorizing the Board of Directors to carry out treasury operations and make investments in the interest of the Company.

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

By Order of the Board

Place : Mumbai
Date : December 7, 2012

Shashikant Thorat
Company Secretary





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

DP ID*	<input type="text"/>	Folio	<input type="text"/>
PROXY FORM			
Client ID*	<input type="text"/>	No. of Shares	<input type="text"/>

I/We _____
of _____ in the district of _____ being a member/s
of the above named Company hereby appoint _____ of _____ in the district of _____
or failing him _____ of _____ in the district of _____
as my/our Proxy to vote for me/us on my/our behalf at the 27th ANNUAL GENERAL MEETING of the Company at Regd. Office :
Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110 to be held on Monday, December 31, 2012, at
11.00 a.m. and any adjournment(s) thereof.

Affix
Re. 1
Revenue
Stamp

Signed this _____ day of _____ 2012

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

* Applicable for Investors holding shares in electronics form only.

..... (TEAR HERE)



Regd. Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110

DP ID*	<input type="text"/>	Folio	<input type="text"/>
ATTENDANCE SLIP			
Client ID*	<input type="text"/>	No. of Shares	<input type="text"/>

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the Company at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110 to be held on Monday, December 31, 2012, at 11.00 a.m.

Signature of the Shareholder or Proxy _____

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

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

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

*Applicable for Investors Holding shares in electronic form only.



BOOK-POST

To,

If undelivered, please return to :
Link Intime India Private Limited
Unit : Welspun India Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai – 400 013

Creating a More Comfortable World



WELSPUN

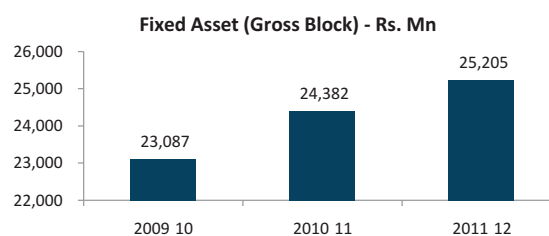
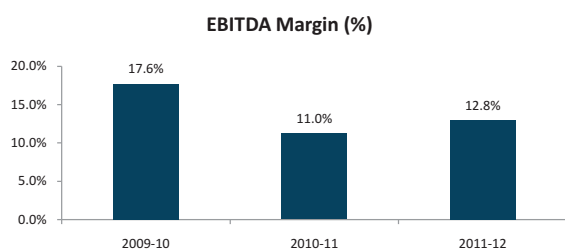
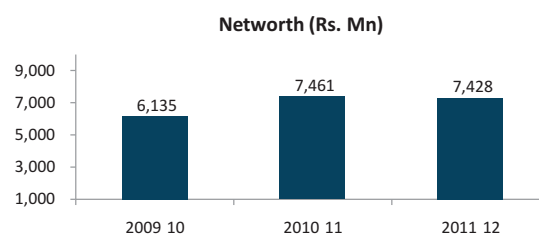
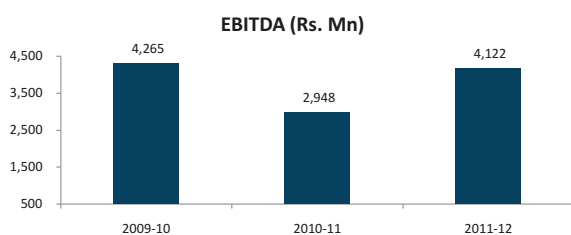
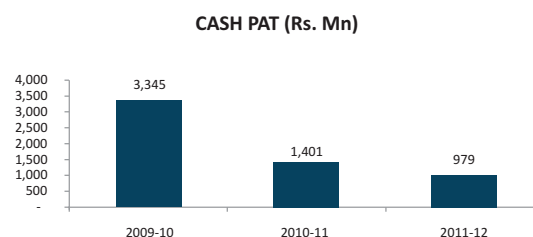
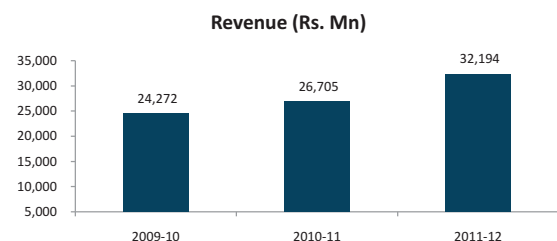


Dare to Commit

WELSPUN INDIA LTD.

27th Annual Report 2011-12

Financial Highlights (Consolidated) - Re-grouped figures



Note 1 : FY12 figures are after the Merger of company's marketing division namely "Welspun Global Brand Ltd" with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012.

Note 2 : FY11 and FY10 figures of WIL are taken on the Consolidated basis with company's marketing arm "Welspun Global Brand Ltd". These numbers are re grouped wherever necessary and are not audited.



WELSPUN INDIA LTD.

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Forward looking statement

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



CORPORATE INFORMATION

Board of Directors	
Mr. B. K. Goenka (Chairman)	Mr. Ram Gopal Sharma (Director)
Mr. R. R. Mandawewala (Managing Director)	Mr. A. K. Dasgupta (Director)
Mr. Dadi B. Engineer (Director)	Mr. Ajay Sharma (Nominee – IDBI Bank)

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

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

Registered Office and Works	Bankers:
Welspun City, 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 Ltd
	State Bank of Hyderabad
	State Bank of Travancore
	Indian Overseas Bank
	Corporation Bank
	United Bank of India
	ICICI Bank Ltd
	Central Bank of India

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 Limited
Fax: 022-24908020	Exchange Plaza, Bandra Kurla Complex,
Website: http://www.welspuntowels.com	Bandra (E), Mumbai – 400 051

Message from the Chairman

My dear fellow stakeholders,

At the onset, I am happy to announce that despite challenging macro-economic environment, our textiles business demonstrated strong performance, further strengthening our position as one of the leading players in the home textile segment. Recently we have been ranked 2nd among the Home Textile Suppliers (Source: Home Textile Today (HTT) Top 15 Supplier Giants, 2nd Jan 2012) in the US. Not only this, we were also rated as the largest supplier of bath towels and second largest supplier of Top of Bed products in US.

Over the last several years, we have achieved global manufacturing scale with integrated facilities and a diversified product portfolio making us a one stop shop for Home Textiles. The extensive product mix has enabled us to reach out to a larger consumer base. The technological superiority along with full fledged Design Studio has enabled WIL to deliver a wide range of world class quality products to meet rising consumer needs.

With our sheer determination and “Dare to Commit” motto, we have been able to build an enviable list of clientele like Bed Bath & Beyond, Macy's, Wal Mart, J C Penney, Target, IKEA to name a few. We offer our customers the advantages of economies of scale, thus enabling them to offer consistent quality at competitive prices at their stores. Our focus on superior performance and product quality at affordable prices makes us a leader in innovative product offerings in the market, accounting for almost 20% of WIL's turnover in FY11, and approximately 33% in FY12, with an overall target to reach 35% in the current year. I am happy to mention here in 2011, we were ranked a 2nd highest (in terms of Sales) in the US market with a CAGR of 14.7%, a healthy growth rate at a time when most of the companies have shown negative growth numbers.

With our expertise, global manufacturing, diversified products and an international presence, we are well poised to carry on this sustainable performance. In the current scenario, the global textile market is on an uptrend with opportunities in developing economies. Closer home, the Indian Market is growing in importance as a result of the increasing demand for textile products in the country. There is also a favorable shift in manufacturing conditions from China to India mainly because of surplus cotton, cheap labour & demographics and lastly favourable Government policies in India.

The FY12 has been a transitional year for Welspun's textile business. The most significant step was the consolidation of textile business under a single umbrella, which has re-created a unified stronger entity. This simplified structure provides WIL and its stakeholder's better control on all manufacturing and branding activities and presents an opportunity for the company to increase its market share globally. We have now an increased presence in newer markets like Canada, South Africa, Kenya, Australia, Japan, China, Korea and Russia. This entry into newer markets has helped us in diversifying the geographical risks. The company also exited all the non-performing international manufacturing and marketing entities, thereby ensuring stronger and sustainable business growth and financial performance. The closure costs are appearing as one-time losses in the financial numbers of FY12.

Additionally, we have also taken steps to pare down the retail network in India by reducing Welhome chain of stores. Going forward, preference will be given to shop-in-shop concept rather than setting up our own retail outlets. We are confident that all the above steps will have positive impact in the financial performance for FY13.

Further, seeing the tremendous potential in the Advanced Textiles market, we forayed into this segment starting with the Non-Woven category. The company has put up a new plant which has started production in October 2012. In a short span of time we



Mr. B. K. Goenka

are already certified with J&J, Covadian, Rocklin and Reckitt Benckiser. Some of the specialised products that we are currently manufacturing in Advanced Textiles are top end baby care wipes, hygiene wipes, filtration cloth and automotive nonwovens. WIL is well placed with high end global scale capacity, skilled workforce, product knowledge expertise and coordinated marketing approach to capitalise on the technical textile growth. We are thus, well placed to strengthen our position as a global player.

In FY12, we also received quite a few accolades from our customers and industry bodies. It is a matter of great pride that we won the Golden Peacock Eco-Innovation Award for our Eco Dry Towels. The award is a testimony and recognition to our special thrust on CSR and environment. We also won six trophies (four gold and two silver) from TEXPROCIL (The Cotton Textiles Export Promotional Council of India) thus extending our winning streak

Finally, on behalf of my colleagues on the Board of Management, I would like to personally thank our employees throughout the world for making this success possible. It is their dedication and contribution that is bringing us closer to our goals.

Your Sincerely,

B. K. Goenka



DIRECTORS' REPORT

To,
The Members,
WELSPUN INDIA LIMITED

Your directors have pleasure in presenting their 27th Annual Report on the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2012.

I. FINANCIAL HIGHLIGHTS (Standalone)

(Rs. in Millions except EPS)

Particulars	Current year 31.03.2012	% age to Total Income	Previous year 31.03.2011	% age to Total Income
Revenue from Operations (Net)	25909.95	98.56	20494.11	98.09
Other Income	377.56	1.44	399.29	1.91
Total Revenue	26287.51	100.00	20893.40	100.00
Total expenses	24036.18	91.44	19864.73	95.08
Profit Before Exceptional and extraordinary items and tax	2251.33	8.56	1028.67	4.92
Provision for diminution in value of Investments	81.79	0.31	0.00	0.00
Profit before extraordinary items and tax (PBT)	2169.54	8.25	1028.67	4.92
Extraordinary Items				
Provision for diminution in value of Investments	0.00	0.00	739.12	3.54
Provision for doubtful loans and advances	284.35	1.08	937.91	4.49
Profit before tax	1885.19	7.17	(648.36)	(3.10)
Tax Expense				
Current Tax	446.97		202.02	
Less : Minimum Alternative Tax Credit Availed	(13.95)		(201.21)	
Total	433.02		0.81	
Short Provision for Tax in Earlier Years	0.27		4.60	
Reversal of Minimum Alternative Tax Credit Availed in Earlier Year			27.40	
Deferred Tax	272.68		316.67	
Profit / (Loss) After Taxation	1179.22	4.49	(997.83)	(4.78)

During the year under report, the Company registered a growth of 26.43% in Revenue from Operations, 48.31% in PBIDT and 110.91% in PBT (before exceptional items).

With steady improvement in western economies & correction in the raw material prices, your Company's business witnessed remarkable growth. The Board anticipates this trend to continue during the next financial year.

Product wise production and sales were as under:

	Towel (MT)		Bed Sheets (million Mtrs)		Cotton Yarn (MT)		Rugs (MT)	
	2011 12	2010 11	2011 12	2010 11	2011 12	2010 11	2011 12	2010 11
Production	41,477.85	39,416.38	37.33	37.20	33,507.06	31,737.82	4,808.99	5,078.87
Sales	41,848.66	36,035.21	37.37	37.50	7,334.76	738.29	4,828.17	4,987.44

Mexican operations of your Company, undertaken for decorative bedding through an indirect subsidiary formed under its Swiss subsidiary, have been wound up due to non-conducive atmosphere for the company's business. In view of the aforesaid closure, your company's subsidiaries of Mexico and Switzerland have been decided to be wound up.

II. DIVIDEND

Your directors did not recommend any dividend for the financial year 2011-12. However, considering the financial results of the 1st half of financial year 2012-13 your directors have declared interim dividend of Rs. 2 per equity share.

III. CAPITAL EXPENDITURE

Your directors have approved capital expenditure of Rs. 1808.78 Crore at your Company's locations at Anjar and Vapi to increase capacities as well as to attain significant improvement in product quality to sharpen its competitive edge in global arena. Your directors expect improvement in western economies which will give impetus to global demand for the products, and the increased capacities will help exploit opportunities arising from the growth.

IV. SCHEME OF ARRANGEMENT

On November 26, 2012, the Honourable High Court of Gujarat at Ahmedabad has passed an order ("Order") approving the Composite Scheme of Arrangement between your Company, Welspun Global Brands Limited and Welspun Retail Limited. The Order has become effective from December 7, 2012. Pursuant to the Order:

- i) Welspun Global Brands Limited ("WGBL") has been amalgamated as a going concern with your Company;
- ii) Post the aforesaid transfer, the Marketing Business Undertaking of your Company along with investments in subsidiary Companies viz. Welspun USA Inc, Welspun Holdings Private Limited & Welspun Mauritius Enterprises Limited (i.e. WGBL Undertaking) has been transferred to Welspun Retail Limited; and
- iii) The name of Welspun Retail Limited sanctioned to be changed to Welspun Global Brands Limited (formal change of name certificate from Registrar of Companies is being obtained).

V. QUALITY AND RESEARCH & DEVELOPMENT

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

VI. DIRECTORS

On and after April 01, 2011, the following changes took place in the Board of Directors –

- (i) Change in designation of Mr. B.K. Goenka from Executive Chairman to Chairman (non-executive) w.e.f. April 01, 2011.
- (ii) Appointment of Mr. R.R. Mandawewala as Managing Director w.e.f. April 01, 2011.
- (iii) Resignation of Mrs. Revathy Ashok w.e.f. April 01, 2011 (for taking directorship in Welspun Global Brands Limited)
- (iv) Resignation of Mr. M. L. Mittal-Executive Director (Finance) w.e.f. September 30, 2011
- (v) Withdrawal of nomination of Mr. Arun Tadarwal w.e.f. August 22, 2012 by Dunearn Investments (Mauritius) Pte. Ltd ("Dunearn").
- (vi) Change in nominee director of IDBI Bank Ltd. from Mr. S G Nadkarni to Mr. Krishnendu Banerjee, and thereafter to, Mr. Ajay Sharma.
- (vii) Appointment of Mr. Arun Tadarwal as additional director of the Company w.e.f. December 7, 2012

Your directors sincerely appreciate the services rendered to the Company by the aforesaid outgoing directors.

In the ensuing Annual General Meeting, Mr. Ram Gopal Sharma, an independent director, will be retiring by rotation, and being eligible, has offered himself to be re-appointed. Further, details about him are given in the Notice of the ensuing Annual General Meeting, being sent to the shareholders along with this report. The Board recommends his reappointment.

VII. 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 forming part of this report.

VIII. SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs vide its General Circular No. 2 / 2011 dated 8th February, 2011 granted general exemption to companies from attaching a copy of the Balance Sheet, the Profit and Loss Account and other documents of their subsidiary companies as required to be attached under Section 212 of the Companies Act, 1956 to the Balance Sheet



of companies subject to fulfillment of conditions stipulated in the circular. Therefore, the said Reports of the subsidiary companies are not attached herewith. However, a statement giving certain information as required by the Ministry is placed along with the Consolidated Accounts.

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

IX. 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.

X. EMPLOYEE STOCK OPTION SCHEME

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

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

The Company has adopted intrinsic value method for the valuation and accounting of the aforesaid stock options as per SEBI guidelines. Since the grants were made at an exercise price equal to the closing market price at the time of grant, no amount was required to be accounted as employee compensation cost. The fair value of the options as per the "Black Scholes" model comes to Rs. 17.49 per option. Had the company valued and accounted the aforesaid options as per the "Black Scholes" model, the employee compensation cost would have been higher by Rs. 4.12 mn, the Profit After Tax for the year would have been lower by Rs. 2.78 mn, the basic earnings per share would have been lower by Re. 0.04.

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%

Employees have been granted 21,75,000 options and a whole time director had been granted 90,000 options who has resigned since September 30, 2011. 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, 2012 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on March 31, 2012

	Nature of disclosure	Particulars	
a.	Options granted	22,65,000	
b.	The pricing formula	The exercise price is Rs. 35.60 per equity share i.e. the latest available closing market price of share at the time of grant i.e. June 30, 2009.	
c.	Options vested but not exercised and not lapsed	314,250	
d.	Options exercised	319,750	
e.	The total number of shares arising as a result of exercise of Options.	Assuming all options granted are exercised, 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	766,000	
g.	Variation of terms of Option		
h.	Money realized by exercise of Options	Rs. 1,13,83,100	
i.	Total number of Options in force	11,79,250	
		No. of Options granted	No. of Options exercised
j.	(a) Details of options granted to / exercised by the Whole time Directors 1. Mr. M.L. Mittal	90,000	18,000
	(b) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year.	NIL	NIL
k.	Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	NIL	
l.	Earnings Per Share (EPS) of Option calculated in accordance with Accounting Standard AS 20. Diluted before Extraordinary items Basic and Diluted after Extraordinary items	Rs. 16.45 Rs. 13.25	
m.	Weighted average fair value of options.	Rs. 17.49	

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

XI. DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- That the Directors have prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

XII. AUDITORS

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

XIII. AUDITORS' REPORT

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



XIV. 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.

XV. CONSOLIDATED FINANCIAL STATEMENTS

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

XVI. ACKNOWLEDGEMENT

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

For and on behalf of the Board

**Mumbai
December 7, 2012**

**B.K. Goenka
Chairman**

Annexure Form A (See Rule 2) FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY			
		2011-12	2010-11
A. POWER AND FUEL CONSUMPTION			
1 ELECTRICITY			
(A)	PURCHASED		
	KWH Units (in '000s)	2,734.73	1,261.29
	Total Amount (Rs. in Lacs)	189.58	74.27
	Rate/Unit (Rs.)	6.93	5.89
(B)	OWN GENERATION UNIT		
(I)	Through Diesel Generator (Furnace Oil)		
	KWH Units (in '000s)	51,995	167,612
	Unit per Ltr of Furnace Oil	4.37	4.23
	Furnace Oil Consumption (Rs. in Lacs)	4,319.22	9,410.21
	Cost / KWH Unit (Rs.)	8.31	5.61
(II)	Through Diesel Generator (Diesel Oil)		
	KWH Units (in '000s)	30.62	15.60
	Unit per Ltr of Diesel Oil	3.90	3.90
	Diesel Consumption (Rs. in Lacs)	2.77	1.41
	Cost / KWH Unit (Rs.)	9.05	9.05
(III)	Through Gas Turbine / Generator		
	KWH Units (in '000s)	206,279	91,467
	Giga Calorie Consumption	461,987	237,028
	KWH per Giga Calorie of Natural Gas	446.50	385.89
	Gas Cost (Rs. in Lacs)	14,017.84	4,951.82
	Cost / KWH Unit (Rs.)	6.80	5.41
2 COAL		—	—
3 FURNACE OIL & HSD			
(i) Furnace Oil			
	Quantity (K.Ltrs)	11,914	39,603
	Total Amount (Rs. in Lacs)	4,332.67	9,412.97
	Cost/ Unit of Furnace Oil (Rs.)	36.37	23.77
(ii) Diesel Oil			
	Quantity (K.Ltrs)	7.85	4.00
	Total Amount (Rs. in Lacs)	2.77	1.41
	Cost / Unit of Diesel Oil (Rs.)	35.30	35.30
4 NATURAL GAS			
	Quantity (Giga Calorie)	461,987.38	237,028
	Total Amount (Rs. in Lacs)	14,017.84	4,951.82
	Cost / Giga Calorie of Natural Gas (Rs.)	3,034.25	2,089.13
5 OTHERS/INTERNAL GENERATION			
B. CONSUMPTION PER UNIT OF PRODUCTION			
PRODUCTS	STANDARD	CURRENT YEAR	PREVIOUS YEAR
Cotton Yarn & Terry Towels and Bed Sheet	Mt	101,020	92,263
Electricity	Kwh	2.58	2.82
Furnace Oil	Ltr	0.12	0.43
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	<p>TOWELS</p> <ol style="list-style-type: none"> 1) Developed soft lofto towel 2) Developed yarn dyed nano spun towel 3) Developed new terry rug on weaving machine with new weaving technique. 4) Developed one side terry /one side waffle (new weaving technique) 5) Developed club yarn towel 6) Developed double cloth towel having terry on one side and yarn dyed plain check on other side. 7) Developed wrapper yarn towel 8) Developed piece dyed towel with cotton and excel yarn which looks like yarn dyed 9) Developed micro club loop towel having cotton base 10) Developed ever last color technology and developed textures and stripes. 11) Special Pre treatment in TT processes by enzymes. 12) Specialty finishes in TT for softness and feel. <p>RUGS</p> <ol style="list-style-type: none"> 1) Developed Cushlon rug. 2) Developed High Bulk rug. 3) Developed Super Fine Amaze rug. 4) Developed dope dyed aerofil rug. 5) Developed environment friendly hot melt backing rug and implemented in production.
02	Benefits derived as a result of the above R&D.	Developed a premium range of products to attract new business and customers and maintain leadership in innovation in market
03	Future plan of action	<ul style="list-style-type: none"> • Development of towel and rugs with innovation in new processes and new products. • Developing no more lint towels • Developing everlast solids • Developing ultimate luxury products concept • Developing kitchen range product concept • Developing quick absorbent concept • Developing baby and children range products
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnover.	Rs. 40 mn Nil Rs. 40mn

Technology absorption, adaptation and innovation

01	Efforts, in brief, made towards technology absorption, adaptation and innovation.	<p>RUGS</p> <ol style="list-style-type: none"> a) 1 yarn conditioning machine. b) 2 Hot melt machine. c) Long tube jet dyeing machine. d) Hydro extractor. e) Paddle dyeing machine
02	Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.	<p>RUGS</p> <ol style="list-style-type: none"> a) Reduced the aerofoil yarn cost and increased capacity. b) Environment friendly hot melt coating instead of spray coating. c) Increased the micro fibre chenille dyeing capacity. d) Increased cotton dyeing capacity.

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.	
Research and Development (R&D)(Anjar Plant)		
01	Specific areas in which R&D is carried out by the Company	In continuation with innovation of new products development the following range of new functional products in towels have been developed for meeting the specific end use requirements: 1) Less Lint Towel 2) Amaze Cotton club Towel 3) Soft Loft Towel 4) Ever Soft towel 5) Bleach Friendly Towel 6) BPO Safe Towel 7) Fade Resistance towel 8) Cotton Lyocell Towel 9) Cotton Eucalyptus Towel
02	Benefits derived as a result of the above R&D.	To provide our customers wide range of products to select and create a brand image for better penetration in market.
03	Future plan of action	<ul style="list-style-type: none"> • To create more ranges of Towel collections in future with innovations • Create unique product range with cost effective options to capture market

Technology absorption, adaptation and innovation

01	Efforts, in brief, made towards technology absorption, adaptation and innovation.	1. Designed processes to manufacture products made from special fibers, spinning, weaving, and processing to packing. 2. New Flex PLM (Product life cycle management) system is being introduced to accomplish growing need of fast material tracking, data management, and ready access to useful information and ready access for information anywhere in the world with the plant for customer enquiries and tracking. 3. Introduced new modular system at Cut & Sew to improve the material handling and to increase the production output.
02	Benefits derived as a result of the above efforts, etc. product improvement, cost reduction, product development, import substitution, etc.	Better feel and finish for the product to help better market penetration. The continuous effort has resulted in achieving improvement and consistency of product quality.
03	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported (b) Year of import (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	
	Foreign exchange earnings and outgo: Activities relating to exports; Initiatives taken to increase exports; Development of new export markets for products and services and export plans; Total foreign exchange used and earned.	Used : Rs. 96.98 mn Earned : Nil



CORPORATE GOVERNANCE REPORT

I. PHILOSOPHY ON CORPORATE GOVERNANCE:

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

II. BOARD OF DIRECTORS

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

Name of Director	Category	Board Meetings Attended during the Year 2011-12	Attendance at the Last AGM (attended)	No. of other Director ships (As declared to the Company)				Member (M) /Chairperson (C) in No. of Board Committees including other Companies (as declared to the Company) @
				PLC	PTC	Overseas	Other	
Mr. B. K. Goenka Chairman & Director	P, NE, C, S	6	YES	15	3	7	-	7M
Mr. R.R.Mandawewala Managing Director	P, E, S	6		16	3	14		5M
Mr. M.L.Mittal Executive Director (Finance) (Resigned w.e.f. 1st October, 2011)	E	3						
Mr. D. B. Engineer Director	NE, I, S	3		8	3			3C, 3M
Mr. A.K Dasgupta Director	NE, I, S	5		4	1			1C, 2M
Mr. Arun Tadarwal Nominee Duneam Investments	NE, S	7	YES	7	2			1C, 7M
Mr. Ram Gopal Sharma Director	NE, I, S	6	YES	5				2C, 3M
Mr. Shailendra Nadkarni Nominee IDBI Bank	NE, I	3		2				

PLC = Public Limited Company incorporated in India

PTC = Private Limited Company incorporated in India

Overseas = Bodies Corporate incorporated outside India

Other = others including companies Incorporated under Section 25 of the Companies Act

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

Abbreviations:

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

Seven meetings of the Board of Directors were held during the financial year 2011-12. Dates of those seven meetings were May 11, 2011, May 30, 2011, August 5, 2011, September 30, 2011, November 08, 2011, February 02, 2012 and February 29, 2012.

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 30, 2011, June 21, 2011, August 05, 2011, November 08, 2011 and February 02, 2012. The composition of the Committee and attendance of the members are given here under:

Name of Member	Member/ Chairman	Category	Number of Meetings Attended
Mr. Ram Gopal Sharma	Chairman	Non Executive Independent	5
Mr. D. B. Engineer	Member	Non Executive Independent	3
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. President (Finance), Internal Auditors and Statutory Auditors attended each of the meetings as per the provisions of Section 292A of the Companies Act, 1956.

IV. REMUNERATION COMMITTEE:

The Remuneration Committee was constituted by the Board of Directors in its meeting held on June 22, 2002. Two meetings of the Committee were held during the year. Dates of those two meetings were May 30, 2011 and August 05, 2011. The terms of reference, compositions are as under:

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

b. Composition:

Name of Member	Member/ Chairman
Mr. A. K. Dasgupta	Chairman
Mr. Arun Tadarwal	Member
Mr. Dadi B. Engineer	Member
Mr. Ram Gopal Sharma	Member

c. Remuneration to Executive Directors

The details of remuneration paid/ payable to the directors for the Financial Year 2011-12 are as under:

Mr. Rajesh R. Mandawewala – Managing Director

(Rs. in million)

Salary & Allowances	2.00
Perquisites	0.35
Commission	22.81
Total	25.16
Tenure	Up to March 31, 2014

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

(Rs. in million)

Salary & Allowances	1.9
Perquisites	0.18
Service Contract	
Tenure	Upto June 30, 2014 (resigned w.e.f. September 30, 2011)
Notice Period	1 Month
Severance Fees	NIL
Stock Option (Granted)	90,000

d. Remuneration to Non Executive Directors:

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

Non Executive Directors (except Promoter Directors) were paid Rs. 12,000 for attending a Board Meeting, Rs. 8,000 for Audit Committee Meeting, Rs. 8,000 for Remuneration Committee Meeting, Rs. 3,000 for attending the Share Transfer and Investor Grievance Committee Meeting and Rs. 3,000 for attending the Finance and Administration Committee Meeting. Details of sitting fees payable to each director based on meetings attended are as given below:

Sr. No.	Name of Director	Fees paid for attending Board and Committee Meetings
1.	Mr. D. B. Engineer	Rs. 68,000
2.	Mr. A. K. Dasgupta	Rs. 185,000
3.	Mr. Arun Tadarwal	Rs. 177,000
4.	Mr. Ram Gopal Sharma	Rs. 138,000
5.	Mr. Shailendra Nadkarni	Rs. 36,000

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	19
Mr. B. K. Goenka	Member	19
Mr. R. R. Mandawewala	Member	19
Mr. M. L. Mittal (From April 1, 2011 to September 30, 2011)	Member	10

b. Number of Shareholders complaints received during the year:

During the Year under review, total 154 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder:

Sr. No.	Nature of Grievance	Nos.
1.	Non receipt of Share certificates after transfer	125
2.	Non receipt of Dividend/Interest/Redemption warrant	12
3.	Non receipt of Annual Report	5
4.	Dematerialisation / Rematerialisation of Shares	2
5.	Non receipt of exchange certificate	2
7.	Non receipt of rejected DRF	1
8.	Others	7
	Total	154

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, 2012 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
24th Annual General Meeting	Wednesday, September 29, 2009	10.30 a.m.	Registered Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110
25th Annual General Meeting	Tuesday, August 31, 2010	11.00 a.m.	Registered Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110
26th Annual General Meeting	Thursday, September 08, 2011	11.00 a.m.	Registered Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110

VIII. DISCLOSURE**a. Details of related party transactions**

Refer Note No. 50 (ii) 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."

Sd/-

Rajesh R. Mandawewala
Managing Director

f. Certification by the Managing Director

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

g. Reconciliation of Share Capital Audit

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

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 129621 unclaimed shares. The Company has opened a demat suspense account and has also issued a consolidated share certificate in the name of "Welspun India Limited Unclaimed Shares Demat Suspense Account" for crediting the unclaimed Equity Shares in the suspense account. The voting rights on these shares will remain frozen till the rightful owner of such shares claims the 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) Economic Times (English Edition)
- (iii) Free Press Journal (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.welspunindia.com

Management Discussion and Analysis form part of this Annual Report.

X. GENERAL SHAREHOLDER INFORMATION

AGM will be held on Monday, December 31, 2012 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 from April 1 to March 31.

Date of Book Closure: Thursday, December 27, 2012 to Friday, December 28, 2012 (Both days inclusive)

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

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

Stock Code:

Bombay Stock Exchange (BSE) : 514162

National Stock Exchange (NSE) : WELSPUNIND (SERIES EQ)

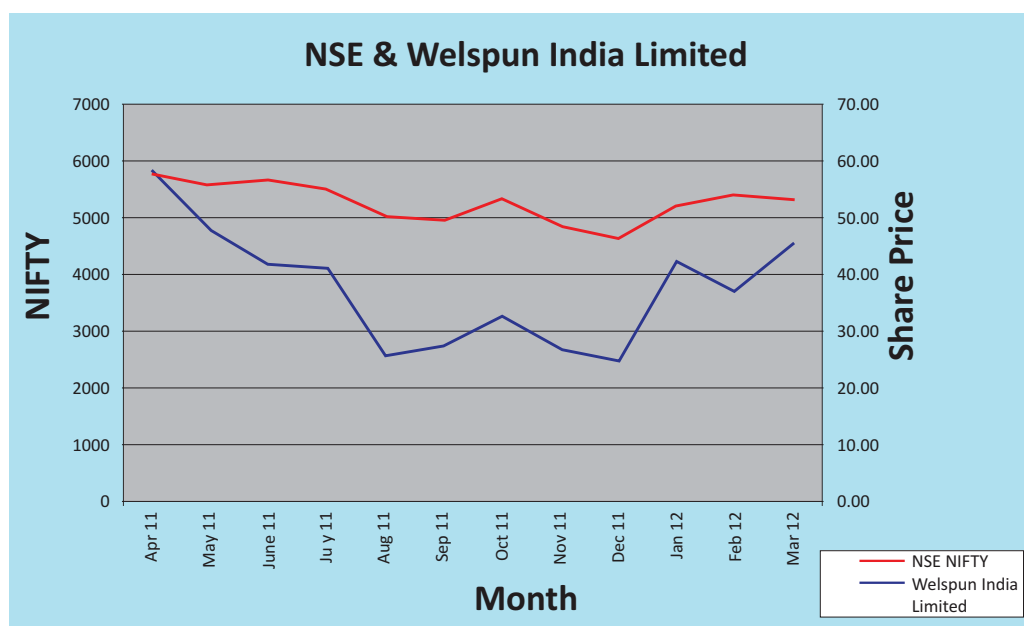
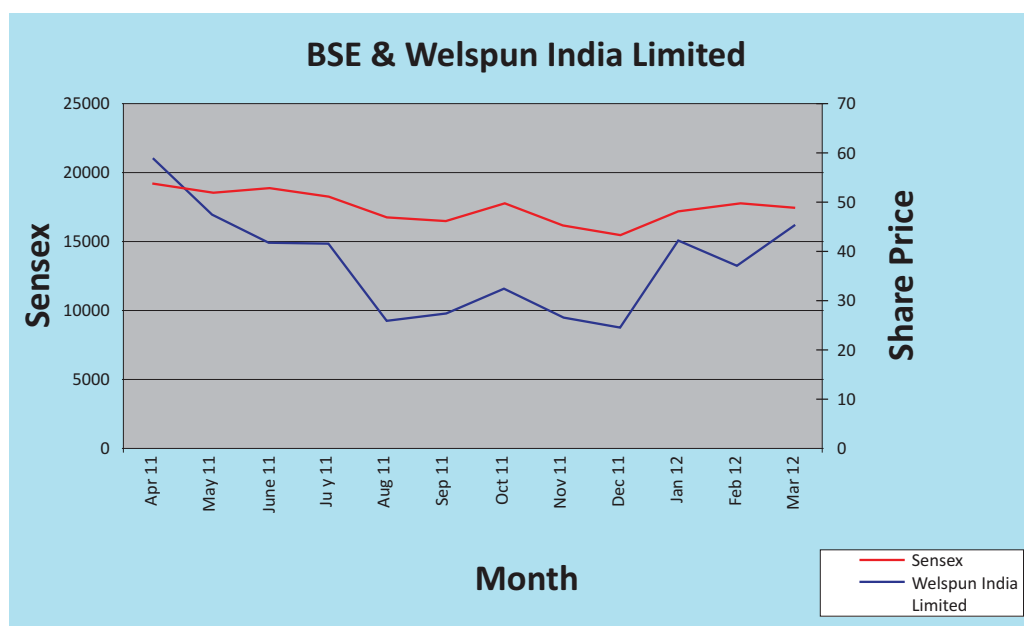
Market Price Data:

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

Month	BSE		NSE	
	High Amount (Rs.)	Low Amount (Rs.)	High Amount (Rs.)	Low Amount (Rs.)
Apr 2011	65.80	42.65	65.80	42.40
May 2011	58.70	42.00	58.90	40.10
Jun 2011	50.35	39.15	50.20	37.30
Jul 2011	45.00	40.50	44.65	38.25
Aug 2011	41.90	23.75	41.85	23.50
Sep 2011	34.35	25.55	34.45	25.50
Oct 2011	32.95	25.85	33.20	25.95
Nov 2011	32.35	24.20	32.50	24.80
Dec 2011	27.40	22.15	27.40	22.10
Jan 2012	43.00	24.60	43.00	24.00
Feb 2012	45.45	35.80	45.10	35.30
Mar 2012	49.00	35.10	48.50	34.80

- 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 2011	19135.96	58.65	5749.50	57.90
May 2011	18503.28	47.55	5560.15	47.60
Jun 2011	18845.87	41.80	5647.40	41.80
Jul 2011	18197.20	41.50	5482.00	41.00
Aug 2011	16676.75	25.85	5001.00	25.75
Sep 2011	16453.76	27.35	4943.25	27.40
Oct 2011	17705.01	32.50	5326.60	32.55
Nov 2011	16123.46	26.60	4832.05	26.90
Dec 2011	15454.92	24.60	4624.30	24.70
Jan 2012	17193.55	42.15	5199.25	42.05
Feb 2012	17752.68	37.05	5385.20	36.85
Mar 2012	17404.20	45.15	5295.55	45.35



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

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

Share Transfer System:

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

**Distribution of Shareholding as on March 31, 2012:**

No. of Equity Shares held	No. of shareholders	Percentage of Shareholders	Total No. of shares held	Percentage of Shares held
Upto 500	33485	92.20	3638177	4.09
501 1,000	1478	4.07	1230098	1.38
1,001 2,000	659	1.81	1020604	1.15
2,001 3,000	217	0.60	557410	0.63
3,001 4,000	95	0.26	345179	0.39
4,001 5,000	107	0.29	515222	0.58
5,001 10,000	126	0.35	961593	1.08
10,001 above	151	0.42	80743986	90.70
Total	36318	100.00	89012269	100.00

Dematerialisation of shares and liquidity: 99.14% 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, 2012) – NIL**Plant locations:**

1. Survey No. 76, Village Morai,
Vapi, District Valsad,
Gujarat - 396191 (India)
2. Welspun City,
Village Varsamedi
Taluka Anjar, District 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, 2012, 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, 2012, the Registrars of the Company have certified that as at March 31, 2012, 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
December 7, 2012**



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 "WIL" or the "The Company"), and the notes thereto for the year ended March 31, 2012. This MD&A covers Welspun's financial position and operations for the year ended March 31, 2012. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers for the year ending March 31, 2012 used in the analysis are on a consolidated basis post merger of Welspun Global Brands Ltd with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012. The numbers are not comparable with those for the previous year on account of the merger.

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 India Business Overview

Welspun India Ltd (WIL), part of the US\$ 3.5 billion Welspun Group is the second largest home textile player in the world and the largest home textile company in Asia. With manufacturing facilities in India and a distribution network in 32 countries, it is the largest exporter of home textile products from India. Supplier to 14 of the Top 30 global retailers, the company has marquee clients like Wal-Mart, J C Penny, Target and Macy's to name a few.

The financial year 2011-12 (FY12) has been a transitional year for Welspun's textile business. The most significant step was the consolidation of textile business under a single umbrella, which has re-created a unified stronger entity where 'Welspun Global Brands Ltd' the group's textile marketing arm has merged with Welspun India Ltd and simultaneously transferred the same to its subsidiary, Welspun Retail Ltd. to transform into a textile powerhouse. This simplified structure provides WIL and its stakeholder's better control on all manufacturing and branding activities and presents an opportunity for the company to increase its market share globally. The company now has an increased presence in newer markets like Canada, South Africa, Kenya, Australia, Japan, China, Korea and Russia. This entry into newer markets has helped it in diversifying the geographical risks so that the Company is not adversely affected by any one market where it operates. The company also exited all the non-performing international manufacturing and marketing entities, thereby ensuring stronger and sustainable business growth and financial performance. The exit cost and losses are appearing as one-time losses in the financial numbers of FY12.

Additionally, WIL has also taken steps to pare down the retail network in India by reducing Welhome chain of stores. Going forward, preference will be given to shop-in-shop concept rather than setting up own retail outlets.

Further, seeing the tremendous potential in the Advanced Textiles market, the company forayed into this segment starting with the Non- Woven category. WIL has put up a new plant which has started production in October 2012. In a short span of time, it is already certified with J&J, Covadian, Rocklin and Reckitt Benckiser. Some of the specialized products that the company is currently manufacturing in Advanced Textiles are top end baby care wipes, hygiene wipes, filtration cloth and automotive nonwovens. WIL is well placed with high end global scale capacity, skilled workforce, product knowledge expertise and coordinated marketing approach to capitalise on the technical textile growth. WIL is thus well placed to strengthen its position as a global player. The company is confident that all the above steps will reflect positively in the financial performance for FY13.

Global Economic Overview

The global economic environment was challenging in FY12. The recovery in the developed economies that seemed to be shaping well at the start of 2011 lost steam towards the fag-end of the year. The momentum loss was on account of the protracted debt crisis in the euro area and as fiscal fragilities dampened business and consumer confidence. However, contrary to fears that came to the fore time and again during FY12, global growth did not stall.

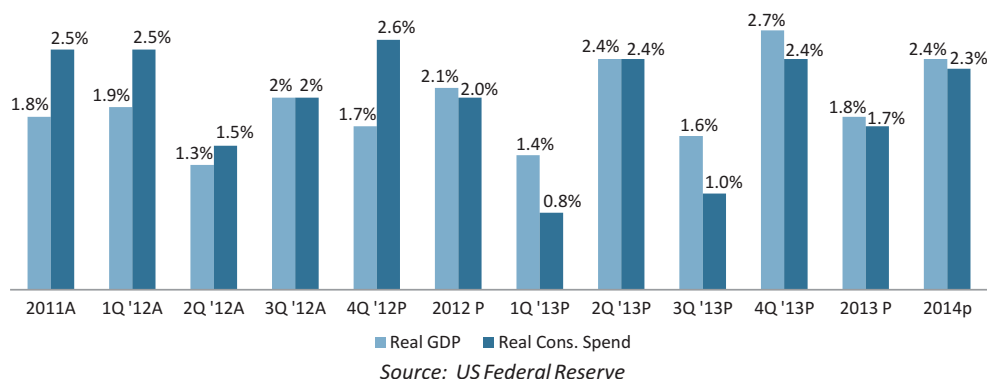
Global manufacturing slowed sharply during FY12 and Euro area periphery saw a significant decline in activity driven by financial difficulties evident in a sharp increase in sovereign rate spreads. Activity disappointed in other economies too, notably the United States and United Kingdom. Spillovers from advanced economies and homegrown difficulties affected emerging markets and developing economies, resulting in a slowdown in growth in these economies. These spillovers lowered commodity prices and weighed on activity in many commodity exporters. The result of these developments was that growth was weaker than projected, in significant part because of the continuing intensity of the Euro area crisis. Other causes of disappointing growth included weak financial institutions and inadequate policies in key advanced economies. Furthermore, a significant part of the lower growth in

emerging market and developing economies related to domestic factors, notably constraints on the sustainability of the high pace of growth in these economies and building financial imbalances.

Even in the first half of FY13, growth prospects, both in developed economies and emerging economies have continued to remain weak. In this period, the International Monetary Fund (IMF) has revised its global growth projections for both these groups downwards. Weaker growth prospects largely reflect the impact of sovereign debt overhang and banking fragilities in the euro area coupled with fiscal multipliers impacting growth with on-going fiscal consolidation. Euro area risks have affected business confidence and caused world trade to decelerate. Consequently, several emerging economies face weaker external demand on top of an already slowing domestic demand. Further downside risks to global growth stem from a possible “fiscal cliff” leading to sudden and sharp fiscal consolidation in the US.

Thus far in 2012, the US economy has grown at a relatively slow rate around 2.1%. In 2013, the US economy is expected to grow at a similar rate. The Figure 1 below shows the estimated real GDP and real consumer spend growth by quarter for the US economy.

(Figure 1)



In Europe, the euro area crisis has deepened in spite of policy action aimed at resolving it and new interventions have been necessary to prevent matters from deteriorating rapidly. Banks, insurers, and firms have swept spare liquidity from the periphery to the core of the euro area, causing sovereign spreads in weaker European economies to hit record highs. The UK economy, while not part of the Euro zone, has nevertheless been in the doldrums since the financial crisis of 2008. While technically out of recession, unemployment has grown and consumer confidence remains depressed. Negative growth in property prices has made consumers cautious of debt despite very low interest rates. As a result savings rates have increased while wage growth has lagged behind inflation.

There is considerable uncertainty around the outlook of the global economy – whether it is just hitting another bout of turbulence on the path of a slow and bumpy recovery or whether the current slowdown has a more lasting component. The answer depends on what policy actions various government policymakers come up with to deal with the major short-term economic challenges in their respective countries and the impact of these policies. The Euro crisis while still severe, has shown signs of stabilizing. While there are no signs of growth returning outside of Germany, there is hope that the bottom of the curve has been reached in the Eurozone.

India Economic Overview

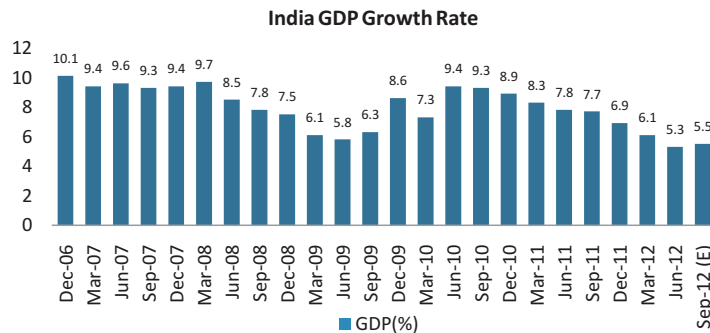
India was also adversely affected by the global economic environment in FY12. Though India outperformed most of its peers in terms of growth, its potential and actual growth slowed. Growth decelerated in FY12 to 6.5% after two years of relatively good performance (8.4% in FY10 and FY11) and dropped to below the economy's potential. The drop in growth was a result of combination of domestic and global factors. Global macroeconomic and financial uncertainty, weak external demand, elevated level of prices, widening twin deficits and falling investment combined to adversely impact growth. The investment climate worsened due to structural impediments, policy uncertainty, inflation persistence and rising interest rates.

Economic indicators suggest that the slowdown has continued in the first half of FY13 with slack industrial activity and sub-par services sector performance. Inflation has stayed sticky at around 7.5 per cent in FY13 so far. Non-food manufacturing inflation has not softened in spite of the negative output gap that has emerged as a result of slowing growth. Fiscal imbalances, past exchange rate depreciation and feeble supply response have impacted inflation.



Figure 2 below page shows a chart with historical data for India GDP Growth Rate

(Figure 2)

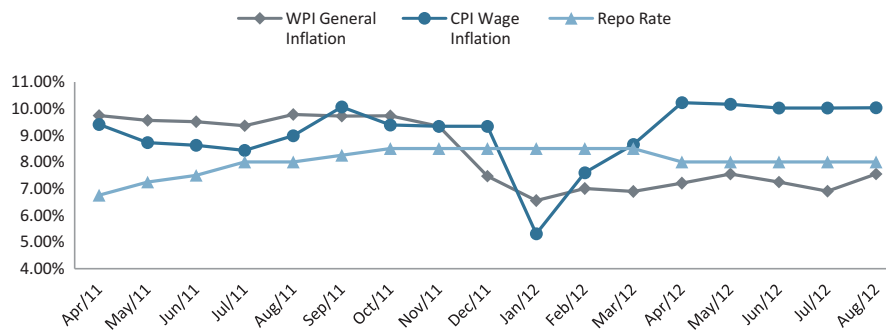


Source: Ministry of Statistics and Programme Implementation

However, hopes of a growth revival have increased in recent months. Since the second week of September 2012, the government has announced a number of policy measures towards fiscal consolidation by reducing fuel subsidies and clearing stake sales in public enterprises. It has also taken several other reform measures including those related to FDI, infrastructure investment and overseas borrowings. While these measures have helped improve sentiments, their impact on growth will be felt with a lag, particularly after the substantive implementation of the initiatives relating to FDI and infrastructure. The improved prospects for Rabi crop, following the reduction in monsoon deficit with late rains are also expected to contribute to improving growth and inflation outlook, even though the recovery may take some time to set in. Though inflation is likely to remain sticky in near months, some relief may follow as demand-side inflationary pressures ebb after a period of high wage and cost push inflation. Expectations of a decline in inflation have also raised hopes of a reduction in interest rates, which could further improve growth.

The below Figure 3 shows the inflation and repo rate trend over FY12 and FY13.

(Figure 3)

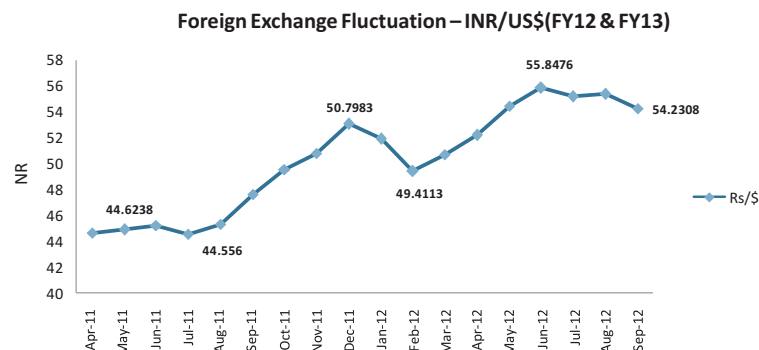


Source: RBI, Central Statistics Organisation (CSO)

Foreign Exchange

The Indian Rupee depreciated significantly against the US Dollar in FY12. Average exchange rate against the US dollar in FY12 was Rs.47.86 as against Rs. 44.59 in FY11. The rupee has continued to weaken in the first half of FY13, with the average exchange rate for the six-month period at Rs. 54.74. Though this sharp depreciation benefits exporters, weak global demand has prevented them from taking full advantage of this development. (see figure 4)

(Figure 4)



Source: www.oanda.com

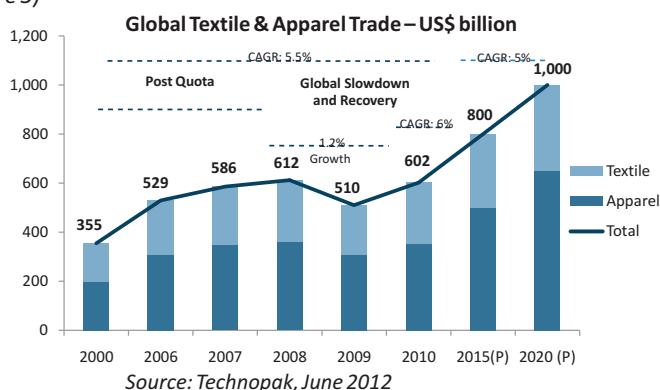
Global Textile Industry and Trade

The textile and apparel trade was estimated to be ~US\$ 650 billion in 2011. This is approximately 4% of the total global trade of all commodities estimated at ~US\$ 15 trillion.

The current global textile and apparel industry evolved in two parts as distinct supplier and consumption hubs. This has resulted in high level of trade between the two hubs. During the last 10 years, textile production has gradually shifted from developed countries like the US and UK towards low cost emerging market countries in Asia that have favorable conditions conducive to textile and apparel production. Mature economies have now emerged as major consuming hubs while developing economies are still in the primary stages of consumption.

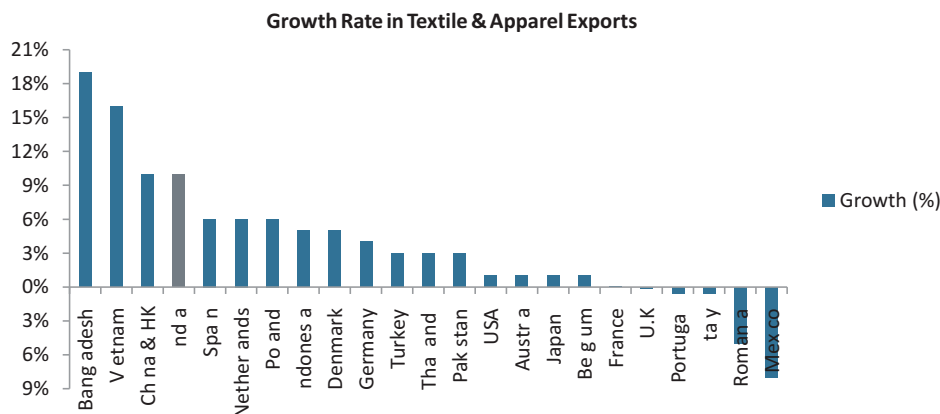
In the period 1995 to 2010, textile and apparel trade grew at a modest CAGR of 5% per annum. During 1995 to 2000, trade growth remained muted at 3% CAGR. However, it accelerated to 7% during 2000 to 2005 and then fell in the subsequent five years to 4% CAGR. Global demand is expected to continue growing at mid- single digit growth rates in the period till year 2020. This growth is expected to be driven more by emerging market economies in the next few years as demand growth from developed nations is expected to slow down. (see figure 5)

(Figure 5)



In the last few years, several new countries like Bangladesh and Vietnam have emerged as strong textile and apparel suppliers and have shown spectacular growth in exports. As Figure 6 shows, the growth rate in export of textiles and apparels developed countries like the US, UK, Italy, France has been much lower than the growth rate in emerging market countries like Bangladesh, Vietnam, India and China.

(Figure 6)



Over the last couple of years, labor costs across the globe have risen in the textile industry. This along with raw material price fluctuations has led to some uncertainty in the industry. In response to this, unit value prices have already started seeing an upward trend, and global competitors have been forced to look for strategic advantages.



The table 1 below is a brief comparison of the competitive position of various nations across key parameters.

(Table 1)

	India	China	Pakistan	Turkey	Bangladesh
Skilled Labour Force	↔ Labour available but skill gaps exist	▲ Available skilled labour	▼ Lack of skilled labour pool	▲ Well educated and skilled labour force	▼ Low availability of skilled labour
Labour Costs	▼ Costs going up with rising inflation and low migration	▼ Costs up by over 20% in the last 1 year	▼ Rising with rising costs and poor availability	▼ Relatively high and regulated	▲ Cheap labour
Cotton Availability	▲ 2nd Largest producer of cotton, largest net exporter	▼ Net importer of cotton	▼ Poor crops and reduced availability	▼ Net importer of cotton	▲ Decent availability of cotton
Other input costs	▼ Rising due to rising inflation	▼ Relatively costlier than India	▼ Power shortage adding to internal generation and overall costs	▼ Relatively higher in comparison to Asia	▲ Relatively low cost of production
Infrastructure	↔ Improving power and transport infrastructure	▲ Rapidly improving infrastructure to reduce regional gaps	▼ Transport underdeveloped and severe power shortages	▲ Decent infrastructure and continued government support	▼ Severe power shortage and infrastructure like roads and ports
Scale Economies and R&D	▼ R&D focus low with only 2-5% of employees engaged in R&D	▲ R&D focus high with 18 employees engaged in R&D 20% of	▼ Fragmented industry with limited scale economies	▲ Investing in developing newer products and designs	▲ Increasing scale economies in home textile also
	▼ Needs focus on developing more larger scale companies	▲ Rapidly restructuring and privatizing to benefit from scale economies	▼ Lack of investment in R&D with only lower value products being sold	▼ Scale economies lower	
Economic Environment	▼ High inflation and interest, bumpy growth	▼ Rebalancing growth to depend on domestic demand	▼ Unstable economic environment	▼ Relatively challenged due to the EU debt crisis	▲ Reasonably stable economic environment
Proximity to customers	▼ Low	▼ Low	▼ Low	▲ High especially for EU	▼ Low
Other factors	▲ FTA with EU in final stage of discussion	▲ Many bilateral trade agreements	▼ Poor implementation of textile policy	▲ Focus on quality, environment and human health is high	▲ Duty benefits for exports to EU
	↔ Very volatile rupee but high quality of products with high quality design & innovation	▼ Currency appreciating	▲ EU's temporary duty removal measures helping	▲ Liberal trade policies	

Global Home Textiles Market

In 2011, the global home textiles market was estimated at around US\$70 billion of which cotton made-ups account for 50% (~US\$35 billion). Both these markets have been growing at a CAGR of 6% over the last 5 years.

The home textiles market is evolving very fast. The market is moving from the developed countries to fast-growing developing economies. Growth in population and disposal incomes is the primary driver of consumption in home textiles. Hence, there has been an increase in demand from countries like China, India, Brazil and Russia.

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

Home Textiles Market in the US

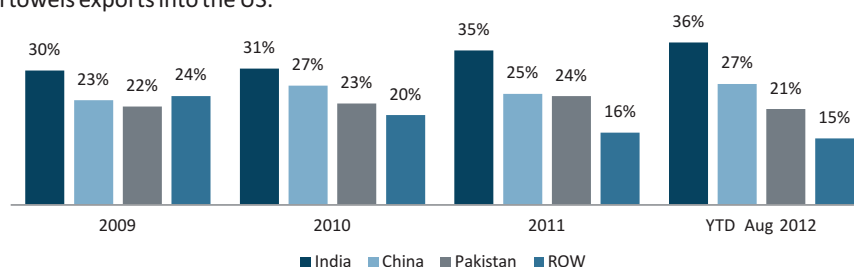
In 2011, the home textiles market in the US was approximately US\$23.1 billion, down by 2% from 2010. Bedding accounts for 51.4% of the total market while bath accounts for 25.3%. The remaining 23.3% market is split between window and kitchen and dining.

The major global sourcing destinations for home textiles are India, China and Pakistan. Last year, there has been a revival of Turkey and other European countries as important sourcing destinations in addition to the growing strength of other low cost countries like Bangladesh, Vietnam, Philippines and Indonesia. An analysis of the key supplying nations into the US for the key product categories is given below.

Towels Market Share by Country in USA

The below Figure 7 shows the trend of the towels market share captured by India, China, Pakistan and rest of the world in the US. India has the largest share in towels exports into the US.

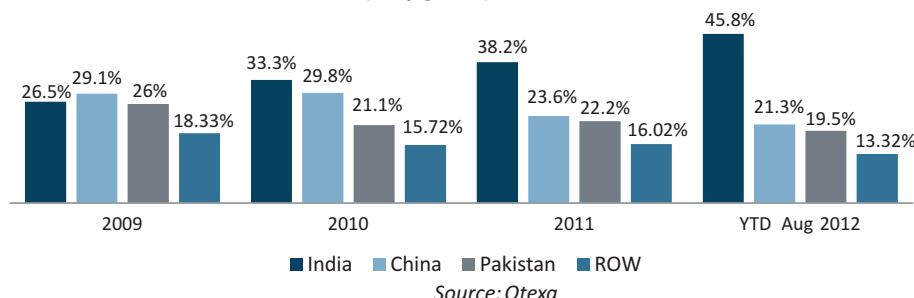
(Figure 7)



Sheets Market Share by Country in USA

India's share in sheets in US has gone up primarily because of its ability to manufacture superior quality sheets at comparatively lower costs than China and Pakistan. However, with the emergence of blended fabric for sheets and its growing popularity, there are certain challenges and threats to the sheets business from India. (see figure 8)

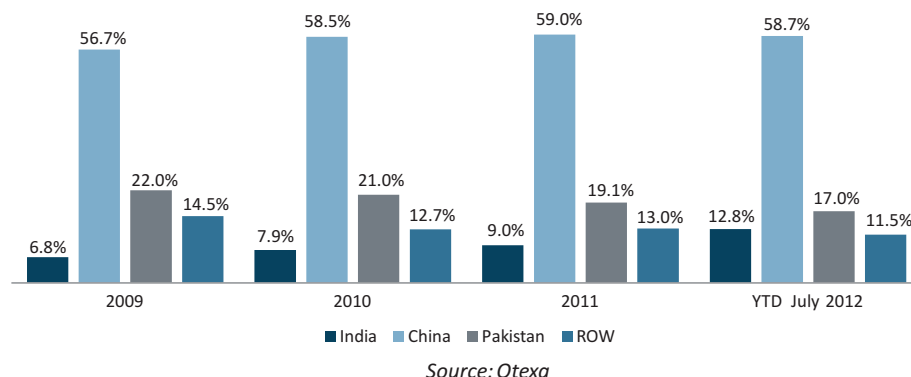
(Figure 8)



Top of Bed Market Share by Country in USA

In top of bed (basic and decorative bedding), China is a dominant player followed by Pakistan. India's share in TOB is lower because of the popularity of polyester fabric used in manufacturing TOB. (see figure 9)

(Figure 9)



As is apparent from the above graph, India, China and Pakistan have over 80% of the home textile market share in the US. India has been slowly gaining share given political instability in Pakistan and rising labor costs in China.

Business Environment in Major Markets

Business Environment – USA

Trends for consumer spending look positive. Since, home textiles fall under discretionary spending, there are hopes of seeing higher purchases in this category as consumers release the pent-up demand for these products.

The US economy is also seeing a marked change in the demographic patterns. By 2015, one-third of the population will consist of baby boomers with focus shifting to health and healthcare. In addition to this, by 2015, nearly 50% of its population below 25 years will be of Hispanic origins. These are important trends to watch in the home textiles business as they may affect the tastes and preferences of the consumers and hence, the retailers with whom home textile manufacturers work with.

Source: US Census.

Business Environment - UK

Increase in commodity prices and depressed consumer demand have applied a squeeze on margins right through the supply chain. With sales lower, retailers have looked for higher margins to protect profit. Producers have not passed on the full impact of commodity and labor cost increases.

Importers and middle men have been cut out as retailers go direct to suppliers to increase margins. Better supply chain technology has enabled retailers to do this with the full service importers losing turnover or moving to a sales agent role to survive.

Retailers who are not big enough to buy direct are finding it difficult to compete on price. They still depend upon importers and have reduced quality in an attempt to preserve margin. Fabric thread counts have been under downward pressure in the small independent sector while supermarkets and large category stores maintain quality through their larger buying power. This has



undermined the value equation for many retailers with the supermarkets gaining market share.

The branded market in the UK remains steady where strong differentiation on product and design resonates with the consumer. Discounted activity on a high-low price strategy has lost leverage with the consumer. The over use of the discount model has led to a savvy consumer who, with the help of the internet, is now much better at determining value for money. Discounting still works but it increasingly needs to be genuine.

Business Environment – Europe

The Euro zone remains depressed with contraction of sales volumes especially in the PIIGS (Portugal, Italy, Ireland, Greece and Spain). Germany is an exception with strong employment and robust economic performance. Unlike the US where retailers have significant scale, the European market is more regional with a higher number of relatively smaller retailers. Lower sales volumes and higher commodity prices have put relentless pressure on margins and quality. As a result, European buyers are very price driven and less quality conscious in terms of light and thread count. They tend to buy from medium sized low cost producers. Many buy through agents and have not moved to direct sourcing on the scale that UK retailers have. It is expected that there will be further opportunity to develop direct sourcing relationships with producers in Asia.

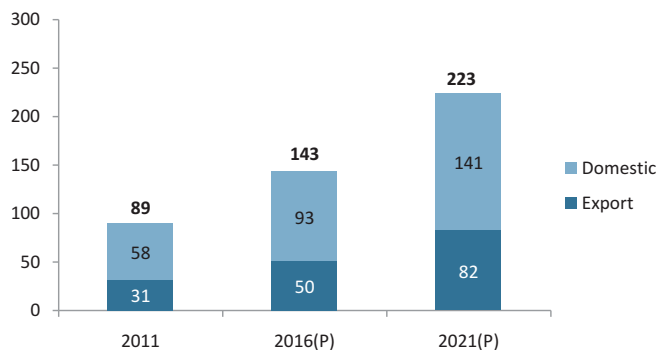
Indian Textile Industry

India is the second largest producer of cotton, textiles and garments, and the only major textile exporting country with a cotton surplus. Indian textile industry contributes ~ 12% of India's exports and 4% towards GDP with presence across the value chain. Employment in the Indian textile and apparel sector stands at 45 million and with an additional employment of 60 million in allied sectors; total employment stands at 105 million.

India is among the very few countries which has a presence across the entire supply chain, from natural and synthetic fibers right up to finished goods manufacturing. It has presence in organized mill sector as well as decentralized sectors like handloom, power loom, silk, etc.

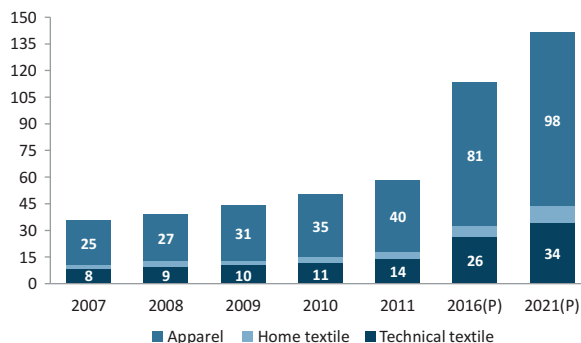
Projected Indian Textile Industry – Domestic + Exports (US\$ billion)

(Figure 10)



Historical and Projected Indian Textile Industry – Domestic (US\$ billion)

(Figure 11)



The total Indian textiles and apparel market is estimated at ~US\$ 58 billion (apparel retail contributes ~ US\$ 40 billion, technical textiles contributes ~ US\$ 14 billion and home textiles contributes ~ US\$ 4 billion). The current domestic textile and apparel market is expected to grow at 9% annually to reach US\$ 141 billion by 2021 (see figure 11). Indian textile and apparel market size (domestic + exports) is projected to reach US\$ 223 billion by 2021 (see figure 10).

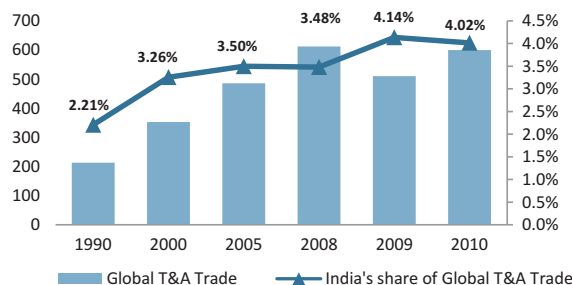
Source: Technopak Report Final Compendium 2012

India's share in Global Textile Exports

Textile exports play an important role in overall exports from India. The Indian textiles and clothing industry is one of the largest contributors to the country's exports. India's share in the world textile and clothing market is small, but rising steadily. India's share in the global textile and apparel markets is around 4% and 3% respectively. The export basket of the Indian textiles industry consists of a wide range of items: ready made garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woolen goods, silk, jute and handicrafts, including carpets. In the global exports of textiles, India ranked as the third largest exporter, trailing EU-27 and China. India's share in global textile exports has seen a steady increase from 2.21% to 4.02% between 1990 and 2010 as shown in Figure 12 below.

(Figure 12)

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



Source: Technopak June 2012

India Export-Import Scenario

Indian textile and clothing exports have come a long way in the last decade or so, doubling the exports value in this duration. Indian textile & apparel as an export category has outperformed several large textile producers of past including Germany, Italy, USA, Turkey, etc.

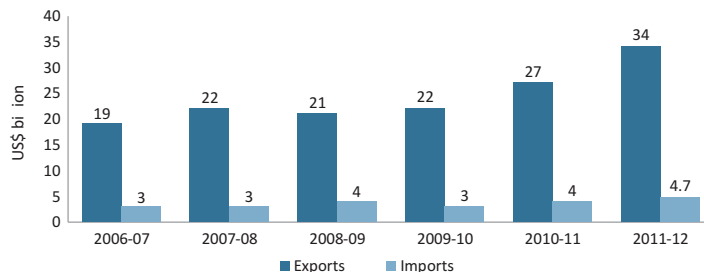
The reasons for high growth of textile and apparel exports from India are the country's strong raw material base, design and skill heritage, manufacturing capacities that are flexible for small orders, manpower cost competitiveness and government's incentive schemes for export promotion.

The USA and the EU account for about two-third of India's textiles exports. Although India exports textiles to more than 100 countries, they are heavily skewed in terms of export destinations. The top 10 destinations for India's readymade garments exports account for nearly 80% of India's RMG exports. Even among the leading 10 export markets, the US accounts for the largest chunk. The exports have grown from US\$ 19 billion in FY07 to US\$ 34 billion in FY12 at a CAGR of 12% as shown in the figure 13 below. India's textile exports declined in FY09 mainly due to fall in demand owing to the global slowdown. However, during FY10, exports recovered and recorded an increase of 5%. With a relatively recovering economy, exports of textiles rose sharply by 23% in FY11. Subsequently, during FY12, textile exports recorded healthy growth of 26% over exports in FY11.

India also imports textile and apparel goods to the tune of US\$ 4 billion, which comprises mainly of products like high end woolen / worsted fabrics, coated and performance fabrics, other technical textile and specialty products, fine cotton yarn dyed fabrics, premium and super premium garment categories, etc. The main reason of imports is unavailability of these products. In recent years even some inexpensive commodity articles like raw silk, other fibers, basic fabrics and garments have also made in-roads from suppliers like China.

(Figure 13)

Indian Textile & Apparel Exports/Imports



Source: Texcon report 2012

Challenges faced by the Indian Textile Industry

The Indian textile industry has not performed to its full potential in spite of its importance in the Indian economy. It faces several challenges in aspects of production, marketing, and support infrastructure. The technology used in manufacturing of textile and



apparel in India considerably lags behind that of developed nations. The industry also suffers due to general infrastructure related issues.

The key challenges faced by the industry are:

Manufacturing:

- Low value addition
- Low Productivity
- Low pace of modernization
- Economies of scale not adequate
- High fragmentation

Marketing:

- Limited markets
- Sluggish demand in traditional markets
- Higher growth of competitors
- Weak brand positioning of India

Support Infrastructure:

- Not up to date infrastructure
- High transaction costs
- Unreliability in transit times

Indian Textile Industry Outlook – Well poised for strong growth

As manufacturing becomes more and more expensive in the developed economies, manufacturers have shifted based to lower-cost countries like India, Bangladesh, Vietnam, Pakistan etc. The primary benefit to these manufacturers has come in terms of significantly lower cost of labor ensuring cheaper products which in turn could fuel demand, as well as favourable overall conditions for textile manufacturing. Among the major exporting countries, India is well poised to increase its market share, because of various factors as explained below.

India – “Net Exporter” of cotton

Of all the major textile supplying countries, India is a major “Net Exporter” of cotton as the indicated in table 2. Other major suppliers like China, Pakistan and Turkey have higher cotton imports than exports, and while Brazil does have higher exports than imports, the exports are not as high as those of India. This puts India at an advantage against other major exporters in terms of raw material availability and costs.

(Table 2)

Country	Production	Consumption	Exports	Imports
China	6,400	9,600	30	2,610
India	5,770	4,550	1,170	85
USA	3,940	850	3,130	-
Pakistan	1,910	2,200	130	310
Brazil	1,960	990	435	150
Turkey	450	1,250	-	750
Others	4,440	5,020	2,705	3,695
World	24,870	24,460	7,600	7,600
India's Share	23%	19%		

Source: Technopak Analysis, June 2012

De-Risking from China and Pakistan

With China's rising per capita income and transition to a developed country, domestic consumption has increased. This is expected to impact China's ability to export. Further, China's concentration on high end industries is increasing and focus on textiles has reduced compared to previous decades. China is also facing problems related to power generation due to environmental concerns. Textile, being a high energy consuming industry, has been impacted by this issue. China's low labor cost advantage has also suffered as labor costs have been rising between 10-20% every year in the last few years. A fast ageing population and one child policy would cause wage inflation to rise at an even brisker pace which is averaging about 18% p.a. Currency appreciation has also made Chinese exports less competitive. Customers are also concerned about the geopolitical situation in Pakistan. These factors have forced importers from China and Pakistan to look at alternative locations such as India.

Proposed FTA with EU

The proposed India-EU FTA, to be known as the Bilateral Trade and Investment Agreement (BTIA), is in the final stages of discussion and an agreement is expected soon. The agreement is expected to boost bilateral trade and stimulate the flow of capital, technology

and personnel between the two regions. It proposes removal of duties on about 90% of bilaterally traded goods during the next ten-year period. If the FTA is signed, then the import duty of 9.6% per garment and 5% on other textile items is expected to end. This will make Indian exports more competitive against other key exporters like China and Bangladesh and further open up the European market for Indian exporters.

Encouraging Government Policies

The textile industry, being one of the most significant sectors in the Indian economy, has been a key focus area for the Government of India. Government policy has played a fundamental role in shaping the growth, structure and technological evolution of the textile sector in India over the last decade. The strong demand from domestic and export market coupled with conducive policy environment provided by the Government has catalyzed the growth of the textile industry.

Central government policies

With the objective of accelerating growth in investments and exports; Government of India has launched several schemes. The key schemes are as below:

i) Technology Up gradation Fund Scheme (TUFS)

The Technology Up gradation Fund Scheme (TUFS) is the flagship Scheme of the Ministry of Textiles which was launched on April 1, 1999. It was launched to enable firms to access low interest loans for technology up gradation.

The Scheme mainly provides for -

- Reimbursement of 5% (4% for spinning machinery) interest charged by the financial institutions
- Coverage of exchange rate fluctuation not exceeding 5% (4% in respect of spinning machinery) points per annum in respect of foreign currency loans instead of 5% interest support
- 5% interest reimbursement plus 10% capital subsidy for specified finishing machinery, garmenting machinery and technical textiles machinery.

ii) Scheme for Integrated Textile Parks (SITP)

The Scheme was introduced to neutralize the weakness of fragmentation in the various sub segments of textile value chain and unavailability of quality infrastructure. The primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units to facilitate textile units to meet international environmental and social standards.

iii) Integrated Skill Development Scheme (ISDS)

Integrated Skill Development Scheme was launched by the Ministry of Textiles to train candidates according to the industry needs, provide professionals skills in multiple fields in textiles, and provide knowledge to the working professionals on the developments in the industry. ISDS aims to train over 2.7 million people within the next 5 years. The scheme would cover all the sub sectors of the textile sector such as textile and apparel, handlooms, jute and sericulture.

iv) Technology Mission of Technical Textiles (TMTT)

Government has launched TMTT with two mini missions for a period of five years (from FY11 to FY15). The aim of TMTT is to address the issues like lack of basic infrastructure in terms of testing facilities, lack of market development support, skilled manpower, lack of Research & Development, absence of regulatory measures, absence of specifications and standards for technical textiles etc. The total fund outlay for TMTT is Rs. 2 Billion.

Apart from these larger schemes which target a broad range of industry, there are various schemes specifically targeted to help decentralized sectors like handloom, silk and power loom grow.

State government policies

In addition to the central government policies, various state governments have also come up with policies to promote the industry. We list below the salient features of the schemes of the Gujarat and Maharashtra state governments.

Gujarat state policy

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

Maharashtra state policy

- a) Interest subsidy of lowest of 12.5%, Banks' PLR or actual rate for 7 years
- b) Capital subsidy of 10% for unit establishment



FDI under automatic route

FDI policy for manufacturing in textile sector is quite hassle free as 100% FDI is allowed under the automatic route. This implies that foreign companies do not need a prior approval for investment by the authorities. The investors are only required to intimate the Regional office concerned of the Reserve Bank within 30 days of receipt of inward remittance.

Domestic Home Textiles consumption to provide further impetus to growth

The home textiles market in India is growing leaps and bounds and in the process has attracted the attention of foreign brands. This has happened due to the growing affluence levels of the Indian consumers who have become increasingly aware and have shown a willingness to consume a better quality product by paying a premium for the same. Having said that, the domestic home textile market still remains to be captured to the fullest and is still in its very nascent stage as can be seen from its annual per capita consumption; annual per capita consumption of home textiles is about US\$ 3 in India as compared to world average of US\$ 23.

India has emerged as one of the more attractive retail destinations globally. In India the unorganized sector is about 70% and organized is approx 30%. It is estimated that over the next 10 years home textile will grow at a CAGR of 8% and market size will increase from US\$ 184 Billion in 2011 to US\$ 408 Billion in 2021 (see figure 14). Domestic consumption is expected to grow fuelled by several factors including rising disposable income of the consumers, growth in organized retail, increasing brand awareness, rapid urbanization and increase in working age population.

Source: Texcon Report 2012

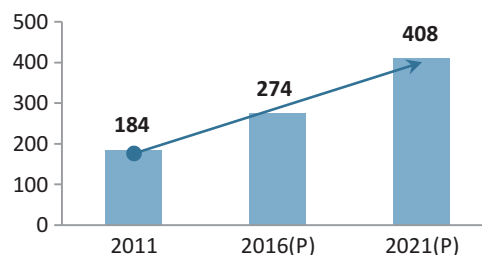
Category wise Indian Home Textile Market Breakup – INR Bn

(Table 3)

Categories	2011	2016(P)	2021(P)	CAGR 2011-21
Bed Linen	89.7	131.7	193.5	8%
Towels	33.2	48.4	70.6	8%
Curtains	18.5	29.8	47.9	10%
Blankets	14.7	20.4	28.5	7%
Upholstery	11.9	19.2	30.8	10%
Kitchen Linen	11.1	16.4	24.0	8%
Rugs & Carpets	5.0	7.9	12.5	10%
Total	184	274	408	8%

Domestic Home Textile Market - INR Bn

(Figure 14)



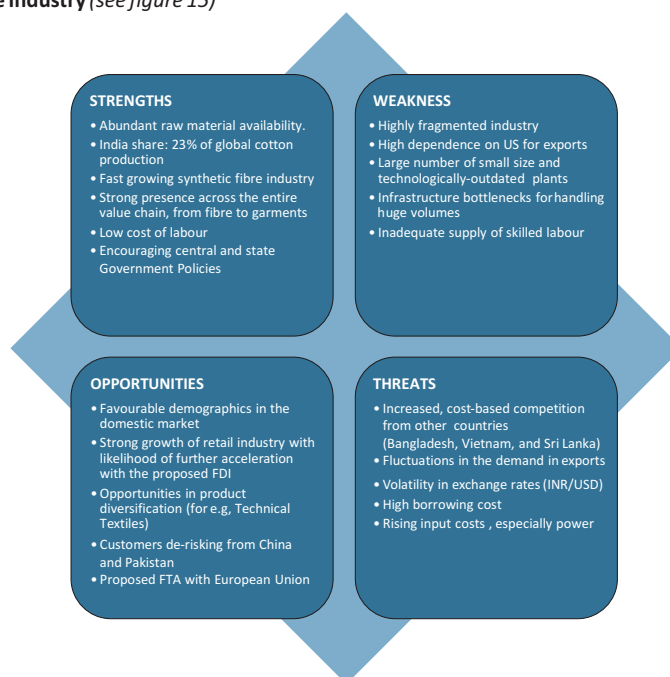
Source: Technopak India Home Products Report

The following changing conditions in the Indian demographics are expected to act as growth drivers for the domestic textile industry

- The % of earning population (15-60 years) in India of the total population is rising and is around 60%. With recent change in India's status as an emerging economic power, India's population within the 15-60 years is more goal driven and aware with higher spending power than the generations preceding them. Increasing urbanization is also another factor.
- Increased percentage of women in the workforce has led to their financial independence. As a result, there is an increase in their propensity to spend on apparel, accessories, home furnishing and personal care.
- Rising literacy rates and higher per capita income are seen as essential growth drivers for the domestic textile industry. As a consequence of better education, youth get better working opportunities and in turn are willing to spend for comfort and convenience.
- Over the next ten years, approximately US\$ 50 billion of fresh investment is expected in Indian organized retail. It is projected that organized retail will contribute to approximately 25% of India's retail market and will grow at a CAGR of 25%. Share of Textiles and Clothing Retail is ~ 40% of organized retailing in India.

SWOT Analysis of the Indian Textile Industry (see figure 15)

(Figure 15)



Welspun Operations Overview

WIL, along with its subsidiaries manufactures and markets bed and bath linen products – bed sheets, pillow cases, comforters, quilts, mattress pads, pillows, to bath rugs, towels and bath robes. Majority of these products are presented and sold in the key markets like USA, Canada, UK, Europe and Japan through Welspun USA Inc. and Welspun UK Ltd., sales arms of WIL based in the US and UK respectively.

Over 90% of WIL's production is exported to various countries globally. WIL has subsidiaries based out of New York in USA and Manchester in UK to look after its North American and European businesses respectively.

Over the years, WIL has moved from being a US centric player to becoming a global player in the home textiles category. WIL has an increased presence in newer markets like Canada, South Africa, Australia, Japan and Russia. This entry into newer markets has helped WIL in diversifying the geographical risks so that the Company is not adversely affected by any one market where it operates. Currently, nearly 70% of WIL revenues come from the US markets. This is significantly lower now compared to the nearly 90% of business coming from the US nearly a decade ago.

In addition to sales through its subsidiaries, WIL continues to look at brand licensing opportunities while maintaining its owned brand portfolio. Currently, WIL's owned brand portfolio includes Christy, Welhome, Spaces Home and Beyond and Pure Opulence – to name a few. The Company's licensed brand portfolio includes Simmons and Beautyrest brands in the US primarily for the sheets category and Agent Provocateur and English Heritage in the UK.

In addition to this, WIL also has presence in retail through owned brands like Christy in the UK and Spaces Home and Beyond in India. WIL operates through a mode of concessionaire stores in both locations. In addition to the concessionaires, Christy also has its own outlet stores. The retail channel helps WIL understand its customers better and enables WIL to deliver to the consumer's specific needs. This feedback coupled with market research is shared with the product development team to provide innovative products and solutions for the customers. WIL aims to reach out to consumers through numerous channels. Hence, WIL also has a small presence in catalog and online sales through Christy in the UK.

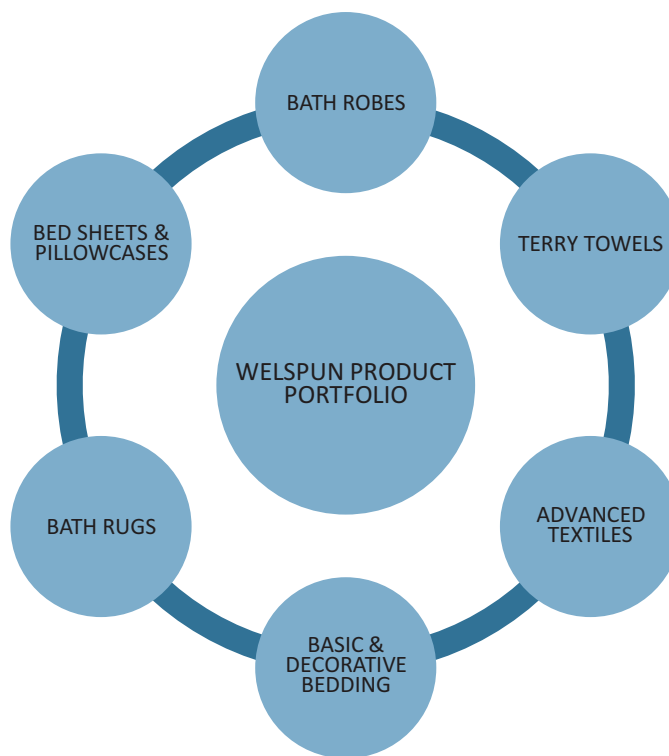
As a service oriented organization, WIL also provides Supply Chain Management (SCM) and distribution services to the key customers in the US through the warehouses in Ohio and also in UK to a limited extent through our warehousing operations there.

Three years ago, WIL also entered the hospitality segment as it provided with ample newer opportunities. WIL has seen some traction lately and sees this business growing exponentially over the next three to four years. WIL remains focused on the core hospitality products like rugs and sheets, while not so much on the decorative hospitality products.



WELSPUN PRODUCTS (see figure 16)

(Figure 16)



Terry Towels

Welspun is the the Largest Terry Towels manufacturer in the World (source: HTT Ranking, Jan 2012) with its quality products manufactured in different shapes and sizes. The range of towels include beach towels, kitchen towels, baby hood towels, hand towels, face towels and bath sheets. These towels are woven out of 100% cotton yarn, which has significant hygroscopic property, for quick absorption of water.

Bed Sheets & Pillow Cases

Welspun's bed sheets is ranked 2nd by HTT for its quality and innovation. WIL manufactures bed sheets in different shapes and sizes, according to bed sizes and mattress depth. These bed sheets are made from cotton or various blends, such as polyester cotton, cotton bamboo, cotton silk and cotton eucalyptus.

Bath Rugs

The rugs are generally made of cotton, nylon or micro fiber and can be latex-backed, depending on consumer preferences. The rugs come in various sizes, shapes and designs. Welspun uses its multi-level cut loop machine to create multiple fiber lengths within a rug.

Basic Bedding and Decorative Bedding

Welspun is a strong player in basic bedding (including mattress pads, blown and garneted pillows and basic comforters) and decorative bedding products (which includes comforters, duvets, coverlets, bed skirts, shams, decorative pillows and bolsters). While most of these products are made of polyester fiber fill wadding, the fill can be varied according to customer requirements.

Bath Robes

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

Advanced Textiles Products:

Welspun has forayed into Advances textile products in 2012. The company is constructing a new plant which has started production in October 2012. The key products in this category are:

Wiping Nonwovens: Welspun's advanced spunlace technology produces wiping fabrics for baby care, personal care, home and industrial applications. Advanced technology enables Welspun to offer superior quality spunlace wiping nonwovens from synthetic fibers like Polyester, Polypropylene, Nylon, PLA and natural fibers like Cotton, Jute and eco-friendly fibers like Bamboo, Tencel, Modal, Viscose etc.

Filtration Nonwovens: These are mainly used in industrial applications. Welspun's advanced technology produces 3-dimensional high-density fiber entanglement, exhibiting a superior evenness of the web, which leads to increased filtration efficiency. The key advantages are fine pore size and tighter pore distribution, higher mechanical performance, lower energy consumption and longer service life.

Automotive Nonwovens: Welspun's advanced spunlace are used in molded interior parts, such as pillars, door trim and panels and trays, to enhance the appearance and add value for consumers. It offers automotive customers enhanced acoustical performance. Welspun's advanced spunlace maintains elongation properties of the fibers in both machine and cross machine directions for enhanced performance during molding. As a result, the mold barrier fabric easily conforms to the shape of the mold while maintaining structural integrity and barrier properties.

Current Capacities of Welspun India (Major Products)

(Figure 17)

Terry Towels	<ul style="list-style-type: none"> • Capacity: 43,800 MT • Location: Anjar/Vapi
Bed Linen Products	<ul style="list-style-type: none"> • Capacity: 45 Million Meters • Location: Anjar
Rugs	<ul style="list-style-type: none"> • Capacity: 10,151 MT • Location: Vapi

Key Differentiators of Welspun

WIL is one of the largest home textiles manufacturers in the world and can offer its customers the advantage of economies of scale with the ability to source from a single vendor to ensure consistent quality at the store. WIL focus has always been on growing through addressing consumer needs, offering solutions to both customers and end-users of WIL products through research and ongoing feedback mechanism. WIL also believes that growth can only come through adapting to new technologies and expanding its presence in newer markets with newer and innovative products. The company's focus on superior performance and product quality at affordable prices makes it a leader in innovative product offerings in the market. Innovative products contribute ~35% of the total sales of the company.

With focus on sustainable growth, keeping in mind the environmental concerns, WIL has in the process also become one of the greenest textile plants in India.

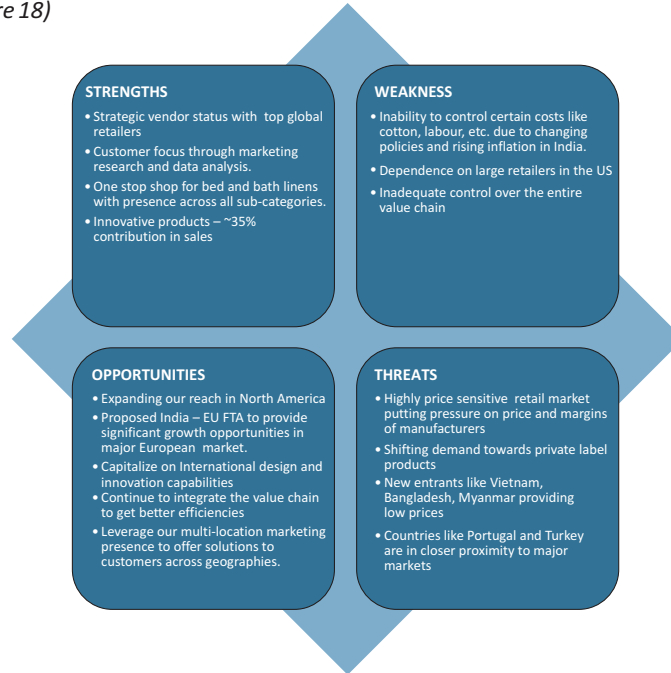
The other factors that differentiate WIL from other textile manufacturers are:

- WIL is a one-stop shop for home textiles needs for some of the major retailers globally
- Being the second largest home textile manufacturer globally means that WIL has capacities and scale efficiencies few others can match
- Multi-location operations with presence at customer locations for better servicing and response times
- Consolidated manufacturing base in India allowing the company to leverage the synergies available across various categories and superior solutions to customers
- Consumer-driven product innovation process which starts with feedback from the consumer collected via consumer research, both primary and secondary to develop products accordingly



SWOT Analysis of WIL (see figure 18)

(Figure 18)



Future Outlook

Welspun's DNA has always been strong and aggressive growth. In these challenging times, the company's strategy has been stringent cost controls, aggressive foray into new markets, and consolidation and streamlining of operations to maximize the ROI.

In FY13, the company's aim is to improve its profits through continued cost control. WIL also aims to improve its revenues to become the leader in home textile manufacturing in the world in the next couple of years. This growth will come not only from innovations in its existing product categories but through improved sales in new categories like top of bed products and technical textiles. WIL is developing products focused on non-US markets, so that the company can further reduce its dependence on the US markets.

WIL is also looking at further streamlining its operations and reviewing the internal systems and processes to improve efficiency and provide better customer service. The company is leveraging IT to streamline its supply chain. In this year, WIL is also foraying into advanced textiles and is looking at launching its patent pending products in the global market.

The proposed India-EU FTA is expected to boost India's as well as WIL's textile exports to the EU. With the removal of import duties on textiles, Indian exporters including WIL will become more competitive against China and Bangladesh. In view of the expected increase in demand on account of the likely New Free Trade Agreement of Eurozone, Welspun India Limited (WIL) is proposing Capital Expenditure of Rs. 18 Billion towards integration projects, modernisation and expansion in India. The Company has also decided to invest a part in advanced textile as it is entering segments like Hometech, Mobiltech, Clothtech, Indutech, Meditech and Personal Care.

Welspun believes that the various steps taken by it to restructure the business will start yielding results in FY13.

Welspun expects to continue delivering value to its customers and other stakeholders by:

- Focusing on innovation that delivers higher quality products at lower costs
- Adopting a solutions based approach to customer needs and gearing up to become a consumer-centric organization
- Ongoing commitment towards maintaining market share in existing markets and growing in newer markets
- Looking at alternative channels to boost growth by leveraging hospitality, e-commerce, retail, etc. across various geographies that WIL is present in
- Continuing to focus on developing robust internal systems and processes to reduce response time further
- Leveraging favourable government policies for textiles and proposed Europe FTA

The Company is well placed to benefit from the steadying growth in US, which is one of the largest markets for Welspun. The capacity closure in developed nations has certainly improved overall supply capability of major textile-exporting countries, including India. Welspun is well placed to leverage its India location, which is cotton surplus. The Company is well poised to sweat its assets, with operations at high utilization rates of about 90% in towels and sheets.

Risk Factors

Like any international manufacturing business, WIL is also susceptible to the vagaries of the economic environment. The various factors that could affect WIL's performance include:

- Poor economic environment and consumer sentiment:** Though 2012 has started on a positive note for the US markets, WIL sees challenges in the EU and Middle East markets. As a global organization, the company's ability to do business is affected by the changes in economic conditions of consumer countries. Consumer sentiment also affects the sourcing plans of retailers which in turn can have an adverse impact on WIL's operations.
- Rising input costs:** Input costs are a function of the demand and supply situation in that commodity. Cotton, the main raw material, is expected to remain lower than the peaks seen in April 2011. However, WIL may see the impact of volatile crude prices on the logistics costs as well as inputs like man-made fibers and dyes and chemicals leading it to be less price competitive versus certain other nations globally. In addition to these, power costs have been going up consistently in India. Since WIL manufactures using power looms, the cost of manufacturing goes up as power tariffs increase. WIL has no control on the tariffs as they are determined by the government. WIL is looking at alternatives including captive power generation. WIL already generates a part of its power requirements internally.
- Labor availability:** Welspun has been seeing a reduction in migrant labor. Since the inception of NREGA, the migrant labor, which accounts for nearly half of its work force, has reduced. Skilled man power is currently available at Anjar and Vapi but does not completely meet existing requirements. WIL still remains dependent on migrant labor. To secure the future and empower the country's youth and encourage them to take on vocational skill courses, WIL has adopted the Industrial Training Institute (ITI) at Vansda, Navsari District under the Central Government Scheme of ITI up gradation through the Public-Private partnership route. At ITI, MS University professors take theoretical classes and WIL imparts on-job training at its textile facilities at Vapi. The successful students are absorbed by the company. Simultaneously, WIL has also tied up with MPSTME College, Sirpur and Vapi where it provides a six-month practical training to students. So far, WIL has trained 13 students at WIL. These students are from the tribal population in and around Vapi. Additionally, WIL has set up training centers for women in and around Anjar and Vapi as well as workers' colonies to develop local/ captive talent pool for labor security.
- Currency movements:** Most of the company revenues are in US dollars while expenses are typically incurred in Rupees. The currency fluctuations impact the inflows and outflows due to the time lag and can have an adverse impact on its financial results.
- Competition:** While WIL is one of the largest manufacturers of home textiles in the world, it is seeing the emergence of various developing economies like Vietnam and Bangladesh becoming competitive in the home textiles space.

HUMAN RESOURCES POLICY

Welspun HR has reorganised itself as a combination of centralized and decentralized structure. The major focus was to bring synergy within the HR department and focus on bringing uniformity in process / policies across the Group. Based on the feedback received from the GPTW (Great Place to Work Survey) 2011 and to serve the need for synergy and uniformity, Organizational Re-structuring of the existing HR team was done and specific action areas were identified. Accordingly based on the importance of the Program Management Activities, six focus areas were identified globally which would help in enriching the competencies of the HR team and in turn help in developing the company's most important and invaluable asset "Human Resources".

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

The key initiatives taken during this year are as listed below:-

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

Performance Management System: Sessions on PMS process were organized at all locations to make employees understand the nitty-gritties of the PMS process & also align the individual goals with the Business objectives.

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

Employee Communication: Individual & Group communication forums were launched. At the individual level, process of stay interviews was started to conduct 'health check' of the Organization. At the Group level, communication forums like Monthly Departmental meeting (MDM) and Town hall to address employee's issue at unit and business level and to share business updates with them were started. Launch of E- Blog, an internal blogging site where the employees can have their own social network was another major highlight.

Employee Engagement: Launch of Tablet at Head Office – an employee engagement committee was the major initiative. Few sub-



committees were formed under Tablet like Fun Tab, Whiztab, Sport Tab and E – Tab. Monthly fun events, practice session for Sports Tournament, nomination in Mumbai Marathon and monthly newsletter were the key activities of Tablet.

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

The company reviews, revise and updates its Human Resource policies from time to time to make them relevant, effective and useful to its employees. The Company has 10,878 employees across various locations as of October, 2012.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

DISCUSSION OF FINANCIAL PERFORMANCE

This Financial Analysis should be read in conjunction with the Audited Consolidated Financial Statement of Welspun India Ltd ("Welspun" or "WIL" or the "Company"), and the notes thereto for the year ended March 31, 2012. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers for the year ending March 31, 2012 used in the analysis are on a consolidated basis post merger of Welspun Global Brands Ltd with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012 . The numbers are not comparable with those for the previous year on account of the merger.

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

In FY12, the Sales is at Rs. 32,194.16 million. This is backed by:

- Higher Sales volume of Terry Towels by 16.13% on standalone basis
- Higher Sales volume of Bed Linen Products by 6.02% on standalone basis .

TABLE: SALES & PRODUCTION VOLUME (Major Products)

(Table 1)

Particulars	Unit	FY12	% Utilization '12	FY11	% Utilization '11
Production Volume					
Terry Towels	MT	41,478	95	39,416	95
Bed Linen Products	000 Mts	37,328	83	37,203	83
Rugs	MT	4,809	47	5,079	50
Sales Volume					
Terry Towels	MT	41,849		36,035	
Bed Linen Products	000 Mts	39,754		37,496	
Rugs	MT	4,828		4,987	

The utilization levels across the products at the standalone level were at 95% in Terry towels, 83% in Bed Linen products and 47% in Rugs in FY12 which is in line with the previous year levels.

KEY FINANCIAL DATA - Consolidated

(Table 2)

(All Figures in Rs. Million)

Particulars	FY12	%	FY11	%
Revenue from Operations (Net)	32,194.16	100.00	21,132.35	100.00
Other Income	471.78	1.47	405.39	1.92
Cost of Material	15,999.08	49.70	11,563.79	54.72
Manufacturing Expenses	5,363.20	16.66	4,540.09	21.48
Employee Cost	3,050.36	9.47	1,670.64	7.91
Selling Administration and Other Expenses	4,131.09	12.83	1,046.27	4.95
EBIDTA	4,122.20	12.80	2,716.95	12.86
Finance costs	1,918.46	5.96	1,078.36	5.10
Depreciation and amortisation expense	1,378.12	4.28	1,203.34	5.69
Taxes	192.96	0.60	403.05	1.91
Profit before extraordinary items	632.67	1.97	32.21	0.15
Exceptional Items	(795.39)	(2.47)		
Share of Associate's Net (Loss)/ Profit			(18.19)	(0.09)
Minority's Share of Profit/ (Loss) in Certain Subsidiary Companies	(28.99)	(0.09)		
Net Profit (Loss)	(133.72)	(0.42)	14.02	0.07

1. Revenue

a. Revenue from Operations (Net)

Net Sales stood at Rs. 32,194.16 million in FY12. This revenue is backed by the consolidation of its marketing arm and growth in volumes in Terry Towels and Bed Linen Products compared to the last year.



b. Other income

Income from other sources was Rs. 471.78 million in FY12, primarily on account of Interest Income of Rs. 204.31 mn and Dividend and other miscellaneous income of Rs. 267.46 mn. In FY11, the company had other income of Rs 405.39 million.

2. Expenditure

a. Cost of Materials

Consumption of raw materials stood at to Rs.15,999.08 million during the year. This accounts for 49.70% of sales for the year. As a % of sales, this material cost has gone down from 54.72% in the previous year on account of lower cotton prices and better product mix.

b. Manufacturing Expenses

Manufacturing expenses at Rs. 5,363.20 million constituted 16.66% of sales in FY12. This includes Power, Fuel and Water charges of Rs. 2,404.49 million, Dyes & Chemicals of Rs. 1,472.15 million In FY11 the manufacturing expenses constituted 21.48% of the sales. This % reduction in cost reflects better optimization of resources and better cost control during the year.

c. Employee Cost

The employee cost stood at Rs. 3,050.36 million in FY12. As a % of sales it has gone up to 9.47% vs 7.91% in the previous year on account of upward revision in salaries and wages and higher head count.

d. Selling, Administration and Other Expenses

The selling administration and other expenses was reported at Rs. 4,131.09 million. This expense head increased to 12.83% of sales in FY12 as against 4.95% in FY11, largely due to consolidation of marketing business (WGBL) with WIL.

e. Finance Costs

The Financial Expenses in FY12 was Rs. 1,918.46 million. The corresponding figure in FY11 was Rs. 1,078.35 million. The increase in the reported figure was due to higher debt on account of consolidation of WGBL.

f. Depreciation and amortisation expense

Depreciation was reported at Rs. 1,378.12 million in FY12. The fixed asset turnover has improved post the consolidation of the asset-light marketing business resulting in depreciation falling to 4.28% of sales in FY12 as against 5.69% in FY11.

g. Taxes

In the current year, total tax provisions were Rs. 192.96 million as compared to Rs. 403.05 million in the previous year.

3. Margins

a. EBIDTA

EBIDTA in FY12 was reported at Rs. 4,122.20 million in FY12 resulting in an EBITDA margin of 12.80%.

b. Exceptional Items

The total impact of exceptional items is Rs. 795.39 million. It comprises of : Provision towards partial impairment of goodwill arising on consolidation of CHT Holding Limited (Christy) amounting to Rs. 381.42 million and Loss on disposal of investment in Sorema, Portugal by WHPL (Welspun Holdings Pvt Ltd) held through WRL (Welspun Retail Ltd) of Rs . 413.97 million. The loss amount on the latter includes write off of goodwill aggregating Rs. 307.34 million. This is a one-time loss taken by the Company. The PAT (Profit After Tax) without the impact of this exceptional item would have been Rs. 661.67 million resulting in a margin of 2.06% in FY 12

c. PROFIT / LOSS AFTER TAX

Loss after minority interest in FY12 was Rs. 133.72 million post consolidation of the marketing business during the year.

4. EARNING PER SHARE (Basic)

The Earning per Share for the year ending March 31, 2012 (Basic) (before extra-ordinary item) was Rs. (1.34) against Rs. 0.16 per share in the previous year. Note that number of shares used in FY12 calculations includes new shares to be issued to WGBL shareholders.

5. TABLE: BALANCE SHEET

(Table 3)

(All Figures in Rs. Million)

Particulars	As at March 31, 2012	As at March 31, 2011
I. Equity and Liabilities		
Shareholder's Funds		
Share Capital (incl. Share Capital Suspense Account)	994.88	939.76
Reserves and Surplus	6,433.14	5,749.79
	7,428.02	6,689.55
Minority Interest	250.00	
Non current liabilities		
Long term borrowings	9,811.81	10,076.90
Deferred tax liabilities (Net)	1,502.02	1,878.45
Other Long Term liabilities	16.50	19.50
Long term provisions	44.13	53.96

Current liabilities		
Short term borrowings	7,312.91	4,784.06
Trade payables	5,235.16	2,215.80
Other current liabilities	3,354.96	3,050.07
Short term provisions	403.98	91.80
	27,681.47	22,170.53
Total	35,359.49	28,860.09
II . Assets		
Non-current assets		
Fixed assets		
Tangible assets	15,748.66	15,580.56
Intangible assets	1,012.87	19.87
Capital work in progress	1,233.10	550.19
Intangible assets under development		
	17,994.63	16,150.62
Non current investments	7.79	131.32
Long term loans and advances	1,105.26	1,558.43
Other non current assets	753.23	1,703.13
Current assets		
Current investments	1,197.29	875.41
Inventories	7,293.24	4,596.60
Trade receivables	2,492.28	1,452.56
Cash and cash equivalents	1,434.33	389.16
Short term loans and advances	2,309.49	1,229.77
Other current assets	771.95	773.09
	15,498.58	9,316.59
Total	35,359.49	28,860.09

6. Networth

The Net-worth of the Company stands at Rs. 7,428.02 million as at March 31, 2012 as against Rs. 6,689.55 million at March 31, 2011. The change was mainly on account of the merger of WGBL with WIL.

The Net sale to Net worth ratio is 4.33 for the period ending March 31, 2012.

The Book Value of equity shares stands at Rs 74.69 per equity share as at 31st March 2012 (considering new shares to be issued to WGBL Shareholders).

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

a. Share Capital

The Issued, Subscribed and Paid-up Share Capital (including share capital suspense account) as at March 31, 2012 stands at Rs. 994.88 million (99,451,765 Equity Shares) comprising of:

- 88,976,269 Equity Shares of Rs. 10 each fully paid up in FY 12.
- As per the scheme, the Company will issue one equity share of Rs. 10 each credited as fully paid up to the shareholders of WGBL for every one equity share held by them in WGBL. Accordingly, Rs. 104.75 million pertaining to 10,475,496 equity shares of Rs. 10 each to be allotted to the shareholders of WGBL has been included in Share Suspense Account.

b. Reserves and Surplus

- Securities Premium account: The Securities Premium account stands at Rs. 3,212.92 million, in line with the figure at the end of FY11.
- Capital Redemption Reserve: The balance as of 31st March, 2012 amounted to Rs. 478.38 million which increased by Rs. 50 million on account of amount transferred from surplus in P&L statement on redemption of Preference Shares during the year.
- Capital Reserve: The balance as of 31st March, 2012 amounted to Rs. 1,474.73 million as against Rs.48.43 million at the end of the previous year. The change was on account of the merger of WGBL into the company (refer note no 34 of the accounts section).
- Foreign exchange translation reserve stands at Rs. (267.39) million against Rs. (46.86) million in the previous year.
- The balance in the Hedging Reserve account stands at Rs. (389.61) million as on 31 March 2012.
- Profit and Loss account: The balance in the Profit and Loss Account as on March 31, 2012 was Rs. 1,924.12 from Rs. 2,107.84 million in the previous year after transferring the amount of Rs. 50 million to Capital Redemption Reserve on redemption of Preference Shares during the year .



7. Loan funds

The Gross Debt as on March 31, 2012 stands at Rs. 19,621.48 million at the end of FY12. At the end of FY11, WIL had a gross debt of Rs. 17,406.46 million and WGBL had a gross debt of Rs. 3,771 million.

The Net Debt as on March 31, 2012 stands at Rs. 16,579.99 million after reducing the cash and bank balance and liquid investment of Rs. 3,041.48 million. At the end of FY11, WIL had a net debt of Rs. 15,062.86 million and WGBL had a net debt of Rs. 3,534 million. This indicates that the company has been successful in reducing debt on a consolidated basis during the year.

8. Fixed Assets

The Gross Block of Fixed Assets is Rs. 25,204.61 million in FY12. The net block of tangible & Intangible Assets (excl capital work-in-progress) stood at Rs. 16,761.53 million. The Capital work in Progress (CWIP) stands at Rs. 1,233.10 million in FY12. The Gross Block for FY11 was Rs. 21,915.68 million in WIL and Rs. 2,385.31 million in WGBL.

9. Inventory

Inventory as on March 31, 2012 stood at Rs. 7,293.24. The inventory turnover days has increased to 83 days in FY12 as compared to 79 days in FY11.

10. Debtors

Sundry Debtors on March 31, 2012 was at Rs. 2,492.28 million The debtors turnover days is 28 days in FY12 as compared to 25 days in FY11.

11. Cash and Bank Balances and Liquid Investment

Cash and Bank balances and liquid Investment was reported at Rs. 3,041.48 million as on 31st March 2012. At the end of FY11, the corresponding figure was Rs. 2,343.59 million for WIL and Rs. 237.56 million for WGBL.

12. Loans and Advances

The loans and advances (Short term and Long term) as on 31st March 2012 stood at Rs. 3,414.75 million. These advances are in the nature of capital advances and loans given to related parties and security deposits with Government Authorities.

13. Current Liabilities

-Trade payables stood at Rs. 5,235.16 million as of end FY12. Trade Payables are at 59 days of net sales as against 38 days in FY11.

-Other current liabilities (excl current maturities of long term borrowings) stood at Rs. 855.60 million at the end of FY12.

-Short Term Provisions stood at Rs 403.98 million at end of FY12.

14. Cash Conversion Cycle

Cash conversion cycle for FY12 has improved to 52 days as against 66 days in the previous year. This reflects the Company's improved efficiency in converting its resource inputs into cash flows.

KEY FINANCIAL INDICATORS:

(Table 4)

Particulars	Unit	As at 31 Mar 12	As at 31 Mar 11
Revenue from Operations (Net)	Rs. Mn	32,194.16	21,132.35
EBITDA	Rs. Mn	4,122.20	2,716.95
EBIT	Rs. Mn	2,744.08	1,513.61
Net Profit/Loss after Tax	Rs. Mn	(133.72)	14.02
Net Worth	Rs. Mn	7,428.02	6,689.55
Net Debt	Rs. Mn	16,579.99	15,062.86
Net Debt/Equity Ratio	Times	2.23	2.25
Total Debt/ EBITDA	Times	4.76	6.41
Net Sales/ Net Worth	Times	4.33	3.16
Current Ratio	Times	2.20	3.00
Return on Capital Employed	%	10.05%	6.28%
Inventory Days	Days	83	79
Receivables Sales Outstanding	Days	28	25
Payables Sales Outstanding	Days	59	38
Net Operating Cycle (Inventory Days+Debtor Days+Creditor Days)	Days	52	66

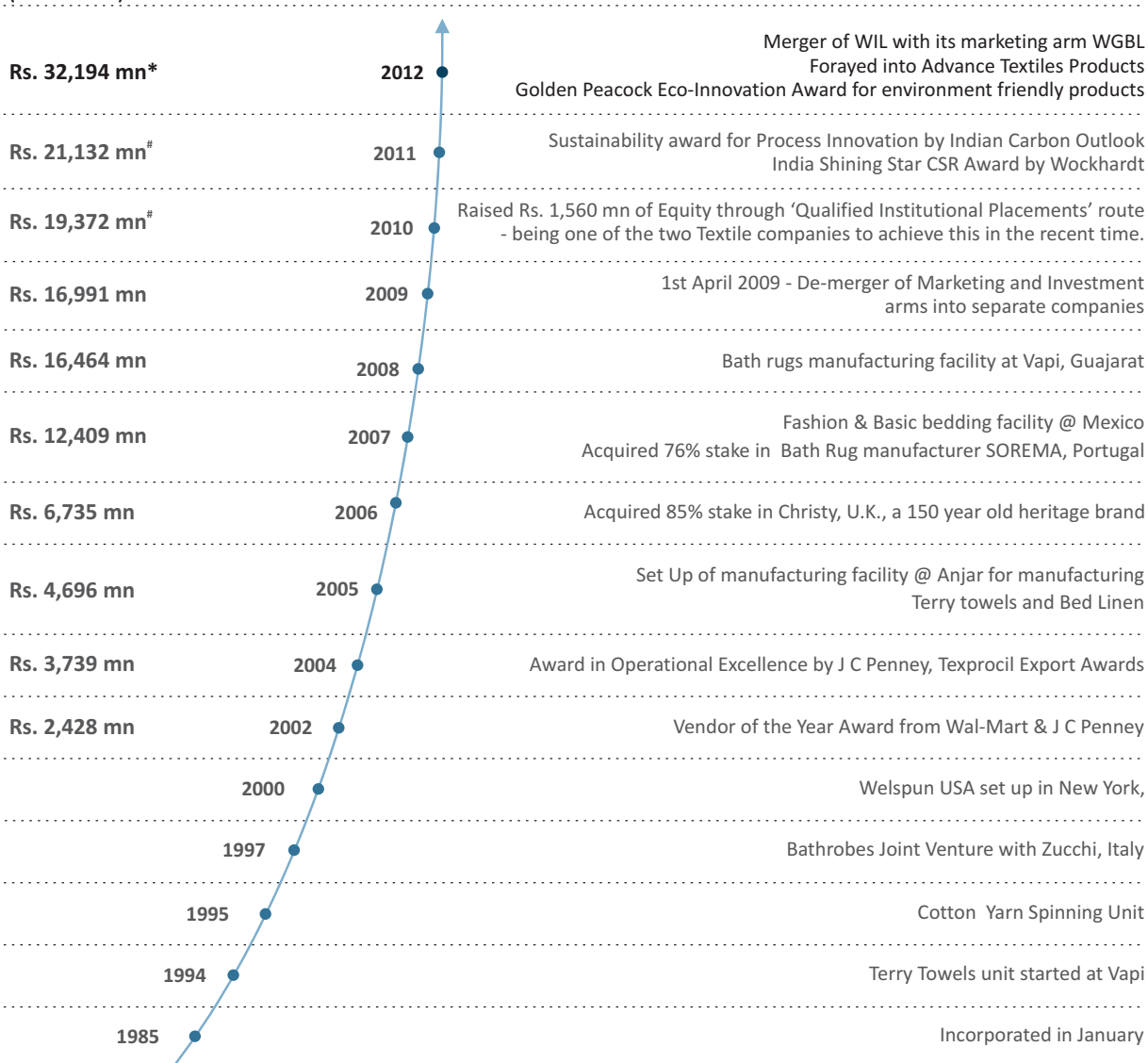
Note : The days outstanding are calculated on the basis of the closing values instead of average due to consolidation impact with WGBL in FY12. The FY11 numbers are also calculated on the closing values

Cautionary Statement:

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

ROBUST GROWTH JOURNEY

Revenue (Consolidated)



* FY12 figures are after the merger of company's marketing division, Namely "Welspun Global Brand Ltd." with Welspun India Ltd. via Honourable High Court of Gujarat order dated 26th November, 2012 and hence are not comparable with the previous years financial numbers.
FY10 & FY11 numbers are post demerger of its marketing arm "WGBL"



CATALYSING CHANGE

There are two important social cornerstones to Welspun's corporate philosophy – a strong commitment to wider, all-round social progress, and to a sustainable development that balances the needs of the present with those of the future.

Our vision has been enshrined in the three E's which have become the Guiding Principles of our CSR initiatives - Education, Empowerment & Health, and Environment, which in actual terms, has manifested itself in the Welspun Foundation for Health and Knowledge (WFHK).

The Foundation is an essential part of our organisation, and is active wherever we have a business presence. Through it we engage with local stakeholders, and in a process that is both consultative and collaborative, we have taken up a range of innovative programmes in the spheres of health, education, environment, as well as cultural and civic projects over the last few years.

In most of our project centers we have successfully managed to integrate with the local communities and develop mutually beneficial relationships with them.

During FY 2011-12, we took up a number of programmes in key economic, environmental and social spheres.



Education

Welspun is dedicated to improving and enhancing the quality of education thus equipping the children of today to become the leaders of tomorrow. We work closely with the government and non-profit organisations to provide quality education to 3,000 tribal, rural and urban children. Some of our key initiatives are:

- a. **Naandi Foundation:** (Quality Education Programme at Primary School level) Mumbai Welspun Foundation for Health and Knowledge has joined hands with Naandi Foundation in a project that covers six Municipal Corporation of Greater Mumbai (MCGM) schools in Mumbai. With our financial support, Naandi Foundation reaches out to 700 school children and provides them with quality education.
- b. **Light of Life Trust: Project Anando:** (Quality Education at Secondary School Level) Salav, Alibaug, Maharashtra. This initiative aims to provide quality education to underprivileged children at Salav and Alibaug. The Light of Life Trust, in association with Welspun, supports close to 100 rural/ tribal children at Salav and Alibaug.



Livelihood Generation

Welspun has given importance to equipping youth with the skills that will help them to earn a livelihood. The focus is on helping the youth from neighbouring communities get trained for better livelihood options that will accelerate economic and social development.

- a. **Jeevan Asha Computer Training Centre**
Salav, Alibaug, Maharashtra
Welspun has recently launched a computer training centre in Alibaug as part of its livelihood generation programme. The centre runs in collaboration with the Light of Life Trust. In the current academic year, approximately 200 students from rural /tribal underprivileged families will be trained in basic computer courses to ensure employability. The course is designed to equip the candidates with computer skills. It also emphasises learning of other soft skills and English language skills to boost a candidate's employment potential in today's competitive job market.



Empowerment and Health

Anjar, Kutch Gujarat and Salav Maharashtra

- a. **Anti-Tobacco and Health Project**
Welspun initiated an Anti-Tobacco and health campaign in Alibaug government schools. This project was in collaboration with Salaam Bombay Foundation and disseminates information and creates awareness about the ill effects of tobacco through active teacher participation. The project reaches out to 33 Schools, 53 Teachers, 7 Cluster coordinators and 5 block authorities. Various activities have been held such as teacher's training workshops, student's leadership development camps and Anganwadi workers training sessions.
- b. **Health Care**
Dahej
Welspun organised a free Health Camp at Jolwa Primary School, Jolwa. The Camp was inaugurated by Mr. Sulemanbhai (Sarpanch, Jolwa village) and Mr. Ghanshyambhai (Sarpanch of Vadadala village) with Welspun volunteers and participants in attendance.

The camp was the first of its kind in the locality. Doctors from the leading hospital Bharuch Global Hospital volunteered to offer their medical expertise and service. The event was welcomed by local villagers. Around 170 adults, including mothers with children, were screened and diagnosed for various health ailments.

c. Mobile Health Van

Mumbai

Welspun, in collaboration with the Wockhardt Foundation, launched a mobile health unit to reach out to five underprivileged neighbouring communities in Mumbai. About 1,100 people have benefited from the facilities provided by this van. The emphasis is on the health of the mother and child. Regular awareness workshops are also carried out in these communities as part of preventive health care education.

d. Blood Donation Camp

Welspun HO, Mumbai

Welspun took a small step towards saving lives when it organised a blood donation camp at HO in collaboration with Tata Memorial Hospital.

Altogether 123 people donated blood and 93 units were collected. As a token of appreciation, participating employees were given donor cards from Tata Memorial Hospital which can be used by the donor or their immediate family to get blood from Tata Memorial Hospital or any other blood bank in times of emergency.

e. Women Empowerment Initiative

Varsamedi, Anjar

Welspun pioneered Mission Mangalam Scheme with the Gujarat Government. Currently there are three Sakhi Swarnim Centers being run in Varsamedi, Dudhai and Bhadreshwar. This initiative widens their livelihood options by building capacities and providing training to rural women. Approximately 250 women have been trained under this scheme. All of them are engaged in livelihood activity which has enhanced their esteem, confidence and most importantly the family's economic standards. Approximately 700 rural women are being empowered. The same project will be replicated in other potential villages in collaboration with the Gujarat Government.



Charitable Donations

Donation of bed sheets and curtains to REAP organisation and the Light of Life Trust.

School stationery donated by Welspun employees and distributed to students from the Vatsalya Foundation.



Employee Voluntary Programme

Special emphasis is being given on employee participation in the various schemes. An employee voluntary workshop was organised at Salav where 20 employees discussed the plan of action for the voluntary initiatives.



Community Development

a. Sanitation Project

Kharapasvariya, Gujarat

Sanitation work was undertaken at Kharapasvariya village as part of a health drive. Welspun supported the event by providing gutter covers and road widening repair work to enhance cleanliness and hygienic conditions. The villagers were overwhelmed when they were selected to receive an Award and Certificate from the Chief Minister of Gujarat for cleanliness and overall hygiene.



Other Activities

a. CSR Expression

Welspun HO, Mumbai

To portray the various Welspun CSR projects at different locations a special event "Welspun CSR Expression", was organised at the Head Office. It was held on the eve of Teachers' Day, and the focus was to capture the essence of the core objectives of the company's CSR initiatives.

NGOs such as Salaam Bombay Foundation, Light of Life Trust and Naandi Foundation, which had worked in collaboration with Welspun CSR teams at Salav and Anjar, participated in the programme by organising exhibitions. They also made a presentation of their activities to Mrs. Dipali Goenka, Managing Director, WGBL, the Senior Management and other Welspun employees.

b. Welspun's Christmas Get Together Party

Welspun organised a Christmas Get Together Party for 120 children from Welspun-supported NGO's. Welspun employee volunteers organised games for the children.



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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, 2012, and the related Statement of Profit and Loss 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 36, regarding the recognition of deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain excise and Value Added Tax incentives as 'capital receipts' for income tax purposes based on the judgement in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. The said case was heard by the apex court and the impugned order was set aside and remanded back to High Court. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year-end could be significantly impacted.
 - (b) Note 38, regarding certain investments aggregating Rs. 1,197.29 million made without obtaining the prior approval of shareholders by a special resolution passed in a general meeting as required by Section 372A of the Act. The Company has filed an application for compounding of the offence with the Company Law Board and impact, if any, on the financial statements can be ascertained only on final adjudication of the said matter.
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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

- (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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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

Firm Registration Number: 012754N

Chartered Accountants

Mehul Desai

Partner

Membership Number: 103211

Place : Mumbai

Date : December 7, 2012

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 as of and for the year ended March 31, 2012

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties and materials in transit) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, sales tax and service tax though there has been slight delay in a few cases and is regular in depositing other undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.



ANNEXURE TO AUDITORS' REPORT

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, wealth-tax, service-tax, and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax and excise duty as at March 31, 2012 which have not been deposited on account of dispute are as follows :

Name of the statute	Nature of dues	Amount (Rs. in million)*	Period to which the amount relates	Forum where the dispute is pending
Gujarat Sales Tax Act, 1969	Sales Tax including penalty and interest	11.31	2000-01, 2003-04 and 2004-05	Joint Commissioner of Sales Tax (Appeals – 2), Vadodara
Central Excise Act, 1944	Excise Duty	69.57	September 2005 to July 2006	Joint Secretary, Ministry of Finance, Department of Revenue
Central Sales Tax Act, 1956	Central Sales Tax including penalty and interest	2.54	2006-07 to 2007-08	Joint Commissioner of Commercial Taxes, Rajkot
Gujarat Value Added Tax, 2003	Value added Tax including penalty and interest	22.15	2006-07 to 2007-08	Joint Commissioner of Commercial Taxes, Rajkot
Central Excise Act, 1944	CENVAT including penalty and interest	185.41**	2007-08	Appellant Tribunal, Ahmedabad
Central Excise Act, 1944	CENVAT including penalty and interest	318.58**	February 2006 to September 2007	Commissioner of Central Excise (Appeals), Rajkot

* Net of amounts paid under protest

** Stay Order has been obtained

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

ANNEXURE TO AUDITORS' REPORT

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

For Price Waterhouse

Firm Registration Number: 012754N

Chartered Accountants

Mehul Desai

Partner

Membership Number: 103211

Place : Mumbai

Date : December 7, 2012



BALANCE SHEET AS AT MARCH 31, 2012

			(Rs. million)
	Note	As At March 31, 2012	As At March 31, 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3A	890.12	939.76
Share Suspense Account	3B	104.75	-
Reserves and Surplus	4	8,317.26	5,682.69
Non-current Liabilities			
Long-term Borrowings	5	9,566.48	10,076.90
Deferred Tax Liabilities (Net)	6	2,161.99	1,878.73
Other Long-term Liabilities	7	16.50	19.50
Long-term Provisions	8	33.01	53.63
Current liabilities			
Short-term Borrowings	9	4,917.51	4,632.18
Trade Payables	10	2,637.15	1,998.62
Other Current Liabilities	11	3,375.46	2,991.55
Short-term Provisions	12	83.03	58.72
Total		32,103.26	28,332.28
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	15,551.08	15,268.88
Intangible Assets	14	14.74	19.57
Capital Work-in-Progress		1,198.42	550.17
Non-current Investments	15	852.07	190.47
Long-term Loans and Advances	16	3,482.91	1,558.41
Other Non-current Assets	17	752.80	1,703.13
Current Assets			
Current Investments	18	1,197.29	875.41
Inventories	19	4,547.34	4,527.32
Trade Receivables	20	2,059.79	1,330.43
Cash and Bank Balances	21	919.19	372.83
Short-term Loans and Advances	22	761.03	1,218.43
Other Current Assets	23	766.60	717.23
Total		32,103.26	28,332.28

The Notes are an integral part of these financial statements.

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : December 7, 2012

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year Ended March 31, 2012	(Rs. million) Year Ended March 31, 2011
Revenue from Operations (Gross)	24	26,092.74	20,946.75
Less : Excise Duty		187.85	454.89
Revenue from Operations (Net)		25,904.89	20,491.86
Other Income	25	380.94	401.54
Total Revenue		26,285.83	20,893.40
Expenses			
Cost of materials consumed	26	13,541.49	11,911.01
Purchases of stock-in-trade	27	153.46	31.93
Changes in inventory of finished goods, work-in-progress and stock-in-trade	28	240.18	(851.77)
Employee benefits expense	29	1,541.65	1,478.58
Finance costs	30	1,438.51	1,069.69
Depreciation and amortization expense	31	1,187.43	1,135.13
Other expenses	32	5,931.79	5,090.16
Total expenses		24,034.51	19,864.73
Profit before exceptional and extraordinary items and tax		2,251.32	1,028.67
Exceptional Items	39		
- Provision for diminution in value of Investments		81.79	-
Profit before extraordinary items and tax		2,169.53	1,028.67
Extraordinary Items	40		
- Provision for diminution in value of Investments		-	739.12
- Provision for doubtful loans and advances		284.35	937.91
Profit before tax		1,885.18	(648.36)
Tax Expense			
- Current Tax (Minimum Alternative Tax)		446.97	202.02
Less : Minimum Alternative Tax Credit Availed		(16.42)	(201.21)
- Short Provision for Tax in Earlier Years		0.27	4.60
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Year		-	27.40
- Deferred Tax		283.26	316.67
Profit/ (Loss) for the year		1,171.10	(997.84)
Earnings/ (Loss) Per Share (Rs.)	47		
- Basic before Extraordinary Items		14.63	7.71
- Diluted before Extraordinary Items		14.63	7.66
- Basic and diluted after Extraordinary Items		11.77	(11.33)

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

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : December 7, 2012

For and on behalf of the Board of Directors

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
		For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Exceptional and Extraordinary Item and Tax		2,251.32	1,028.67
Adjustments for :			
Depreciation	1,187.43		1,135.13
Unrealised Foreign Exchange Differences	(117.87)		(61.22)
Loss on Sale of Fixed Assets	39.17		15.25
Loss on Redemption/ Sale of Units in Mutual Funds	0.22		0.03
Profit on Sale of Bonds	(23.23)		(4.53)
Dividend	(35.71)		(15.07)
Liabilities Written Back as no Longer Required	-		(6.94)
Provision for Doubtful Debts Written Back	(0.03)		-
Provision for Doubtful Advances	13.38		-
Debts/ Advances Written off	0.25		1.57
Interest Income and Cash Discount Received	(225.72)		(295.53)
Interest and Other Expenses	1,438.51		1,069.69
		<u>2,276.40</u>	<u>1,838.38</u>
Operating Profit Before Working Capital Changes		4,527.72	2,867.05
Adjustments for changes in working capital :			
Trade and Other Receivables	(1,254.11)		401.53
Loans and Advances	373.81		(572.51)
Inventories	(20.02)		(983.05)
Current Liabilities and Provisions	776.14		611.61
		<u>(124.18)</u>	<u>(542.42)</u>
Cash Flow Generated from Operations		4,403.54	2,324.63
Income Tax paid		(429.49)	(102.82)
Net Cash Flow from Operating Activities		<u>3,974.05</u>	<u>2,221.81</u>
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of Fixed Assets and Capital Work-in-Progress		(2,100.08)	(1,911.11)
Sale of Fixed Assets		7.48	127.49
Capital Subsidy		-	12.20
(Investment in)/ realisation of Fixed Deposits and Margin Money		199.13	(541.61)
(Purchase)/ Sales of Investment (Net)		(300.39)	(871.06)
Share Application Money Pending Allotment (net of refund)		(424.50)	(130.00)
Dividend Received		35.71	15.07
Interest Received		239.93	203.41
Net Cash Flow used in Investing Activities		<u>(2,342.72)</u>	<u>(3,095.61)</u>
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES			
Redemption of Preference Shares		(50.00)	-
Proceeds from Issue of Equity Shares and Equity Warrants		1.28	1,482.75
Final Dividend Paid		-	(105.63)
Tax on Final Dividend Paid		-	(17.63)
Proceeds from Borrowings		(41.17)	668.15
Interest and Other Finance Expenses		(1,466.23)	(1,072.85)
Net Cash Flow from/ (used in) Financing Activities		<u>(1,556.12)</u>	<u>954.79</u>
(A + B + C)		<u>75.21</u>	<u>80.99</u>
Cash and Cash Equivalents at the beginning of the year		257.12	176.13
Cash and Cash Equivalents at the end of the year		332.33	257.12
Net Decrease in Cash and Cash Equivalents		<u>75.21</u>	<u>80.99</u>

Note :

- 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.

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

For and on behalf of the Board of Directors

Mehul Desai
Partner
Membership No. 103211

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012

Place : Mumbai
Date : December 7, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**1. General Information**

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

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

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

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

2.2 Tangible Assets

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

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

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

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

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

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

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

2.3 Intangible Assets

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

2.4 Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2.5 Investments

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

2.6 Inventories

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

2.7 Current Tax and Deferred Tax

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

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

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

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

2.8 Employee Benefits

Provident Fund

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

Superannuation Fund

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

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the statement of Profit and Loss in the year in which they arise.

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

Compensated Absences

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

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

2.9 Foreign Currency Translation**Initial Recognition**

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

Subsequent Recognition

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

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

Translation of foreign operations

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

Forward Exchange Contracts and Swaps

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

In respect of forward exchange contracts taken to hedge the risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions, the Company has adopted Accounting Standard 30 'Financial Instruments: Recognition and Measurement'. Accordingly, 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 Statement of Profit and Loss when the underlying transaction occurs. Changes in the fair value of the hedging instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2.10 Revenue Recognition

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

2.11 Other Income

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

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

2.12 Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets. Revenue grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS) are adjusted against 'Interest on Long term borrowings'.

2.13 Impairment

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

2.14 Provisions and Contingent Liabilities

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

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

2.15 Employees Stock Option Schemes

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**2.16 Leases****As a lessee :**

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

As a lessor:

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

2.17 Cash and Cash Equivalents

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

2.18 Earnings Per Share

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

2.19 Amalgamation in the nature of purchase

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. million)

	As At March 31, 2012	As At March 31, 2011
Note 3A : Share Capital		
Authorised		
155,500,000 (March 31, 2011 : 125,000,000) Equity Shares of Rs. 10 each	1,555.00	1,250.00
- (March 31, 2011 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	-	50.00
	1,555.00	1,300.00
Issued, Subscribed and Paid Up		
89,012,269 (March 31, 2011 : 88,976,269) Equity Shares of Rs. 10 each fully paid up	890.12	889.76
- (March 31, 2011 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up	-	50.00
Total	890.12	939.76

(a) Reconciliation of number of shares

Equity Shares :

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Amount (Rs. million)	Number of Shares	Amount (Rs. million)
Balance as at the beginning of the year	88,976,269	889.76	73,089,519	730.90
Add : Shares issued to Qualified Institutional Buyers (QIB)	-	-	15,603,000	156.03
Add : Shares issued to Employees under Employee Stock Option Scheme (Refer Note 41)	36,000	0.36	283,750	2.83
Balance as at the end of the year	89,012,269	890.12	88,976,269	889.76

Preference Shares :

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Amount (Rs. million)	Number of Shares	Amount (Rs. million)
Balance as at the beginning of the year	500,000	50.00	500,000	50.00
Less: Shares redeemed during the year	(500,000)	(50.00)	-	-
Balance as at the end of the year	-	-	500,000	50.00

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

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	%	Number of Shares	%
Equity Shares :				
Welspun Fintrade Limited	17,409,268	19.56	17,409,268	19.57
Welspun Mercantile Limited	9,519,294	10.69	9,061,092	10.18
Dunearn Investment Mauritius Pte Limited	9,079,463	10.20	9,079,463	10.20
Welspun Wintex Limited	7,179,577	8.07	7,179,577	8.07
Krishiraj Trading Limited	6,590,765	7.40	#	#
IFCI Limited	6,034,069	6.78	6,034,069	6.78

Less than 5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	%	Number of Shares	%
Preference Shares :				
Krishiraj Trading Limited	-	-	500,000	100.00

(c) Rights, preferences and restrictions attached to shares

Equity Shares :

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

Preference Shares :

0% Redeemable Preference Shares of Rs.100 each fully paid up issued pursuant to High Court order were 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 alongwith interest and dividend thereon.

(Rs. million)

	As At March 31, 2012	As At March 31, 2011
Note 3B : Share Suspense Account		
Equity Share Suspense Account (Refer Note 37)	104.75	-
	104.75	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 4 : Reserves and Surplus		
Capital Redemption Reserve		
Balance as at the beginning of the year	428.38	428.38
Add : Amount Transferred from Surplus in Statement of Profit and Loss on Redemption of Preference Shares during the year	50.00	-
Balance as at the End of the Year	478.38	428.38
Capital Reserve		
Balance as at the beginning of the year	48.18	48.18
Add : Capital Reserve on account of Amalgamation (Refer Note 37)	1,426.54	-
Balance as at the End of the Year	1,474.72	48.18
Securities Premium Account		
Balance as at the beginning of the year	3,212.00	1,888.11
Add : Additions during the year	0.92	1,411.53
	3,212.92	3,299.64
Less : Expenses on Qualified Institution Placement adjusted as per Section 78 of the Companies Act, 1956	-	87.64
Balance as at the End of the Year	3,212.92	3,212.00
Foreign Exchange Translation Reserve		
Balance as at the beginning of the year	(36.01)	(12.89)
Add : Additions during the year		
- Restatement (Net) of Subordinated Loan of Welspun AG	-	(22.36)
- Restatement (Net) of Application Money pending allotment of Welspun USA Inc.	0.76	(0.76)
Less : Deduction during the year		
- Transfer to Statement of Profit and Loss on abandonment of operations of Welspun AG	35.25	-
Balance as at the end of the year	-	(36.01)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	2,030.14	3,046.18
Add : Profit/ (Loss) for the year	1,171.10	(997.84)
	3,201.24	2,048.34
Less : Appropriations		
Proposed dividend on Equity Shares for the year	-	15.60
Dividend distribution tax on Proposed dividend on Equity Shares	-	2.60
Transfer to Capital Redemption Reserve on Redemption of Preference Shares	50.00	-
Balance as at the End of the Year	3,151.24	2,030.14
Total	8,317.26	5,682.69
Note 5 : Long-term Borrowings		
Secured :		
Term Loans :		
Rupee Term Loans from Banks [Refer Note (a) and (b) below]	9,566.48	9,996.90
Unsecured :		
Inter-Corporate Loan from Welspun Investments and Commercials Limited	-	80.00
Total	9,566.48	10,076.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(a)	Nature of Security	Terms of Repayment
1	Rupee term loan amounting to Rs. 1,373.33 million (March 31, 2011 : Rs. 2,900.02 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 24 quarterly installments commencing from October 2006. Last installment due in July 2012. Rate of interest 6.75% - 8.75% *
2	Rupee term loan amounting to Rs. 154.48 million (March 31, 2011 : Rs. 326.63 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 24 quarterly installments commencing from December 2006. Last installment due in September 2012. Rate of interest 7% - 7.50% *
3	Rupee term loan amounting to Rs. 66.59 million (March 31, 2011 : Rs. 273.96 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 24 quarterly installments commencing from August 2006. Last installment due in May 2012. Rate of interest 7.50% *
4	Rupee term loan amounting to Rs. 6,977.48 million (March 31, 2011 : Rs. 7,479.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from April 2009. Last installment due in January 2016. Rate of interest 7.25% - 8.75% *
5	Rupee term loan amounting to Rs. 430.00 million (March 31, 2011 : Rs. 462.50 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from March 2009. Last installment due in December 2015. Rate of interest 6.96% *
6	Rupee term loan amounting to Rs. 2,213.35 million (March 31, 2011 : Rs. 957.50 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 30 quarterly installments commencing from January 2012. Last installment due in April 2019. Rate of interest 7.50% - 12.5% *
7	Rupee term loan amounting to Rs. 626.79 million (March 31, 2011 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from June 2013. Last installment due in March 2020. Rate of interest 7.25%*
8	Rupee term loan amounting to Rs. 7.60 million (March 31, 2011 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 32 quarterly installments commencing from April 2014. Last installment due in January 2022. Rate of interest 7.50% *
9	Foreign currency loan amounting to Rs. Nil (March 31, 2011 : Rs. 30.47 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 10 quarterly installments commencing from October 2009. Last installment due in January 2012. (Rate of Interest 6M Libor +2.75% p.a.)
10	Foreign currency loan amounting to Rs. Nil (March 31, 2011 : Rs. 54.63 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 9 quarterly installments commencing from January 2010 . Last installment due in January 2012. (Rate of Interest 6M Libor +2.75% p.a.)
* Rate of Interest is considered net of 4% - 5% interest reimbursement under TUF scheme, where applicable.		
(b) In addition to (a) above, certain rupee term loans (including their current maturities) from Banks of Rs. 7,175.04 million (March 31, 2011 : Rs. 11,442.60 million) and interest thereon are secured by lien on fixed deposits of the Company.		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 6 : Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities arising on account of Timing differences in :		
- Depreciation	2,188.13	2,152.01
- Others	-	9.37
Deferred Tax Asset arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	8.34	3.55
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	4.13	10.89
- Provision for Employee Benefits	10.37	20.16
- Expenses inadmissible under Section 40(a) of the Income Tax Act, 1961	1.48	-
- Unabsorbed Depreciation as per the Income Tax Act, 1961	-	247.56
- Others	1.82	0.49
Total	2,161.99	1,878.73
Note 7 : Other Long-term Liabilities		
Security Deposits	16.50	19.50
Total	16.50	19.50
Note 8 : Long-term Provisions		
Provision for Compensated Absences	33.01	53.63
Total	33.01	53.63
Note 9 : Short-term Borrowings		
Secured :		
- Working Capital Loans from Banks [Refer Note below]	4,520.74	3,886.48
Unsecured :		
- Working Capital Loans from Banks	396.77	745.70
Total	4,917.51	4,632.18
Note :		
The working capital loans, which includes cash credit and packing credit from banks, are secured by hypothecation of raw materials, stock-in-process, finished, semi finished goods, stores, spares and book debts and other current assets of the Company and second charge on entire fixed assets of the Company and by a Corporate Guarantee issued by Welspun Retail Limited.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 10 : Trade Payables		
Acceptances	609.98	817.98
Trade Payables		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 54)	13.53	6.69
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	2,013.64	1,173.95
Total	2,637.15	1,998.62
Note 11 : Other Current Liabilities		
Current maturities of long term debt		
- Rupee Term Loans from Banks [Refer Note 5(a) and (b)]	2,283.14	2,403.20
- Foreign Currency Loans from Banks [Refer Note 5(a)]	-	85.10
- From Others		
Inter-corporate Loan from Welspun Investments and Commercials Limited	79.50	8.80
Inter-corporate Loan from Welspun Retail Limited	333.79	-
Interest Accrued but not due on Borrowings	86.15	73.33
Interest Accrued and due on Borrowings	1.20	-
Security Deposits	13.68	8.51
Advances from Customers	11.70	12.71
Temporary Overdraft with Scheduled Banks	156.88	29.62
Unpaid dividends [Refer Note (a) below]	0.47	0.47
Statutory dues (including Provident Fund and Tax deducted at Source)	44.47	55.98
Employee Benefits Payable	161.74	133.03
Creditors for capital purchases	183.56	165.68
Other Payables	19.18	15.12
Total	3,375.46	2,991.55
(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
Note 12 : Short-term Provisions		
Provision for employee benefits		
- Provision for Compensated Absences	5.23	11.49
Others		
- Taxation	63.08	45.33
(Net of Advance Tax and Tax Deducted at Sources March 31, 2012 : Rs. 1,119.99 million; March 31, 2011 : Rs. 690.50 million)		
- Fringe Benefit Tax (Net of Advance Tax Rs. 36.11 million ; March 31, 2011 : Rs. 36.11 million)	1.90	1.90
- Provision for mark-to-market losses on derivatives	12.82	-
Total	83.03	58.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13. Tangible Assets

(All amounts in Rs. million, unless otherwise stated)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As At March 31, 2011	Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement	Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement	Additions during the year	Deletions/ Adjustments during the year	As At March 31, 2012	Accumulated upto March 31, 2011	Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement	Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement	On Deletions during the year	Accumulated upto March 31, 2012	As At March 31, 2012	As At March 31, 2011
Own Assets:													
Freehold Land	132.95	-	-	5.10	-	138.05	-	-	-	-	-	138.05	132.95
Buildings	3,363.24	-	-	94.38	0.10	3,457.52	508.99	-	-	92.70	601.69	2,855.83	2,854.25
Leasehold Improvements	49.22	-	-	-	-	49.22	13.16	-	-	5.23	18.39	30.83	36.06
Plant and Machinery (Refer Note 1 and 2 below)	17,383.59	-	-	1,383.71	69.03	18,698.27	5,425.81	-	-	1,038.90	6,435.44	12,262.83	11,957.78
Vehicles	40.16	0.09	0.09	5.56	7.03	38.69	20.37	0.04	0.04	3.37	19.79	18.90	19.79
Furniture and Fixtures	155.25	-	-	4.12	3.65	155.72	46.73	-	-	9.78	55.52	100.20	108.52
Office Equipment	77.56	1.71	1.71	4.02	1.95	79.63	19.07	0.54	0.54	10.79	28.96	50.67	58.49
Computers	172.35	4.48	4.48	12.36	0.03	184.68	92.10	0.99	0.99	18.79	110.86	73.82	80.25
Total (A)	21,374.32	6.28	6.28	1,509.25	81.79	22,801.78	6,126.23	1.57	1,179.56	35.14	7,270.65	15,531.13	15,248.09
Assets given on Operating Lease:													
Buildings	13.89	-	-	0.10	-	13.99	2.99	-	-	0.23	3.22	10.77	10.90
Plant and Machinery	42.49	-	-	-	-	42.49	32.60	-	-	0.71	33.31	9.18	9.89
Total (B)	56.38	-	-	0.10	-	56.48	35.59	-	-	0.94	36.53	19.95	20.79
Total (A) + (B)	21,430.70	6.28	6.28	1,509.35	81.79	22,858.26	6,161.82	1.57	1,180.50	35.14	7,307.18	15,551.08	15,268.88
March 31, 2011	20,258.69	-	-	1,503.43	331.42	21,430.70	5,212.52	-	-	1,126.08	176.79	15,268.88	15,046.17

Notes :

1. Borrowing Costs aggregating Rs. 23.09 million (Previous Year: Rs. Nil) (net of interest subsidy of Rs. 9.76 million; Previous Year: Rs. Nil) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.
2. Deletions/ Adjustments for Plant and Machinery includes adjustments for the capital subsidy of Rs. Nil (Previous Year : Rs. 12.20 million) granted under the Technology Upgradation Fund (TUF) Scheme.

14. Intangible Assets

(Rs. million)

PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK			
	As At March 31, 2011	Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement	Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement	Additions during the year	Deletions/ Adjus- ments during the year	As At March 31, 2012	Accumu- lated upto March 31, 2011	Transferred from Welspun Global Brands Limited on April 1, 2011 under scheme of arrangement	Transferred to Welspun Retail Limited on April 1, 2011 under scheme of arrangement	For the Year	On Dele- tions during the year	Accu- mulated upto March 31, 2012	As At March 31, 2012	As At March 31, 2011
Own Assets														
Computer Software	60.14	7.43	7.43	2.10	-	62.24	40.57	1.05	1.05	6.93	-	47.50	14.74	19.57
Goodwill	1.56	-	-	-	-	1.56	1.56	-	-	-	-	1.56	-	-
Total	61.70	7.43	7.43	2.10	-	63.80	42.13	1.05	1.05	6.93	-	49.06	14.74	19.57
March 31, 2011	55.80	-	-	6.58	0.68	61.70	33.44	-	-	9.05	0.36	42.13	19.57	22.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 15 : Non-current Investments		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
In Subsidiaries		
17,000 (March 31, 2011 : 17,000) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland (Refer Note 40)	-	739.12
Less : Provision for other than temporary Diminution in value of investment	-	739.12
29,999,998 (March 31, 2011 : Nil) Equity Shares of Peso 1 each fully paid up of Welspun Mexico S. A. de C. V., [Refer Note (a) below]	0.12	-
10,000 (March 31, 2011: 10,000) Equity Shares of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10
20,000,000 (March 31, 2011: Nil) Equity Shares of Rs. 10 each fully paid up of Welspun Retail Limited	499.63	-
13,464,800 (March 31, 2011: Nil) 0% Redeemable Preference Shares of Rs. 10 each fully paid up of Welspun Retail Limited	134.65	-
In Joint Venture Companies		
2,750,000 (March 31, 2011 : 2,750,000) Equity Shares of Rs.10 each fully paid up of Welspun Zucchi Textiles Limited	34.56	34.56
In Associate Companies		
15,000 (March 31, 2011 : 15,000) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited	0.15	0.15
668,706 (March 31, 2011 : 184,210) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc. [Refer Note (b) below]	146.88	33.92
1,500 (March 31, 2011 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus (Refer Note 39)	111.52	116.13
Less : Provision for other than temporary Diminution in value of investment	81.79	-
	29.73	116.13
b) Quoted Equity Instruments		
Other Investments (valued at cost unless stated otherwise)		
a) Quoted Equity Instruments		
283,500 (March 31, 2011 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited	18.94	18.94
Less : Provision for other than temporary diminution in value of investment	13.34	13.34
	5.60	5.60
80 (March 31, 2011 : 8 Equity Shares of Rs. 10 each fully paid up) Equity Shares of Rs. 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
b) Others		
100 (March 31, 2011 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
National Saving Certificates (Lodged with District Magistrate, Valsad)	0.01	0.01
Investment - Indiafirst SM	0.64	-
Total	852.07	190.47
Aggregate amount of Unquoted Investments	846.47	184.86
Aggregate amount of Quoted Investments	5.60	5.60
Market Value of Quoted Investments	3.03	3.93
Aggregate provision for diminution in value of Investments	95.13	752.46
* Less than Rs.10,000		

Note:

- (a) On March 29, 2012, the Company purchased 29,999,998 shares of Welspun Mexico S. A. de C. V. from Welspun AG at a purchase consideration of Peso 30,000. By virtue of this purchase, Welspun Mexico S. A. de C. V. has become a wholly owned subsidiary of the Company.
- (b) During the previous year, the Company advanced USD 2.5 million to Welspun USA Inc. towards share application pending allotment. On March 27, 2012, Welspun USA Inc. issued 484,496 equity shares of USD 0.10 each against this amount.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 16 : Long-term Loans and Advances		
Unsecured, considered good (unless otherwise stated) :		
Capital Advances to Related Parties		
- Wel-treat Enviro Management Organisation Limited	75.00	75.00
- Welspun Projects Limited	12.64	18.77
Capital Advances to Others	131.14	186.09
Security Deposits to Related Parties		
- Welspun Realty Private Limited	142.25	160.25
- Mertz Securities Limited	8.01	9.01
Security Deposits to Others	43.35	26.81
Loans to Related Parties		
Considered Doubtful		
- Welspun AG, Switzerland (Refer Note 40)	-	936.23
Less : Provision for Doubtful Loan	-	936.23
	-	-
- BESA Developers and Infrastructure Private Limited	6.50	6.50
- Intercompany Deposit to Welspun Global Brands Limited	-	713.86
Advances to Related Parties		
Considered Doubtful		
- Welspun AG, Switzerland (Refer Note 40)	-	1.68
Less : Provision for Doubtful Advances	-	1.68
	-	-
Preference Share pending allotment - Welspun Retail Limited (Refer Note 37)	2,389.58	-
Equity Share Application pending allotment - Welspun USA Inc.	-	111.49
Equity Share Application pending allotment - Welspun Captive Power Generation Limited	554.50	130.00
Advances Recoverable in Cash or in Kind or for Value to be Received	11.46	13.75
Other Loans and Advances		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	108.48	106.88
- Considered Doubtful	7.72	7.72
	116.20	114.60
Less : Provision for Doubtful Balances	7.72	7.72
	108.48	106.88
Total	3,482.91	1,558.41

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 17 : Other Non-current Assets		
Minimum Alternative Tax Credit Entitlement	343.19	623.24
Fixed deposits with Banks with maturity period more than 12 months*	409.53	1,079.02
Margin Money Deposit Accounts	0.08	0.87
Total	752.80	1,703.13
* Held as lien by Banks against Term Loans.		
Note 18 : Current Investments		
a) Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Current portion of long term Investments		
In Wholly Owned Subsidiary		
17000 (March 31, 2011 : 17,000) Equity Shares of CHF 1,000 each fully paid up of Welspun AG, Switzerland (Refer Note 40)	739.12	-
Less : Provision for other than temporary Diminution in value of investment	739.12	-
	-	-
b) Non Trade - (Quoted)		
(At Cost or market value whichever is less)		
- (March 31, 2011 - 500) Certificate of Deposit - Punjab National Bank	-	49.14
- (March 31, 2011 - 801) 9.34% West Bengal State Electricity District Company Limited Bonds of Face Value of Rs. 1,000,000 each	-	826.27
136 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each	140.08	-
66 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	66.85	-
9 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.09	-
900 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	900.09	-
42 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	41.48	-
10 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.92	-
24 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each	29.78	-
Total	1,197.29	875.41
Aggregate amount of quoted investments	1,197.29	875.41
Market Value of quoted investments	1,227.27	878.85
Aggregate provision for diminution in value of investments	739.12	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 19 : Inventories		
Raw Materials (Includes in transit Rs. 82.85 million; March 31, 2011 : Rs. 35.03 million)	2,043.17	1,811.79
Packing Materials	110.03	64.70
Work-in-Progress	1,868.41	2,073.88
Finished Goods	377.89	453.83
Traded Goods	41.23	-
Stores, Spares, Dyes and Chemicals	106.61	123.12
Total	4,547.34	4,527.32
Details of Inventory:		
(a) Details of Goods Manufactured		
Terry Towels	157.69	253.77
Cotton Yarn	24.87	35.11
Bed Linen Products	141.12	127.03
Rugs	47.19	27.19
Others	7.02	10.73
	377.89	453.83
(b) Details of Work-in-Progress		
Terry Towels	727.15	885.70
Cotton Yarn	74.83	109.70
Bed Linen Products	1,001.75	1,039.59
Rugs	64.68	38.88
	1,868.41	2,073.88
(c) Details of Traded Goods		
Bath Robe and Mats	2.45	-
Bed Sheet, Quilt and Others	25.53	-
Curtain, Cushion and Carpet	13.25	-
Total	41.23	-
Note 20 : Trade Receivables		
Unsecured Debts Outstanding for a period exceeding six months from the date they are due for payment :		
- Considered Good	-	256.91
- Considered Doubtful	2.95	2.98
	2.95	259.89
Less : Provision for Doubtful Debts	2.95	2.98
	-	256.91
Other Debts :		
- Considered Good	2,059.79	1,073.52
Total	2,059.79	1,330.43

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 21 : Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on Hand	0.74	0.83
Cheques on Hand	-	1.30
Bank balances		
- In current accounts	329.61	245.83
- Fixed deposits (less than 3 months maturity)	1.89	5.30
- In Exchange Earners Foreign Currency Accounts (USD 1,717.49; March 31, 2011 : USD 86,508)	0.09	3.86
	332.33	257.12
Other Bank balances		
- Fixed deposits*	586.39	115.24
- Unpaid dividend account	0.47	0.47
	586.86	115.71
Total	919.19	372.83
* Held as lien by Banks against term loans, cash credit, overdraft, letter of credit facility and bank guarantee facilities.		
Note 22 : Short-term Loans and Advances		
Unsecured considered good, unless otherwise stated :		
Loans to Related Parties		
Considered Doubtful		
- Welspun AG, Switzerland (Refer Note 40)	1,220.58	-
Less : Provision for Doubtful Loan	1,220.58	-
	-	-
- Intercompany Deposit to Welspun Global Brands Limited	-	250.00
Advances to Related Parties		
- Welspun Logistics Limited	0.63	-
- Welspun Mexico S.A. de C.V	7.36	-
Advances Recoverable in Cash or in Kind or for Value to be Received	267.71	98.67
Others		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
Considered Good	465.59	845.83
Considered Doubtful	25.39	10.33
Less : Provision for Doubtful Balances	25.39	10.33
	465.59	845.83
Security Deposits to Related Parties		
- Welspun Realty Private Limited	18.00	18.00
- Mertz Securities Limited	1.00	1.00
- Vipuna Trading Limited	-	4.26
Security Deposits to Others	0.74	0.67
Total	761.03	1,218.43
* Less than Rs. 10,000		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 23 : Other Current Assets		
Receivable from Related Parties		
- Welspun Retail Limited (Refer Note 37)	*	-
Minimum Alternative Tax Credit Entitlement	296.47	-
Technology Upgradation Fund Credit Receivable	302.42	514.85
Interest Accrued on Loan given to related parties	-	0.40
Interest Accrued on Bonds / Certificate of Deposits	56.40	30.93
Interest Receivable under Subvention Scheme	-	1.36
Interest Accrued on Deposits	105.03	142.95
Mark-to-Market gain (Net) on Forward / Swap Contracts	-	22.30
Gratuity Fund (Net)	6.28	4.44
Total	766.60	717.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2012	Year Ended March 31, 2011
Note 24 : Revenue from Operations			
Sale of Products			
Finished Goods		23,819.19	18,353.01
Traded Goods		101.21	36.97
		23,920.40	18,389.98
Other Operating Revenue			
Sales Tax Benefit		625.74	585.52
Sale of Scrap		376.25	265.99
Export Benefits			
- Duty Entitlement Pass Book Scheme Benefits		835.03	1,444.89
- Focus Market Scheme Benefits		310.39	243.65
- Duty Drawback Benefits		24.93	16.72
	-	2,172.34	2,556.77
Revenue from Operations (Gross)		26,092.74	20,946.75
Less : Excise Duty		187.85	454.89
Revenue from Operations (Net)		25,904.89	20,491.86
(a) Details of Sales (Finished Goods)			
Terry Towels		14,209.57	10,315.87
Cotton Yarn		48.02	96.83
Bed Linen Products		7,975.56	6,699.09
Grey Fabric - Bed Linen		217.90	263.08
Rugs		1,368.14	978.14
		23,819.19	18,353.01
(b) Details of Sales (Traded Goods)			
Cotton		1.37	21.69
Cotton Yarn		6.78	3.02
Others		93.06	12.26
		101.21	36.97
Note 25 : Other Income			
Interest Income			
On Fixed Deposits		115.92	79.97
On Loans given to related parties and others		-	88.31
On Bonds		64.91	67.23
On Others		9.65	11.00
On Income Tax Refund		-	11.44
Cash Discount received		35.24	37.58
Rent		9.02	8.17
Dividend Income		35.71	15.07
Insurance Claim		0.04	0.02



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit on Sale of Bonds/ Certificate of Deposits		23.23	4.53
Provision for Doubtful Debts Written Back		0.03	-
Liabilities Written Back as no Longer Required		-	6.94
Profit on Cancellation of Forward/ Swap Contracts		32.38	19.78
Job Work and Processing Charges		5.06	2.25
Service Charges		7.60	8.60
Miscellaneous		42.15	40.65
		380.94	401.54
Note 26 : Cost of materials consumed			
Raw material consumed			
Opening inventory	1,811.79		1,673.53
Add: Purchases (net)	12,636.79		11,081.51
Less : Inventory at the end of the year	2,043.17		1,811.79
		12,405.41	10,943.25
Packing material consumed			
Opening inventory	64.70		60.81
Add : Purchases (net)	1,181.41		971.65
Less : Inventory at the end of the year	110.03		64.70
Cost of packing material consumed during the year		1,136.08	967.76
		13,541.49	11,911.01
Note 27 : Purchases of Stock-in-Trade			
Purchases of Stock-in-Trade		153.46	31.93
Add : Transfer from Welspun Global Brands Limited on merger (Refer Note 37)		342.23	-
Less : Transfer to Welspun Retail Limited on slump sale (Refer Note 37)		342.23	-
		153.46	31.93
Note 28 : Changes in inventory of finished goods and work-in-progress			
(Increase)/ decrease in Stocks			
Stock at the end of the year :			
Finished Goods	377.89		453.83
Work-in-Progress	1,868.41		2,073.88
Stock-in-trade	41.23		-
Total A	2,287.53		2,527.71

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2012	Year Ended March 31, 2011
Less : Stock at the beginning of the year :			
Finished Goods	453.83		277.70
Work-in-Progress	2,073.88		1,398.24
Stock-in-trade	-		-
Total B	2,527.71		1,675.94
Increase/ decrease in Stocks (A-B)		240.18	(851.77)
Note 29 : Employee Benefits Expense			
Salaries, Wages, Allowances and Other Benefits	1,341.12		1,303.96
Contribution to Provident and Other Funds	107.39		107.23
Managerial Remuneration	53.70		17.38
Staff and Labour Welfare	39.44		50.01
Total	1,541.65		1,478.58

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

I Defined Contribution Plans

	(Rs. million)	
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:	2011-2012	2010-2011
- Employers' Contribution to Provident Fund *	41.82	43.04
- Employers' Contribution to Employee's State Insurance *	13.28	12.88
- Employers' Contribution to Employee's Pension Scheme *	50.85	51.31
- Employers' Contribution to Superannuation Scheme*	1.44	-
	107.39	107.23
* Included in Contribution to Provident and Other Funds		

II Defined Benefit Plan

Contribution to Gratuity Fund

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
a. Major Assumptions		2011-2012	2010-2011
		% p.a.	% p.a.
Discount Rate		8.75	8.50
Expected Rate of Return on Plan Assets		8.60	8.50
Salary Escalation Rate @		8% for 5 years and 6% thereafter	8% for 5 years and 6% thereafter
@ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.			

		(Rs. million)	
b. Change in the Present Value of Obligation		2011-2012	2010-2011
Opening Present Value of Obligation		89.57	55.60
Current Service Cost		35.32	19.83
Interest Cost		7.61	4.73
Benefit/ Exgratia paid		(18.58)	(8.36)
Actuarial Loss/ (gain) on Obligations		(20.21)	17.77
Closing Present Value of Obligation		93.71	89.57

		(Rs. million)	
c. Change in Fair Value of Plan Assets		2011-2012	2010-2011
Opening Fair Value of Plan Assets		94.01	65.13
Expected Return on Plan Assets		7.99	5.54
Actuarial (Loss)/ gain on Obligations		(3.98)	0.51
Contributions		20.55	35.00
Benefits paid		(18.58)	(12.17)
Closing Fair Value of Plan Assets		99.99	94.01

		(Rs. million)	
d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets		As At March 31, 2012	As At March 31, 2011
Present Value of Funded Obligation		93.71	89.57
Fair Value of Plan Assets		99.99	94.01
Funded Status		99.99	94.01

		(Rs. million)	
e. Amount recognised in the Balance Sheet		As At March 31, 2012	As At March 31, 2011
Present Value of Obligation		93.71	89.57
Fair Value of Plan Assets		99.99	94.01
Assets recognised in the Balance Sheet and included under Other Current Assets (Refer Note 23)		(6.28)	(4.44)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. million)		
f. Expenses Recognised in the Statement of Profit and Loss	2011-2012	2010-2011
Current Service Cost	35.32	19.83
Interest Cost	7.61	4.73
Expected Return on Plan Assets	(7.99)	(5.54)
Net Actuarial Loss/ (gain) recognised in the year	(16.23)	17.26
Total expenses recognised in the Statement of Profit and Loss	18.71 *	36.28*
*Included in Employee Benefits Expense above		

g. Major Category of Plan Asset as a % of total Plan Assets	As At March 31, 2012	As At March 31, 2011
Insurer managed funds	100.00	100.00

(Rs. million)					
h. Amounts recognised in current year and previous four years	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010	As At March 31, 2009	As At March 31, 2008
Defined Benefit obligation at the end of the year	93.71	89.56	55.60	52.16	47.23
Fair Value of Plan Assets	99.99	94.01	65.13	50.55	53.24
(Surplus)/ Deficit	(6.28)	(4.45)	(9.53)	1.61	(6.01)
Experience gain/ (loss) adjustments on plan liabilities	18.33	5.86	3.57	(0.84)	(2.18)
Experience gain/ (loss) adjustments on plan assets	(3.98)	0.51	14.73	(7.53)	2.99
Actuarial gain/(loss) due to change in assumptions	1.88	(23.63)	(2.99)	(0.36)	-

(Rs. million)		
i. Expected Contribution to the funds in the next year	As At March 31, 2012	As At March 31, 2011
Gratuity	37.88	18.36

III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 38.24 million (March 31, 2011: Rs. 65.12 million).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Note 30 : Finance Cost		
Interest on Long term borrowings	947.61	753.87
(Net of interest subsidy of Rs. 580.85 million, Previous Year : Rs. 610.53 million)		
Interest on Short Term borrowings	379.04	251.09
Interest to Others	22.67	12.00
Discounting and Bank Charges	89.19	52.73
Total	1,438.51	1,069.69
Note 31 : Depreciation and Amortization Expense		
Depreciation on Tangible assets	1,180.50	1,126.08
Amortisation on Intangible assets	6.93	9.05
Total	1,187.43	1,135.13
Note 32 : Other Expenses		
Stores and Spares Consumed	395.62	387.37
Dyes and Chemicals Consumed	1,459.54	1,322.87
Contract Labour Charges	450.50	395.82
Job Work Expenses	596.62	402.98
Power, Fuel and Water Charges	2,317.67	1,861.42
Excise Duty [Refer Note (a) below]	(0.53)	(5.27)
Repairs and Maintenance:		
Plant and Machinery	75.52	113.14
Factory Building	14.21	20.34
Others	37.97	16.63
Claims, Discounts and Rebates	75.23	84.80
Brokerage and Commission	22.93	1.07
Freight, Forwarding and Coolie Charges	47.41	28.00
Electricity Expenses	10.39	9.43
Directors' Sitting Fees	0.60	0.43
Rent	76.30	94.32
Rates and Taxes	5.72	7.71
Printing and Stationery	7.75	7.59
Travelling and Conveyance	70.36	87.53
Legal and Professional Charges	48.35	35.40
Security Expenses	19.48	16.70
Insurance	36.97	32.63
Communication	9.80	12.54
Postage and Courier	5.66	5.31
Loss on Sale/ Discarding of Fixed Assets (Net)	39.17	15.25
Loss on Redemption/ Sale of Units in Mutual Funds	0.22	0.03
Exchange Loss (Net)	40.48	66.16
Provision for Doubtful Advances (Net)	13.38	-
Bad Debts/ Advances Written off	0.25	1.57

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Design and Development Expenses	1.57	2.60
Advertising and Sales Promotion	25.48	13.34
Donations	11.10	15.75
Auditors' Remuneration		
- As Auditors	3.59	2.90
- In other capacity - As Tax Auditors	0.40	0.30
- Certification and Other Matters	0.48	0.09
- Out of Pocket Expenses	0.15	0.05
Miscellaneous	11.45	33.36
Total	5,931.79	5,090.16
(a) Represents Excise duty related to difference between the closing stock and opening stock.		
(b) Expenses capitalised as a part of Capital Work-in-progress		
Interest Cost (Net of interest subsidy of Rs. 21.60 million)	41.74	-
Employee Costs	20.95	3.32
Other Expenses	5.75	0.73
Total	68.44	4.05

33 Contingent Liabilities

	(Rs. million)	
Description	As At March 31, 2012	As At March 31, 2011
Excise, Customs and Service Tax Matters	677.48	492.28
Stamp Duty Matter	4.46	4.46
Sales Tax	36.44	10.61
Corporate Guarantees (Refer Note 35)	8,891.90	8,738.52
Bank Guarantees	166.89	220.16
Claims against Company not acknowledged as debts	5.51	7.85

34 Capital and Other Commitments

(a) Capital Commitments

	(Rs. million)	
Description	As At March 31, 2012	As At March 31, 2011
Estimated value of Contracts in Capital Account remaining to be executed	298.63	839.23



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(b) Other Commitments

Description	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
In accordance with the EPCG Scheme, imports of capital goods are allowed to be made duty free and under Advance License Scheme, imports of raw material are allowed to be made duty free, subject to the condition that the Company will fulfill, in future, a specified amount of export obligation within a specified time. Based on the current operating plan, the Company would fulfill its export obligation within the specified time period. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Company.	-	108.49

35 The Company has issued corporate guarantee aggregating Rs. 8,891.90 million (March 31, 2011: Rs. 8,738.52 million) on behalf of Welspun Retail Limited (WRL), Welspun USA Inc. ('WUSA'), Welspun Home Textiles UK limited ('WHTL'), Welspun Captive Power Generation Limited (WCPGL) and CHT Holdings Limited ('CHTL').

36 During the previous year, the Company had recognised deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain Excise and Value Added Tax incentives as 'capital receipts' for income tax purposes based on the judgment in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. The said case was heard by the apex court and the impugned order was set aside and remanded back to High Court. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year end could be significantly impacted.

37 The Board of Directors at its meeting held on May 7, 2012 had, subject to approval of the Stock Exchanges, sanction of the Honourable High Court of Gujarat and other approvals as may be necessary, approved a composite scheme of arrangement (the "Scheme") between Welspun Global Brands Limited (WGBL) (Transferor Company), the Company (First Transferee Company) and Welspun Retail Limited ("WRL" - Second Transferee Company).

According to the Scheme, the WGBL will be merged into the Company as a going concern, the marketing business undertaking of the Company will be hived off to WRL and certain overseas investments of the Company would be transferred to WRL. Consequently, WGBL shall be dissolved without winding up and the name of WRL would be changed to Welspun Global Brands Limited.

Appointed Date for the Scheme was April 1, 2011 and the stakeholders of all the concerned companies have already approved the Scheme in the Court Convened meeting held on August 4, 2012.

Subsequently, the High Court of Gujarat at Ahmedabad by its order dated November 26, 2012 has approved the Scheme. The order has been filed with the Registrar of Companies on December 7, 2012 (effective date of the scheme). As per the Scheme, assets and liabilities of WGBL were transferred at book values to the Company with effect from the appointed date (April 1, 2011). Accordingly, net assets of WGBL aggregating Rs. 1,531.28 million were transferred to the Company. Further, as per the scheme, the Company will issue one equity share of Rs. 10 each credited as fully paid up to the shareholders of WGBL for every one equity share held by them in WGBL. Accordingly, Rs. 104.75 million pertaining to 10,475,496 equity shares of Rs. 10 each to be allotted to the shareholders of WGBL has been included in Share Suspense Account. Rs. 1,426.54 million being the excess of net assets transferred over the value of consideration has been accounted as capital reserve.

Also, pursuant to the Scheme, the authorised share capital of the Company stood increased from Rs. 1,300,000,000 consisting of 125,000,000 equity shares of Rs. 10 each and 500,000 preference shares of Rs.100 each to Rs. 1,555,000,000 consisting of 155,500,000 equity shares of Rs. 10 each and without any further act, instrument or deed.

Following the amalgamation, the marketing business undertaking of Welspun India Limited has been hived off as a going concern to WRL on April 1, 2011 for a purchase consideration of 1,050,153 0% Redeemable Preference Shares of Rs. 10 each to be issued at a premium of Rs 990 and Rs 246 in cash. The assets and liabilities of the marketing business undertaking have been transferred to WRL at book values for an equivalent amount of consideration. Consequently, there is no profit/ loss arising on such transfer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Further, certain investments of Welspun India Limited by way of shares of Welspun USA Inc, Welspun Holdings Private Limited and Welspun Mauritius Enterprises Limited have been transferred to WRL for a purchase consideration of 1,339,422 0% Redeemable Preference Shares of Rs. 10 each to be issued at a premium of Rs. 990 per share and cash of Rs. 343. These investments have been transferred to WRL at book values for an equivalent amount of consideration. Consequently, there is no profit/ loss arising on such transfer.

Welspun Retail Limited will be applying to the Registrar of Companies for a change in its name to Welspun Global Brands Limited.

As WGBL has merged into the Company on April 1, 2011 and the marketing business undertaking of the Company has been hived off on the same day, there is no impact on the Statement of Profit and Loss on account of the scheme. Accordingly, disclosures under Accounting Standard 24: Discontinuing Operations are not required to be given.

38 As at March 31, 2012, the Company has inadvertently made certain investments aggregating Rs. 1,197.29 million in the bonds issued by certain public sector undertakings without obtaining prior approval of the shareholders by way of a special resolution as required under Section 372A of the Companies Act, 1956. Subsequent to the year-end these investments were sold. Further, the Company has filed a suo motu application to the Company Law Board for the compounding of this offence and adjudication by the Company Law Board is pending.

39 The Company has provided Rs. 81.79 million towards other-than-temporary diminution in the value of Investment in Welspun Holdings Private Limited, Cyprus (WHPL). The diminution in value of investment is primarily due to losses made by one of its operating subsidiaries, Welspun UK Limited and losses arising on sale of its other operating subsidiary Welspun Sorema Europe S.A.

40 In the meeting of the Board of Directors of the Company held on May 11, 2011, it was resolved that the business of Welspun Mexico S.A. de C.V. (a wholly-owned downstream subsidiary of Welspun AG which, in turn, is a wholly owned subsidiary of the Company), involved in manufacturing decorative bedding products for Welspun AG, shall be re-organised in view of the adverse law and order conditions in the region in which the manufacturing premises of Welspun Mexico S.A. de C.V. is situated which has severely impacted its business prospects and its ability to contain the sustained losses and reverse the accumulated losses. Further, there has been breach of the lease agreement by the landlord necessitating the vacating of the premises. The aforesaid business reorganization involves exiting the current manufacturing premises of Welspun Mexico S.A. de C.V. and setting up trading activities only in new premises, disposing of the assets and discontinuing the employment of the majority of its employees. The Board of Directors further resolved in the aforesaid meeting that the consequential impairment in the value of the Company's investments in Welspun AG, and loans given to Welspun AG, shall be determined and recognized. Accordingly, a provision of Rs. 739.12 million towards diminution in the value of investments in Welspun AG, and a provision of Rs 937.91 million towards the outstanding loans and advances given to Welspun AG as at March 31, 2011 was recognised and disclosed in the Statement of Profit and Loss for the year ended March 31, 2011. During the year, the Company has made incremental provision for the aforesaid doubtful loans arising out of the restatement at the year end of the foreign currency balance which was fully provided as at March 31, 2011. The provision aggregating Rs. 131.84 million has been included in extraordinary items and the corresponding gain on restatement is included in Other Income. Further, extraordinary items for the year ended March 31, 2012 also includes provision for new loan of Rs. 152.51 million given to Welspun AG during the year ended March 31, 2012.

41 Details of Employees Stock Options

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

(i) Vesting : Options to vest over a period of four years from the date of their grants as under:

- 20% of the Options granted to vest at each of the 1st and 2nd anniversaries of the date of grant.
- 30% of the Options granted to vest at each of the 3rd and 4th anniversaries of the date of grant.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (ii) Exercise : Options vested with an employee will be exercisable within 3 years from the date of their vesting by subscribing to the number of equity shares in the ratio of one equity share for every option at the Exercise Price. In the event of cessation of employment due to death, resignation or otherwise, the Options may lapse or be exercisable in the manner specifically provided for in the Scheme.

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

(Rs. million)

Summary of Stock Options	March 31, 2012		March 31, 2011	
	No. of Stock Options	Weighted Average Exercise Price (Rs.)	No. of Stock Options	Weighted Average Exercise Price (Rs.)
Options outstanding at the beginning of the year	1,606,250	35.60	2,130,000	35.60
Options granted during the year	-	-	-	-
Options exercised during the year	36,000	35.60	283,750	35.60
Options forfeited/ lapsed during the year	391,000	35.60	240,000	35.60
Options outstanding at the end of the year	1,179,250	35.60	1,606,250	35.60
Options vested but not exercised at the year end	330,250	35.60	102,250	35.60

Information in respect of options outstanding as at March 31, 2012

(Rs. million)

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
235,850	1.25	35.60
235,850	2.25	35.60
353,775	3.25	35.60
353,775	4.25	35.60

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	March 31, 2012	March 31, 2011
Profit/(Loss) for the year	1,171.10	(997.84)
Less: Additional Employee Compensation Cost based on Fair Value (net of tax)	2.78	6.27
Profit after taxation as per Fair Value Method	1,168.32	(1,004.11)
Earnings Per Share (EPS)		
Basic		
Number of Shares (Weighted average)	99,468,710 #	88,043,039
Basic Earnings/(Loss) Per Share as reported	11.77	(11.33)
Proforma Basic Earnings/(Loss) Per Share	11.75	(11.40)
Diluted		
Number of Shares (Weighted average)	99,468,710	88,614,868
Diluted EPS as reported	11.77	(11.33)
Proforma Diluted EPS	11.75	(11.40)

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

	Grant Date : June 30, 2009			
	Vest 1	Vest 2	Vest 3	Vest 4
	June 30, 2010	June 30, 2011	June 30, 2012	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%	0%	0%	0%
Option Fair Value	14.83	16.69	17.85	19.42
Weighted Average Option Fair Value	17.49			

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

	(Rs. million)	
	March 31, 2012	March 31, 2011
Expense arising from employee share-based payment plan	-	-
Deferred Stock Compensation	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note - 42 : CIF Value of Imports

Particulars	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Raw Materials	735.55	802.45
Stores & Spares and Dyes & Chemicals	245.63	175.48
Capital Goods	1,248.67	1,248.16
Packing Material	28.00	13.15
Others	90.98	8.69
Total	2,348.83	2,247.93

Note - 43 : Expenditure in Foreign Currency

Particulars	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Travelling	3.71	4.96
Repairs and Maintenance	-	1.20
Legal and Professional Charges	4.89	7.04
Claims, Discount and Rebate	71.88	81.19
Freight	-	0.02
Advertisement and Sales Promotion	0.23	0.38
Interest	10.36	29.05
Others	5.91	2.41
Total	96.98	126.25

Note - 44 : Details of Consumption and Purchases

(a) Details of Raw Materials and Packing Materials consumed

Particulars	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Cotton Yarn	5,526.61	4,455.56
Cotton	4,434.38	3,404.11
Fabric Consumed	958.14	1,163.91
Others	154.28	153.11
Bed Linen Fabrics	1,332.00	1,766.56
Packing Materials	1,136.08	967.76
Total	13,541.49	11,911.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

1) Raw Material and Packing Materials

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	%	Rs. Million	%	Rs. million
Imported	2.84%	384.86	7.76%	849.42
Indigenous	97.16%	13,156.63	92.24%	11,061.59
Total	100.00%	13,541.49	100.00%	11,911.01

2) Stores, Spares, Dyes and Chemicals

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	%	Rs. Million	%	Rs. million
Imported	11.79%	218.72	9.35%	159.96
Indigenous	88.21%	1,636.44	90.65%	1,550.28
	100.00%	1,855.16	100.00%	1,710.24

Note 45 : Dividend remitted in foreign exchange

Particulars	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Number of non-resident shareholders	-	526
Number of shares on which dividend is remitted	-	26,492
Year to which dividend relates	-	2009-2010
Amount remitted (Rs. million)	-	0.03

Note 46 : Earnings in Foreign Currency

Particulars	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue from Exports on FOB basis	-	8.69
Interest Income	-	6.63
Total	-	15.32



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

47 Earnings/ (Loss) per Share

	(Rs. million)	
Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit after Tax and before extraordinary items (A) (Rs. in million)	1,455.45	679.19
Less: Extraordinary items	(284.35)	(1,677.03)
Profit/ (Loss) after tax and extraordinary items (B) (Rs. in million)	1,171.10	(997.84)
Weighted average number of equity shares outstanding during the year (C)	99,468,710 #	88,043,039
Add: Weighted average outstanding employee stock options	*	571,829
Number of Shares for Diluted Earnings Per Share (D)	99,468,710	88,614,868
Basic earnings per share before extraordinary items A)/(C)	14.63	7.71
Basic earnings/ (loss) per share after extraordinary items B)/(C)	11.77	(11.33)
Diluted earnings per share before extraordinary items A)/(D)	14.63	7.66
Diluted earnings/ (loss) per share after extraordinary items B)/(D)	11.77	(11.33)**
Nominal value of an equity share (Rs.)	10	10

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

** Anti dilutive earning per share

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

Note 48 : Investments

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

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Long Term Investments		
National Saving Certificates (Lodged with District Magistrate, Valsad)	0.01	0.01
Investment - Indiafirst SM	0.64	-
29,999,998 Equity Shares (March 31, 2011 : Nil) of Peso 1 each fully paid up of Welspun Mexico S. A. de C. V.	0.12	-
10,000 Equity Shares (March 31, 2011: 10,000) of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10
20,000,000 (March 31, 2011: Nil) Equity Shares of Rs. 10 each fully paid up of Welspun Retail Limited	499.63	-
13,464,800 (March 31, 2011: Nil) Preference Shares of Rs. 10 each fully paid up of Welspun Retail Limited	134.65	-
2,750,000 Equity Shares (March 31, 2011 : 2,750,000) of Rs. 10 each fully paid up of Welspun Zucchi Textiles Limited	34.56	34.56

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
15,000 Equity Shares (March 31, 2011 : 15,000) of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited	0.15	0.15
100 Equity Shares (March 31, 2011 : 100) of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
668,706 Equity Shares (March 31, 2011 : 184,210) of US \$ 0.10 each, fully paid up of Welspun USA Inc.	146.88	33.92
80 Equity Shares (March 31, 2011 : 8) of Rs. 10 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
1,500 Equity Shares (March 31, 2011 : 1,500) of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	111.52	116.13
Less : Provision for Diminution in value of investment	81.79	-
	29.73	116.13
283,500 Equity Shares (March 31, 2011 : 283,500) of Rs. 10 each fully paid up of Welspun Syntex Limited	18.94	18.94
Less : Provision for Diminution in value of investment	13.34	13.34
	5.60	5.60
17,000 Equity Shares (March 31, 2011 : 17,000) of CHF 1,000 each fully paid up of Welspun AG, Switzerland	739.12	739.12
Less : Provision for Diminution in value of investment	739.12	739.12
	-	-
Total Long Term Investments	852.07	190.47
Current Investments		
(March 31, 2011 : 500) Certificate of Deposit - Punjab National Bank	-	49.14
(March 31, 2011 : 801) 9.34% West Bengal State Electricity District Company Limited Bonds of Face Value of Rs. 1,000,000 each	-	826.27
136 Bonds (March 31, 2011 : Nil) 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each	140.08	-
66 Bonds (March 31, 2011 : Nil) 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	66.85	-
9 Bonds (March 31, 2011 : Nil) 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.09	-
900 Bonds (March 31, 2011 : Nil) 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	900.09	-
42 Bonds (March 31, 2011 : Nil) 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	41.48	-
10 Bonds (March 31, 2011 : Nil) 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.92	-
24 Bonds (March 31, 2011 : Nil) 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each	29.78	-
Total Current Investments	1,197.29	875.41



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Total Investments (Current and Long Term)	2,049.36	1,065.88
* Less than Rs.10,000		
Disclosed Under:		
Non Current Investments (Refer Note 15)	852.07	190.47
Current Investments (Refer Note 18)	1,197.29	875.41
Total	2,049.36	1,065.88

49 Segment Information for the year ended March 31, 2012.

(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 Accountant of India, is considered to constitute a single primary segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the period are all as reflected in the financial statements for the year ended March 31, 2012 and as on that date.

(ii) Information about Secondary Geographical Segments :

	(Rs. million)					
	India		Outside India		Total	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Revenue	-	20,481.04	-	10.82	-	20,491.86
Carrying Amount of Segment Assets	-	27,881.45	-	450.83	-	28,332.28
Capital Expenditure incurred to acquire segment assets	-	1,911.11	-	-	-	1,911.11

(iii) Notes:

(a) The Segment revenue in the geographical segments considered for disclosure for March 2011 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.

(c) The Company is exclusively engaged in sales to customers located in India. Consequently the Company does not have separate reportable geographical segments for March 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

50 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)
		Welspun Sorema Europe, S.A. (SOREMA) (Up to February 29, 2012)
		Welspun Retail Limited (WRL)
		CHT Holdings Limited (CHTHL) (Held through WHTUKL)
		Welspun USA Inc., USA (WUSA)
		Welspun Decorative Hospitality LLC (WDHL)
		Welspun Holdings Private Limited, Cyprus (WHPL)
		Kojo Canada Inc. (Held through WDHL) **
		Welspun Mauritius Enterprises Limited (WMEL) ***
		Novelty Home Textiles SA de CV (Held through WMEL) ****
		Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL)
		Christy Home Textiles Limited (CHTL) (Held through CHTHL)
		Welspun UK Limited (WUKL) (Held through CHTL)
		Christy 2004 Limited (Held through WUKL)
		Christy Europe GmbH (CEG) (Held through CHTL)
		Christy UK Limited (CUKL) (Held through CHTL)
		ER Kingsley (Textiles) Limited (ERK) (Held through CHTL)
		SOREMA Welspun Distribution and Logistics, S. A, Portugal (Held through SOREMA)
		SOREMA Welspun Espana S. L. U. (Held through SOREMA)
		SOREMA Welspun Benelux B. V. Holland (Held through SOREMA)
		SOREMA Welspun Deutschland GmbH, Germany (Held through SOREMA)
(b)	Joint Venture Company	Welspun Zucchi Textiles Limited (WZTL)
(c)	Associate Company	Welspun Captive Power Generation Limited (WCPGL)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Control	
(d)	Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year	Welspun Global Brands Limited (WGBL)
		Welspun Investments and Commercials Limited (WICL)
		Welspun Corp Limited (WCL) (Formerly known as Gujarat Stahl Rohren Limited (WGSRL)
		Welspun Power and Steel Limited (WPSL)
		Welspun Wintex Limited (WWL)
		Welspun Mercantile Limited (WML)
		Krishiraj Trading Limited (KTL)
		Welspun Logistics Limited (WLL)
		Welspun Syntex Limited (WSL)
		Welspun Realty Private Limited (WRPL)
		Vipuna Trading Limited (VTL)
		Mertz Securities Limited (MSL)
		Welspun Polybuttons Limited (WPBL)
		Wel-treat Enviro Management Organisation Limited (WEMO)
		Remi Metals Gujarat Limited (RMGL)
		Welspun Maxsteel Limited (WMSL)
		Welspun Projects Limited (WPL)
		Methodical Investment and Trading Company Private Limited (MITCPL)
		Welspun FinTrade Limited (WFTL)
		Welspun Finance Limited (WFL)
		Welspun Urja Gujarat Private Limited (WUGPL)
		Welspun Foundation for Health and Knowledge (WFHK)
(e)	Key Management Personnel	B.K.Goenka (BKG)
		M. L. Mittal (MLM) (Up to September 30, 2011)
		R. R. Mandawewala (RRM)
(f)	Relatives of Key Management Personnel	Dipali Goenka (DBG)
		Radhika Goenka (RBG)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

50 (f) Following are the transactions with related parties mentioned in (f) above and the year-end balances

PARTICULARS during the year	WAG	BES	WINEX	SOREMA	WRL	CHHL	WUSA	WDHL	WHPL	WHTUHL	WZTL	WCPGL	WGBL	WICL	WCL	WPGL	WML	RTL	WLL	Balance Carried Forward
Loans, Advances and Deposits given	153.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153.06
Repayment of Loans, Advances and Deposits given	(485.73)	(30.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(455.73)
Loan Advances & Deposits Received	-	(35.00)	-	-	333.79	-	-	-	(4.46)	-	-	-	(150.03)	9.30	(7.00)	-	-	-	-	(196.47)
Repayment Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333.79
Purchase of Goods	1.73	-	-	-	-	-	(112.25)*	-	-	-	-	-	-	-	-	-	-	-	-	1.73
Jobwork Expenses	-	-	-	-	-	-	-	-	-	-	9.89	-	-	-	831.67	38.35	-	-	-	879.91
Purchase of Services/ Expenses incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(619.11)	(91.23)	-	-	-	(610.34)
Sale of Goods/ DPPL Licenses *	-	-	-	-	44.24	-	8.24	-	-	-	-	-	-	-	7.18	30.38	-	-	131.1	103.35
Job Charges Received	-	-	-	(0.29)	(562.21)	-	-	-	-	-	11.10	-	(9.07)	-	(0.34)	(30.58)	-	-	(12.29)	(54.01)
Sale of Services/ Expenses Incurred	-	-	-	-	24.13	-	-	-	-	-	(12.34)	-	(18,964.28)	-	(5.52)	(0.33)	-	-	-	24.13
Sale of Fixed Assets	(0.06)	-	-	-	0.06	-	-	-	-	-	2.86	-	-	-	-	-	-	-	-	(16,964.56)
Purchase of fixed Assets / Capital Goods	-	-	-	-	-	-	-	-	-	-	3.42	-	-	-	82.65	20.83	-	-	-	2.86
Capital Advance	-	-	-	-	1.69	-	-	-	-	-	(3.12)	-	-	-	(81.77)	(13.68)	-	-	-	131.03
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.94	-	-	-	-	(1.35)
Miscellaneous Income	(6.62)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294.41
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.70)
Claims/ Discount and Rebate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23.71)
Remuneration and Commission	(1.60)	-	-	-	(9.61)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(88.31)
Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Equity Warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.70
Income on forward contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.66)
Equity Dividend Paid ++	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79.18
Preference Dividend Paid ++	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(86.40)
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Application Money Paid	(739.12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of Share Application Money	284.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Made during the year	-	-	-	-	-	-	(112.25)*	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Shares of WGLB during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Investments during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value in Investment	-	-	-	-	-	-	-	-	81.79	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value of Loans/ Advances	(979.91)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption Of Preference Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets transferred on lump sum pursuant to composite scheme of arrangement	-	-	-	-	(1,050.14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments transferred pursuant to composite scheme of arrangement	-	-	-	-	(1,339.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference Share pending allotment pursuant to composite scheme of arrangement	-	-	-	-	2,389.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference Share pending allotment pursuant to composite scheme of arrangement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	333.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	10.00	-	-	81.31	7.40	-	-	-	-	432.50
Loans, Advances and Deposits given (including Interest Accrued on Loan)	1,220.36	6.50	7.36	-	2,389.58	-	(0.22)	-	-	-	(10.00)	-	-	(88.80)	(2.40)	-	-	-	0.83	(100.70)
Provision for diminution in value of Loans/ Advances	1,220.38	(6.26)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	362.455
Debtors (Net of Bills Discounted with Banks)	(997.91)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,220.58)
Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	739.12	0.10	0.12	-	634.28	-	-	-	111.52	-	34.56	0.15	-	-	0.71	-	-	-	-	2,047.58
Provision for diminution in value in Investment	(739.12)	(0.10)	-	-	-	-	(33.92)	-	(116.13)	-	(34.56)	(0.15)	-	-	(0.92)	-	-	-	-	(1,315.87)
Corporate Guarantee Given	(739.12)	-	-	-	-	-	-	-	81.79	-	-	-	-	-	-	-	-	-	-	1,666.73
Equity Warrants	-	-	-	-	3,993.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	820.91
Share Application Money Pending Allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,891.50
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,738.52)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	564.50
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(241.49)

Previous year figures are given in brackets
* Amount is inclusive of taxes ** Dividend paid of Financial Year 2009-10

Less than or equal to Rs. 10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

PARTICULARS	Balance Brought Forward	WST	WPEL	VTL	WBL	WPM	WMSL	RMGL	WMSL	WPL	WTPCL	WFTL	WFL	WUGPL	WFHE	BIG	MUM	RRM	DRB	REG	TOTAL
Transactions during the year																					
Loans, Advances and Deposits given	153.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	153.06
Repayment of Loans, Advances and Deposits given	(455.73)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(455.73)
Loan Advance & Deposits Received	91.30	1.00	1.00	4.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.56
Repayment Loans, Advances and Deposits received	(196.47)	(1.66)	(1.66)	(0.74)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(226.65)
Purchase of Goods	333.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333.79
Jobwork Expenses	1.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.73
Purchase of Services/ Expenses Incurred	879.91	241.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,121.47
Sale of Goods/ DEPR Lenses +	(670.34)	(57.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(727.99)
Job Charges Received	103.35	(0.02)	32.44	(2.21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133.54
Sale of Services/ Expenses Incurred	(54.01)	10.19	(4.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(48.24)
Sale of Fixed Assets	24,094.31	(8.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,086.26
Purchase of Fixed Assets/ Capital Goods	(18,644.31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,644.31)
Capital Advance	(2.25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.25)
Interest Income	131.03	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131.08
Miscellaneous Income	(116.11)	(0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(116.12)
Interest Expenses	131.03	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131.08
Claims Discount and Rebate	(131.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(131.03)
Remuneration and Commission	294.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294.41
Issue of Equity Shares	(23.21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23.21)
Issue of Equity Warrants	(88.31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(88.31)
Dividend Received	87.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87.01
Income on forward contracts	(86.40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(86.40)
Equity Dividend Paid ++	18.89	(#)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.89
Preference Dividend Paid ++	(0.47)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.47)
Donation	424.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	424.50
Share Application Money Paid	(130.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(130.00)
Redemption of Preference Shares	284.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284.35
Investment Made during the year	0.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12
Purchase of Shares of WEL during the year	(0.15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.15)
Sale of Investment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investments during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution in value in Investment	81.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81.29
Provision for diminution in value of Loans/ Advances	(789.12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(789.12)
Redemption of Preference Shares	284.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284.35
Net Asset transferred on lump sale pursuant to composite scheme of arrangement	(937.91)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(937.91)
Investments transferred pursuant to composite scheme of arrangement	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00
Preference Share pending allotment pursuant to composite scheme of arrangement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	432.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	432.50
Loans, Advances and Deposits received	(101.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(101.20)
Loans, Advances and Deposits given (including Interest Accrued on Loan)	3,624.65	180.25	180.25	(4.26)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,884.85
Provision for diminution in value of Loans/ Advances	1,226.58	(178.25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,048.33
Debtors (Net of Bills Discounted with Banks)	(937.91)	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(937.85)
Creditors	(1,315.87)	(1.35)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,317.22)
Investments	89.17	(6.63)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82.54
Provision for diminution in value in Investment	1,666.73	18.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,685.67
Corporate Guarantee Given	(923.98)	(8.94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(932.92)
Equity Warrants	820.91	13.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	834.25
Share Application Money pending Allotment	(8,891.90)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,891.90)
Share Application Money pending Allotment	(8,738.52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,738.52)
Share Application Money pending Allotment	642.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	642.60
Share Application Money pending Allotment	(241.49)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(241.49)

Previous year figures are given in brackets

+ Amount is inclusive of taxes

++ Dividend paid of Financial Year 2009-10

Less than or equal to Rs. 10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

51 Leases

Where the Company is a lessee :

Operating Lease

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

The aggregate rental expenses of all the operating leases for the year are Rs. 76.30 million (Previous Year: Rs. 94.32 million).

52 Interest in Joint Venture

- The Company has accounted the investments in Joint Venture in Welspun Zucchi Textiles Limited (WZTL) in accordance with Accounting Standard 13, Accounting for Investments.
- The Company's share of contingent liability of WZTL is Rs. 29.80 million (March 31, 2011: Rs. 20.55 million).
- The Company's share of the aggregate amounts of assets and liabilities as on March 31, 2012 and income and expenditures of WZTL for the year ended March 31, 2012 are as under :

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
(a) Assets :		
Tangible assets	12.83	14.42
Non-current investments	0.01	0.01
Deferred tax assets (net)	2.51	0.28
Long-term loans and advances	0.12	0.12
Other non-current assets	8.19	7.04
Inventories	28.75	33.38
Trade receivables	13.87	31.10
Cash and cash equivalents	2.04	0.84
Short-term loans and advances	4.00	4.14
Other Current assets	3.75	5.32
Total	76.07	96.65
(b) Liabilities :		
Short-term borrowings	8.83	22.58
Trade payables	6.84	7.63
Other current liabilities	2.60	2.14
Short-term provisions	*	-
Long-term provisions	0.30	0.33
Total	18.57	32.68
(c) Income :		
Revenue from operations	109.79	137.71
Other income	2.77	6.58
Total	112.56	144.29



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
(d) Expense :		
Cost of materials consumed	91.59	113.76
Changes in inventories of finished goods, work-in-progress	(0.74)	(6.98)
Employee benefits expense	15.04	13.01
Finance costs	2.52	0.94
Depreciation and amortization expense	1.88	1.94
Other expenses	12.94	17.63
Provision for income tax	(2.23)	1.60
Total	121.00	141.90

*Less than Rs.10,000

53. Disclosure as required by Clause 32 of the listing agreement :

	(Rs. million)			
	Balance as at March 31, 2012	Maximum amount outstanding during the year ended March 31, 2012	Balance as at March 31, 2011	Maximum amount outstanding during the year ended March 31, 2011
i. Loans and advances in the nature of loans to subsidiary, (excluding interest accrued)				
- Welspun AG	1,220.58*	1,220.58	936.23*	936.23
- Besa Developers and Infrastructure Private Limited	6.50	6.50	6.50	41.50
ii. Loans and advances in the nature of loans to associates				
- Welspun USA Inc.	-	-	-	112.25
iii. Loans and advances in the nature of loans where there is no repayment schedule, or interest below rate specified as per Section 372A of the Act.	-	-	-	-
iv. Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-	-	-
v. Investments by the Loanee in the shares of the Company as at March 31, 2012	-	-	-	-

* Provision for doubtful loans and advance of Rs. 1,220.58 million (March 31, 2011: Rs. 936.23 million) has been made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

54 Disclosure for Micro and Small Enterprises :

		(Rs. million)	
	Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
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 - Interest due thereon	12.92 0.61	6.42 0.27
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 - Interest	83.29 0.27	62.25 0.02
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	0.05
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; -Total interest Accrued - Interest remaining unpaid	0.61 0.61	0.27 0.27
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.	0.61	0.27

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

55 Derivative Instruments outstanding as at March 31, 2012 :

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

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

(i)	Non-Designated	Currency Pair	March 31, 2012			March 31, 2011		
			Notional Amount		Fair Value Gain/ (Loss) Rs. million	Notional Amount		Fair Value Gain/ (Loss) Rs. million
			Foreign Currency (in million)	Rs. million		Foreign Currency (in Rs. million)	Rs. million	
	Forward Contracts (Buy)	EURO-USD	-	-	-	7.43	437.56	33.34



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(ii)	Non-Designated Hedges	Currency Pair	March 31, 2012			March 31, 2011		
			Notional Amount		Fair Value Gain/ (Loss) Rs. million	Notional Amount		Fair Value Gain/ (Loss) Rs. million
			Foreign Currency (in Rs. million)	Rs. million		Foreign Currency (in Rs. million)	Rs. million	
	Coupon Only Swap	INR - USD	21.43	1,000.00	11.23	21.43	1,000.00	(2.04)

- (b) In addition to the above, the Company has following outstanding foreign currency forward contracts to hedge foreign currency exposure against payable as at March 31, 2012:

Fair Value Hedges	Currency Pair	March 31, 2012			March 31, 2011		
		Notional Amount		On Re-statement Gain/ (Loss) Rs. million	Notional Amount		On Re-statement Gain/ (Loss) Rs. million
		Foreign Currency (in Rs. million)	Rs. million		Foreign Currency (in Rs. million)	Rs. million	
Forward Contracts (Buy)	USD-INR	1.00	52.80	(1.59)	3.77	179.25	(9.00)

- (c) As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 143.94 million (March 31, 2011 Rs. 190.97 million) for receivables (net of provisions) and Rs.1529.15 million (March 31, 2011 Rs. 1008.75 million) for payables.

56 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes to financial statements

For Price Waterhouse

Firm Registration No: 012754N
Chartered Accountants

Mehul Desai

Partner
Membership No. 103211

For and on behalf of the Board of Directors

B. K. Goenka

Chairman

R. R. Mandawewala

Managing Director

Shashikant Thorat

Company Secretary

Place : Mumbai
Date : December 7, 2012

Place : Mumbai
Date : December 7, 2012

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

The Board of Directors of Welspun India Limited

1. We have audited the attached consolidated Balance sheet of Welspun India Limited (the "Company") and its subsidiaries, its jointly controlled entity and associate company; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of 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) 18 subsidiaries, a component of one subsidiary and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 1,228.84 million and net assets (negative) of Rs. 415.83 million as at March 31, 2012, total revenue of Rs. 3,601.81 million, net loss of Rs. 189.08 million and net cash inflows amounting to Rs. 133.20 million for the year then ended; and (ii) one associate company which constitutes net profit of Rs. Nil for the year then ended. These financial statements and other financial information have been audited/ reviewed 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 33, regarding the recognition of deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of the treatment of certain excise and Value Added Tax incentives as 'capital receipts' for income tax purposes based on the judgement in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. The said case was heard by the apex court and the impugned order was set aside and remanded back to High Court. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year-end could be significantly impacted.
 - (b) Note 34, regarding certain investments aggregating Rs. 1,197.29 million made without obtaining the prior approval of shareholders by a special resolution passed in a general meeting as required by Section 372A of the Act. The Company has filed an application for compounding of the offence with the Company Law Board and impact, if any, on the financial statements can be ascertained only on final adjudication of the said matter.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
6. 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, 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, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the loss 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

Firm Registration Number: 012754N

Chartered Accountants

Mehul Desai

Partner

Membership Number: 103211

Place : Mumbai

Date : December 7, 2012



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

			(Rs. million)
	Note	As At March 31, 2012	As At March 31, 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3A	890.12	939.76
Share Suspense Account	3B	104.75	-
Reserves and Surplus	4	6,433.15	5,749.79
		7,428.02	6,689.55
Minority Interest		250.00	-
Non- current Liabilities			
Long-term Borrowings	5	9,811.81	10,076.90
Deferred Tax Liabilities (Net)	6	1,502.02	1,878.45
Other Long-term Liabilities	7	16.50	19.50
Long-term Provisions	8	44.13	53.96
Current liabilities			
Short-term Borrowings	9	7,312.91	4,784.06
Trade Payables	10	5,235.16	2,215.80
Other Current Liabilities	11	3,354.96	3,050.07
Short -term Provisions	12	403.98	91.80
Total		35,359.49	28,860.09
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	15,748.66	15,580.56
Intangible Assets	14	1,012.87	19.87
Capital Work-in-Progress		1,233.10	550.19
		17,994.63	16,150.62
Non-current Investments	15	7.79	131.32
Long-term Loans and advances	16	1,105.26	1,558.43
Other Non-current Assets	17	753.23	1,703.13
Current Assets			
Current Investments	18	1,197.29	875.41
Inventories	19	7,293.24	4,596.60
Trade Receivables	20	2,492.28	1,452.56
Cash and Bank Balances	21	1,434.33	389.16
Short-term Loans and Advances	22	2,309.49	1,229.77
Other Current Assets	23	771.95	773.09
Total		35,359.49	28,860.09

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

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

For and on behalf of the Board of Directors

Mehul Desai
Partner
Membership No. 103211

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012

Place : Mumbai
Date : December 7, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year Ended March 31, 2012	(Rs. million) Year Ended March 31, 2011
Revenue from Operations (Gross)	24	32,382.01	21,587.24
Less : Excise Duty		187.85	454.89
Revenue from Operations (Net)		32,194.16	21,132.35
Other Income	25	471.77	405.39
Total Revenue		32,665.93	21,537.74
Expenses			
Material Consumed	26	15,999.08	11,563.79
Employee Benefits Expense	27	3,050.36	1,670.64
Finance Costs	28	1,918.46	1,078.35
Depreciation and Amortisation Expense	29	1,378.12	1,203.34
Other Expenses	30	9,494.29	5,586.36
Total Expenses		31,840.31	21,102.48
Profit Before Exceptional Items and Tax		825.62	435.26
Exceptional Items			
- Provision for Impairment of Goodwill (Refer note 36)		(381.42)	-
- Loss on Disposal of Subsidiary (Refer note 37)		(413.97)	-
Profit before Tax		30.23	435.26
Tax Expense			
- Current Tax		470.22	219.03
Less : Minimum Alternative Tax Credit Availed		(16.42)	(201.21)
		453.80	17.82
- Short Provision for Tax in Earlier Years		4.99	5.66
- Reversal of Minimum Alternative Tax Credit Availed in Earlier Year		-	27.40
- Deferred Tax		(265.84)	352.17
Profit /(Loss) After Taxation and Before Share of Profit /(Loss) of Associates And Minority Shareholders		(162.73)	32.21
Share of Associates' Net Profit /(Loss)		-	(18.19)
Profit /(Loss) After Taxation And Before Share of Profit/(Loss) of Minority Shareholders		(162.73)	14.02
Minority's Share of Profit /(Loss) in Subsidiary Companies		(28.99)	-
Profit/ (Loss) for the Year		(133.72)	14.02
Earnings/ (Loss) Per Share (Rs.)	44		
- Basic		(1.34)	0.16
- Diluted		(1.34)	0.15

The Notes referred are an integral part of these Consolidated Financial Statements.

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

For and on behalf of the Board of Directors

Mehul Desai
Partner
Membership No. 103211

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012

Place : Mumbai
Date : December 7, 2012



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
		For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A. CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES			
Profit Before exceptional and extraordinary items and tax		825.62	435.26
Adjustments for :			
Depreciation and amortisation expense	1,378.12		1,203.34
Unrealised Foreign Exchange Differences	3.41		(61.22)
Loss/ (Profit) on Sale of Fixed Assets	163.39		15.25
Loss (Profit) on Redemption/ Sale of Units of Mutual Funds	0.22		0.03
Profit on Sale of Bonds	(23.23)		(4.53)
Dividend	(36.36)		(15.07)
Liabilities/ Provision Written Back as no Longer Required	-		(6.94)
Provision for Doubtful Debts/ Advances Written Back	53.57		-
Debts/ Advances Written off	10.87		1.57
Interest Income and Cash Discount Received	(242.33)		(277.46)
Finance costs	1,918.46		1,078.35
		3,226.12	1,933.32
Operating Profit Before Working Capital Changes		4,051.74	2,368.58
Adjustments for changes in working capital :			
Trade and Other Receivables	11.99		345.08
Current Liabilities and Provisions	343.95		864.97
Inventories	(320.04)		(989.05)
Loans and Advances	612.57		(95.74)
		648.47	125.26
Cash Flow Generated from Operations		4,700.21	2,493.84
Taxes Paid (net of refunds)		(527.15)	(213.37)
Net Cash Flow used in Operating Activities Before Extra Ordinary Items		4,173.06	2,280.47
Extra ordinary Items			
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Work-in-progress)	(1,807.60)		(2,091.45)
Sale of Fixed Assets	20.28		127.49
Capital Subsidy	-		12.20
Investment in/Realisation of Fixed Deposit and Margin Money	189.85		(541.62)
(Purchase) / Sale of Investments (Net)	(300.89)		(871.07)
Consideration on disposal of subsidiary	6.90		-
Dividend Received	36.36		15.07
Interest Received	256.32		214.22
Net Cash Flow used in Investing Activities		(1,598.78)	(3,135.16)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares	1.28		1,482.75
Redemption of Preference Shares	(50.00)		-
Proceeds from Long Term Borrowings (Net of Repayments)	(740.73)		9.49
Proceeds from Other Borrowings (Net of Repayments)	459.91		631.01
Dividends Paid	-		(105.63)
Dividends Distribution Tax	-		(17.63)
Finance Expenses Paid	(1,903.91)		(1,081.76)
Net Cash Flow from Financing Activities		(2,233.45)	918.23
(A + B + C)		340.83	63.54
Cash and Cash Equivalents at the beginning of the year		273.45	209.91
Add : Cash and Cash Equivalents on Merger of Welspun Global Brands Ltd		224.24	-
Cash and Cash Equivalents at the end of the year		838.52	273.45
Net Increase in Cash and Cash Equivalents		340.83	63.54

NOTES :

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

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

For Price Waterhouse
Firm Registration No: 012754N
Chartered Accountants

For and on behalf of the Board of Directors

Mehul Desai
Partner
Membership No. 103211

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

Shashikant Thorat
Company Secretary

Place : Mumbai
Date : December 7, 2012

Place : Mumbai
Date : December 7, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. General Information

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

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

Name of the Company	Country of Incorporation	Relationship as at March 31, 2012	% Voting Power held as at March 31, 2012	Relationship as at March 31, 2011	% Voting Power held as at March 31, 2011
Welspun AG (WAG)	Switzerland	Subsidiary	100.00	Subsidiary	100.00
Welspun Mexico S.A. de C.V (WMEX) (Held through WAG till March 28, 2012)	Mexico	Subsidiary	100.00	Subsidiary	100.00
Besa Developers and Infrastructure Private Limited (BESA)	India	Subsidiary	100.00	Subsidiary	100.00
Welspun Retail Limited (WRL)*	India	Subsidiary	85.00		-
Welspun USA Inc. (WUSA)**	U.S.A.	Subsidiary	89.62	Associate	10.94
Welspun Decorative Hospitality LLC (WDHL) (Held through WUSA)	U.S.A.	Subsidiary	89.62	Subsidiary of Associate	10.94
Kojo Canada Inc (Held through WDHL)	Canada	Subsidiary	89.62	Subsidiary of Associate	10.94
Welspun Holdings Private Limited, Cyprus (WHPL) **	Cyprus	Subsidiary	86.45	Associate	9.68
Welspun Home Textiles UK Limited (WHTUKL)(Held through WHPL)***	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
CHT Holdings Limited (CHTHL) (Held through WHTUKL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
Christy Home Textiles Limited (CHTL) (Held through CHTHL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
Christy Europe GmbH (Held through CHTL)	Germany	Subsidiary	86.45	Subsidiary of Associate	9.68
Welspun UK Limited (WUKL) (Held through CHTL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
Christy 2004 Limited (Held through WUKL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
Christy UK Limited (CUKL) (Held through CHTL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
ER Kingsley (Textiles) Limited (Held through CHTL)	U.K.	Subsidiary	86.45	Subsidiary of Associate	9.68
SOREMA – Tapetes E Cortinas De Banho, S.A. (SOREMA) (Held through WHPL up to February 29, 2012) ***	Portugal	Subsidiary	-	Subsidiary of Associate	7.35
SOREMA Welspun Distribution & Logistics, S. A., Portugal (Held through SOREMA up to February 29, 2012)	Portugal	Subsidiary	-	Subsidiary of Associate	7.35



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of the Company	Country of Incorporation	Relationship as at March 31, 2012	% Voting Power held as at March 31, 2012	Relationship as at March 31, 2011	% Voting Power held as at March 31, 2011
SOREMA Welspun Espana S. L. U., Spain (Held through SOREMA up to February 29, 2012)	Spain	Subsidiary	-	Subsidiary of Associate	7.35
SOREMA Welspun Benelux B. V., Holland (Held through SOREMA up to February 29, 2012)	Holland	Subsidiary	-	Subsidiary of Associate	7.35
SOREMA Welspun Deutschland GmbH, Germany (Held through Sorema up to February 29, 2012)	Germany	Subsidiary	-	Subsidiary of Associate	7.35
Welspun Mauritius Enterprises Limited (WMEL)**	Mauritius	Subsidiary	85.00	-	-
Novelty Home Textiles S A DE C V (Held through WMEL)	Mexico	Subsidiary	85.00	-	-
Welspun Zucchi Textiles Limited (WZTL)	India	Joint Venture	50.00	Joint Venture	50.00
Welspun Captive Power Generation Limited	India	Associate	30.00	Associate	30.00

* On April 1, 2011, WRL became a subsidiary pursuant to the composite scheme of arrangement (Refer Note no 35).

** On April 1, 2011, WUSA, WMEL, WHPL and their step down subsidiaries became subsidiaries pursuant to the composite scheme of arrangement (Refer note no 35) .

*** On February 29, 2012, WHPL disposed off of its investment in SOREMA – Tapetes E Cortinas De Banho, S.A. (SOREMA)

2. Summary of significant accounting policies

2.1 Basis of Preparation

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

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

2.2 Principles of Consolidation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

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

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

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

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

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

2.3 Tangible Assets

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

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

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

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

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

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

2.4 Intangible Assets

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

Goodwill on consolidation is tested for impairment on an annual basis.

Project Development Expenditure is amortised on a straight line basis over a period of 3 years.

2.5 Borrowing Costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2.6 Investments

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

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

2.7 Inventories

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

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

2.8 Current Tax and Deferred Tax

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

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

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

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

2.9 Employee Benefits

Provident Fund and other Social Security funds

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

Superannuation Fund

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Gratuity**

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

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

Compensated Absences

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

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

2.10 Foreign Currency Translation**Initial Recognition**

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

Subsequent Recognition

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

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

Translation of foreign operations

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

Forward Exchange Contracts and Swaps

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

2.11 Revenue Recognition

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

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

2.12 Other Income

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

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

2.13 Government Grants

Government grants are accounted for when it is reasonably certain that ultimate collection will be made. Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets. Revenue grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS) are adjusted against 'Interest on Long term borrowings'.

2.14 Impairment

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

2.15 Provisions and Contingent Liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2.16 Employees Stock Option Schemes

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

2.17 Leases

As a lessee:

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

As a lessor:

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

2.18 Cash and Cash Equivalents

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

2.19 Earnings Per Share

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

2.20 Amalgamation in the nature of purchase

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

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 3A : Share Capital		
Authorised		
155,500,000 (March 31, 2011 : 125,000,000) Equity Shares of Rs. 10 each	1,555.00	1,250.00
- (March 31, 2011 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each	-	50.00
	1,555.00	1,300.00
Issued, Subscribed and Paid Up		
89,012,269 (March 31, 2011 : 88,976,269) Equity Shares of Rs. 10 each fully paid up	890.12	889.76
Less : Adjustment for 50 (March 31, 2011 : 50) Equity Shares representing 50% of 100 equity shares of Welspun India Limited held by Welspun Zucchi Textiles Limited, a jointly controlled entity.	*	*
500,000.00 (March 31, 2011 : 500,000) 0% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up	-	50.00
Total	890.12	939.76
* less than Rs. 1000/-		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(a) Reconciliation of number of shares

Equity Shares :

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Amount (Rs. million)	Number of Shares	Amount (Rs. million)
Balance as at the beginning of the year	88,976,219	889.76	73,089,469	730.90
Add : Shares issued to Qualified Institutional Buyers (QIB)	-	-	15,603,000	156.03
Add : Shares issued to Employees under Employee Stock Option Scheme (Refer Note 39)	36,000	0.36	283,750	2.83
Balance as at the end of the year	89,012,219	890.12	88,976,219	889.76

Preference Shares :

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Amount (Rs. million)	Number of Shares	Amount (Rs. million)
Balance as at the beginning of the year	500,000	50.00	500,000	50.00
Less: Shares redeemed during the year	(500,000)	(50.00)	-	-
Balance as at the end of the year	-	-	500,000	50.00

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

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	%	Number of Shares	%
Equity Shares :				
Welspun Fintrade Limited	17,409,268	19.56	17,409,268	19.57
Welspun Mercantile Limited	9,519,294	10.69	9,061,092	10.18
Dunearn Investment Mauritius Pte Limited	9,079,463	10.20	9,079,463	10.20
Welspun Wintex Limited	7,179,577	8.07	7,179,577	8.07
Krishiraj Trading Limited	6,590,765	7.40	#	#
IFCI Limited	6,034,069	6.78	6,034,069	6.78

Less than 5%

	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	%	Number of Shares	%
Preference Shares :				
Krishiraj Trading Limited	-	-	500,000	100.00

(c) Rights, preferences and restrictions attached to shares

Equity Shares :

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

Preference Shares :

0% Redeemable Preference Shares of Rs.100 each fully paid up issued pursuant to High Court order were 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 alongwith interest and dividend thereon.

(Rs. million)

	As At March 31, 2012	As At March 31, 2011
Note 3B : Share Suspense Account		
Equity Share Suspense Account (Refer Note 35)	104.75	-
	104.75	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 4 : Reserves and Surplus		
Capital Redemption Reserve		
Balance as at the beginning of the year	428.38	428.38
Add : Amount Transferred from Surplus in Statement of Profit and Loss on Redemption of Preference Shares during the year	50.00	-
Balance as at the End of the Year	478.38	428.38
Capital Reserve		
Balance as at the beginning of the year	48.43	48.43
Add : Capital Reserve on account of Amalgamation (Refer Note 35)	1,426.55	-
Less : Adjustment of Capital Reserve on Acquisition against Goodwill on further Acquisition of Shares	0.25	-
Balance as at the End of the Year	1,474.73	48.43
Securities Premium Account		
Balance as at the beginning of the year	3,212.00	1,888.11
Add : Additions during the year	0.92	1,411.53
	3,212.92	3,299.64
Less : Expenses on Qualified Institution Placement adjusted as per Section 78 of the Companies Act, 1956	-	87.64
Balance as at the End of the Year	3,212.92	3,212.00
Hedging Reserve Account		
Balance as at the Beginning of the Year	-	-
Add : Amount recognised in Hedging Reserve during the Year (Refer Note 38)	(389.61)	-
Balance as at the End of the Year	(389.61)	-
Foreign Exchange Translation Reserve		
Balance as at the beginning of the year	(46.86)	(43.78)
Add : Additions during the year	-	-
- On Translation of Financial Statements of Foreign subsidiaries	(220.53)	(3.08)
Balance as at the End of the Year	(267.39)	(46.86)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	2,107.84	2,112.02
Add : Profit/ (Loss) for the year	(133.72)	14.02
	1,974.12	2,126.04
Less : Appropriations		
Final Dividend on Equity Shares for the year	-	15.60
Tax on Final Dividend	-	2.60
Transfer to Capital Redemption Reserve on Redemption of Preference Shares	50.00	-
Balance as at the End of the Year	1,924.12	2,107.84
Total	6,433.15	5,749.79
Note 5 : Long-term Borrowings		
Secured :		
Term Loans :		
Rupee Term Loans from Banks [Refer Note (a) and (b) below]	9,569.27	9,996.90
Unsecured :		
Inter-Corporate Loan from Welspun Investments and Commercials Limited	-	80.00
From Banks[Refer Note (c) below]	242.54	-
Total	9,811.81	10,076.90



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(a)	Nature of Security	Terms of Repayment
1	Rupee term loan amounting to Rs. 1,373.33 million (March 31, 2011 : Rs. 2,900.02 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Welspun India Limited	Repayable in 24 quarterly installments commencing from October 2006. Last installment due in July 2012. Rate of interest 6.75% - 8.75% *
2	Rupee term loan amounting to Rs. 154.48 million (March 31, 2011 : Rs. 326.63 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 24 quarterly installments commencing from December 2006. Last installment due in September 2012. Rate of interest 7% - 7.50% *
3	Rupee term loan amounting to Rs. 66.59 million (March 31, 2011 : Rs. 273.96 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 24 quarterly installments commencing from August 2006. Last installment due in May 2012. Rate of interest 7.50% *
4	Rupee term loan amounting to Rs. 6,977.48 million (March 31, 2011 : Rs. 7,479.48 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from April 2009. Last installment due in January 2016. Rate of interest 7.25% - 8.75% *
5	Rupee term loan amounting to Rs. 430.00 million (March 31, 2011 : Rs. 462.50 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from March 2009. Last installment due in December 2015. Rate of interest 6.96% *
6	Rupee term loan amounting to Rs. 2,213.35 million (March 31, 2011 : Rs. 957.50 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 30 quarterly installments commencing from January 2012. Last installment due in April 2019. Rate of interest 7.50% - 12.5%*
7	Rupee term loan amounting to Rs. 626.79 million (March 31, 2011 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 28 quarterly installments commencing from June 2013. Last installment due in March 2020. Rate of interest 7.25%*
8	Rupee term loan amounting to Rs. 7.60 million (March 31, 2011 : Rs. Nil) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 32 quarterly installments commencing from April 2014. Last installment due in January 2022. Rate of interest 7.50% *
9	Foreign currency loan amounting to Rs. Nil (March 31, 2011 : Rs. 30.47 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 10 quarterly installments commencing from October 2009. Last installment due in January 2012. (Rate of Interest 6M Libor +2.75% p.a.)
10	Foreign currency loan amounting to Rs. Nil (March 31, 2011 : Rs. 54.63 million) is secured by first pari passu charge over the present and future fixed assets, all movable and immovable properties and second pari passu charge over current assets of the Company.	Repayable in 9 quarterly installments commencing from January 2010. Last installment due in January 2012. (Rate of Interest 6M Libor +2.75% p.a.)
11	Loan amounting to Rs. 2.79 million (March 31, 2011 : Rs. 15.64 million) Secured by way of mortgage (first charge) on all fixed and current assets of the Welspun Retail limited corporate guarantee of Welspun Trading Limited and personally guaranteed by a promoter director	Term loan I : Repayable in 15 quarterly Installment of Rs.6,154,972 starting from 31 August 2008 and it carries interest @15.25 to 15.75% p.a. (previous year @ 12.75% to 13.75% p.a.) Term loan II : Repayable in 36 equal monthly Installment of Rs.558,070 starting from 31 August 2008 and it carries interest @15.25 to 15.75% p.a. (previous year @ 12.75% to 13.75% p.a.)
* Rate of Interest is considered net of 4% - 5% interest reimbursement under TUF scheme, where applicable.		
(b) In addition to (a) above, certain rupee term loans (including their current maturities) from Banks of Rs. 7,175.04 million (March 31, 2011 : Rs. 11,442.60 million) and interest thereon are secured by lien on fixed deposits.		
(c) Repayable in 7 installments; first installment was paid on September 30, 2008. Thereafter, 6 installments will be paid commencing on September 30, 2010 (Rate of Interest 6M Libor +1.75% p.a.)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 6 : Deferred tax liabilities (Net)		
Deferred Tax Liabilities arising on account of Timing differences in :		
- Depreciation	2,161.62	2,152.01
- Others	-	9.37
Deferred Tax Asset arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	41.81	3.55
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	4.15	10.89
- Provision for Employee Benefits	12.78	20.16
- Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	3.51	-
- Provision for Inventory	102.79	-
- Unabsorbed Depreciation and Business Losses of Subsidiaries	451.78	247.56
- Others	40.27	0.49
	1,504.53	1,878.73
Share in Joint Venture	(2.51)	(0.28)
Total	1,502.02	1,878.45
Note 7 : Other Long- term Liabilities		
Security Deposits	16.50	19.50
	16.50	19.50
Share in Joint Venture	-	-
Total	16.50	19.50
Note 8 : Long- term Provisions		
Provision for Employees benefits		
- Provision for Gratuity	1.73	-
- Provision for Compensated Absences	42.10	53.63
	43.83	53.63
Share in Joint Venture	0.30	0.33
Total	44.13	53.96
Note 9 : Short-term Borrowings		
Secured:		
- Working Capital Loans from Banks [Refer Note below]	6,645.57	4,015.78
Unsecured :		
- Working Capital Loans from Banks	658.51	745.70
	7,304.08	4,761.48
Share in Joint Venture	8.83	22.58
Total	7,312.91	4,784.06
Note :		
The working capital loans, which includes cash credit and packing credit from banks, are generally secured by hypothecation of raw materials, stock-in-process, finished, semi finished goods, stores, spares and book debts and other current assets of borrowing companies and second charge on entire fixed assets of borrowing companies and by a Corporate Guarantees issued by certain companies within the Group		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 10 : Trade Payables		
Acceptances	609.98	817.98
Trade Payables	4,618.34	1,390.19
	5,228.32	2,208.17
Share in Joint Venture	6.84	7.63
Total	5,235.16	2,215.80
Note 11 : Other Current Liabilities		
Current maturities of long term debt		
- Rupee Term Loans from Banks [Refer Note 5(a) and (b)]	2,295.99	2,451.60
- Foreign Currency Loans from Banks [Refer Note 5(a)]	121.27	85.10
Inter-corporate Loan from Welspun Investments and Commercials Limited	79.50	8.80
Interest Accrued but not due on Borrowings	86.68	73.33
Interest Accrued and due on Borrowings	1.20	-
Security Deposits	16.12	8.51
Advances from Customers	59.97	12.71
Temporary Overdraft with Scheduled Banks	161.58	29.62
Unpaid dividends [Refer Note below]	0.47	0.47
Statutory dues (including Provident Fund and Tax deducted at Source)	129.95	55.98
Employee Benefits Payable	196.89	133.03
Creditors for capital purchases	183.56	165.68
Other Payables	19.18	23.10
	3,352.36	3,047.93
Share in Joint Venture	2.60	2.14
Total	3,354.96	3,050.07
Note :		
There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
Note 12 : Short-term provisions		
Provision for employee benefits		
- Provision for Compensated Absences	6.15	11.49
- Provision for Gratuity	0.03	-
Others		
- Taxation (Net of Advance Tax and Tax Deducted at Sources)	0.03	85.45
- Fringe Benefit Tax (Net of Advance Tax)	1.90	1.90
- Provision for mark-to-market losses on derivatives	404.06	-
	412.17	98.84
Share in Joint Venture	(8.19)	(7.04)
Total	403.98	91.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13. Tangible Assets

(Rs. million)

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As At March 31, 2011	As At March 31, 2012	Accumu- lated upto March 31, 2011	Accumu- lated upto March 31, 2012	As At March 31, 2012	As At March 31, 2011
Own Assets						
Freehold Land	132.95	138.53	-	-	138.53	132.95
Buildings	3,363.24	3,457.52	508.99	601.70	2,855.82	2,854.25
Leasehold Improvements	49.22	101.07	13.16	51.73	49.34	36.06
Plant and Machinery (Refer Notes a and b below)	17,753.36	18,779.07	5,505.95	6,488.08	12,290.99	12,247.41
Vehicles	40.17	39.42	20.36	20.36	19.06	19.81
Furniture and Fixtures	156.70	367.79	46.73	227.00	140.79	109.97
Office Equipment	77.67	119.03	19.08	49.95	69.08	58.59
Computers	185.48	325.24	99.17	172.95	152.29	86.31
Total (A)	21,758.79	23,327.67	6,213.44	7,611.77	15,715.90	15,545.35
Assets given on Operating Lease :						
Buildings	13.89	13.99	2.99	3.22	10.77	10.90
Plant and Machinery	42.49	42.49	32.60	33.31	9.18	9.89
Total (B)	56.38	56.48	35.59	36.53	19.95	20.79
Total (A) + (B)	21,815.17	23,384.15	6,249.03	7,648.30	15,735.85	15,566.14
Share in Joint Venture	40.05	40.34	25.63	27.53	12.81	14.42
Total	21,855.22	23,424.49	6,274.66	7,675.83	15,748.66	15,580.56
March 31, 2011	20,701.08	21,855.23	5,291.13	6,274.69	15,580.54	15,409.95

Notes :

- Borrowing Costs aggregating Rs. 23.09 million (Previous Year: Rs. Nil) (net of interest subsidy of Rs. 9.76 million; Previous Year: Rs. Nil) attributable to the acquisition or construction of qualifying assets are capitalised during the year as part of the cost of such assets.
- Deletions/ Adjustments for Plant and Machinery includes adjustments for the capital subsidy of Rs. Nil (Previous Year : Rs. 12.20 million) granted under the Technology Upgradation Fund (TUF) Scheme.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

14. Intangible Assets

(Rs. million)

PARTICULARS	GROSS BLOCK		DEPRECIATION		PROVISION FOR IMPAIRMENT		NET BLOCK	
	As At March 31, 2011	As At March 31, 2012	Accumulated upto March 31, 2011	Accumulated upto March 31, 2012	As At March 31, 2011	As At March 31, 2012	As At March 31, 2012	As At March 31, 2011
Own Assets								
Computer Software	60.14	122.45	40.58	88.99	-	-	33.46	19.56
Goodwill on Consolidation of Subsidiaries and Jointly controlled Entity	0.31	1,617.45	-	256.62	-	381.42	979.41	0.31
Project development	-	40.23	-	40.23	-	-	-	-
Total	60.45	1,780.13	40.58	385.84	-	381.42	1,012.87	19.87
Share in Joint Venture	-	-	-	-	-	-	-	-
Total	60.45	1,780.13	40.58	385.84			1,012.87	19.87
March 31, 2011	72.23	62.01	40.63	42.14			19.87	31.60

(Rs. million)

	As At March 31, 2012	As At March 31, 2011
Note 15 : Non - current investments		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
In Associate Companies		
15,000 (March 31, 2011 : 15,000) Equity Shares of Rs. 10 each fully paid up of Welspun Captive Power Generation Limited	0.15	0.15
Nil (March 31, 2011 : 184,210) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.	-	33.92
Add: Capital reserve on acquisition	-	0.25
Add: Share of Profit / (Loss) as at the year end	-	(17.01)
	-	17.16
Nil (March 31, 2011 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	-	116.13
Cost of acquisition (including goodwill of Rs. 83.35 million)	-	(7.74)
Add: Share of Profit / (Loss) as at the year end	-	
	-	108.39
In Others		
100 (March 31, 2011 : 100) Equity Shares of Rs. 10 each fully paid up of Weltreat Enviro Management Organisation	*	*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Others Investment (valued at cost unless stated otherwise)		
a) Quoted Equity Instruments		
283,500 (March 31, 2011 : 283,500) Equity Shares of Rs. 10 each fully paid up of Welspun Syntex Limited	18.94	18.94
Less : Provision for other than temporary diminution in value of investment	13.34	13.34
	5.60	5.60
80 (March 31, 2011 : 8 Equity Shares of Rs. 10 each fully paid up) Equity Shares of Rs. 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
b) Others		
100 (March 31, 2011 : 100) Equity Shares of Rs. 10 each fully paid up of Welspun Power and Steel Limited	*	*
National Saving Certificates	0.01	0.01
(Lodged with District Magistrate, Valsad)	2.02	-
Investment - Indiafirst SM	7.78	131.31
Share in Joint Venture	0.01	0.01
Total	7.79	131.32
* Less than Rs.10,000		
Aggregate amount of Unquoted Investments	2.19	125.72
Aggregate amount of Quoted Investments	5.60	5.60
Market Value of Quoted Investments	3.03	3.93
Aggregate provision for diminution in value of Investments	13.34	13.34
Note 16 : Long-term Loans and Advances		
Unsecured, considered good (unless otherwise stated) :		
Capital Advances to Related Parties		
- Wel-treat Enviro Management Organisation Limited	75.00	75.00
- Welspun Projects Limited	12.64	18.77
Capital Advance to Others	136.44	192.49
Security Deposits to Related Parties		
- Welspun Realty Private Limited	151.47	160.25
- Mertz Securities Limited	8.01	9.01
Security Deposit to Others	44.54	26.81
Loans to related parties		
- Intercompany Deposit to Welspun Global Brands Limited	-	713.86
Equity Share Application pending allotment - Welspun USA Inc.	-	111.49
Equity Share Application pending allotment - Welspun Captive Power Generation Limited	554.50	130.00
Advances Recoverable in Cash or in Kind or for Value to be Received	11.55	13.75
Other Loans & Advances		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	110.99	106.88
- Considered Doubtful	7.72	7.72
	118.71	114.60
Less : Provision for Doubtful Balances	7.72	7.72
	110.99	106.88
	1,105.14	1,558.31
Share in Joint Venture	0.12	0.12
Total	1,105.26	1,558.43



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 17 : Other Non-current assets		
Minimum Alternative Tax Credit Entitlement	343.29	623.24
Fixed deposits with Banks with maturity period more than 12 months*	409.86	1,079.02
Margin Money Deposit Accounts	0.08	0.87
Total	753.23	1,703.13
* Held as lien by Banks against Term Loans.		
Note 18 : Current Investments		
Non Trade - (Quoted) (At Cost or market value whichever is less)		
Nil (March 31, 2011 - 500) Certificate of Deposit - Punjab National Bank	-	49.14
Nil (March 31, 2011 - 801) 9.34% West Bengal State Electricity District Company Limited Bonds of Face Value of Rs. 1,000,000 each	-	826.27
136 (March 31, 2011: Nil) 9.70% IFCI Limited Bonds of Face Value of Rs. 1,000,000 each	140.08	-
66 (March 31, 2011: Nil) 9.46% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	66.85	-
9 (March 31, 2011: Nil) 9.45% Power Finance Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.09	-
900 (March 31, 2011: Nil) 9.75% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	900.09	-
42 (March 31, 2011: Nil) 9.38% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	41.48	-
10 (March 31, 2011: Nil) 9.48% Rural Electrification Corporation Limited Bonds of Face Value of Rs. 1,000,000 each	9.92	-
24 (March 31, 2011: Nil) 9.25% Power Grid Corporation of India Limited Bonds of Face Value of Rs. 1,250,000 each	29.78	-
Total	1,197.29	875.41
Aggregate amount of quoted investments	1,197.29	875.41
Market Value of quoted investments	1,227.27	878.85
Note 19 : Inventories		
Raw Materials	2,103.29	1,860.97
Packing Materials	110.03	64.70
Work-in-Progress	1,868.41	2,076.82
Finished Goods and Traded Goods (Refer Note 43)	3,076.15	417.37
Stores, Spares, Dyes and Chemicals	106.61	143.36
	7,264.49	4,563.22
Share in Joint Venture	28.75	33.38
Total	7,293.24	4,596.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Note 20 : Trade Receivables		
Unsecured		
Debts Outstanding for a period exceeding six months from the date they are due for payment :		
- Considered Good	74.55	256.91
- Considered Doubtful	74.63	2.98
	149.18	259.89
Less : Provision for Doubtful Debts	74.60	2.98
	74.58	256.91
Other Debts :		
- Considered Good	2,403.83	1,164.55
- Considered Doubtful	21.25	-
	2,425.08	1,164.55
Less : Provision for Doubtful Debts	21.25	-
	2,403.83	1,164.55
	2,478.41	1,421.46
Share in Joint Venture	13.87	31.10
Total	2,492.28	1,452.56
Note 21 : Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on Hand	5.66	0.91
Cheques on Hand	-	1.30
Bank Balances		
- In Current Accounts	739.27	261.24
- Fixed deposits (less than 3 months maturity)	91.43	5.30
- In Exchange Earners Foreign Currency Accounts	0.12	3.86
Other bank balances		
- Fixed deposits*	591.96	115.24
- In Margin Money Deposit Accounts	3.38	-
- Unpaid dividend account	0.47	0.47
	1,432.29	388.32
Share in Joint Venture	2.04	0.84
Total	1,434.33	389.16
* Held as lien by Banks against term loans, cash credit, overdraft, letter of credit facility and bank guarantee facilities.		
Note 22 : Short-term Loans and Advances		
Unsecured considered good, unless otherwise stated :		
Loans to related parties		
- Welspun Logistics Limited	0.63	-
-Welspun Global Brands Limited	-	250.00
Advances Recoverable in Cash or in Kind or for Value to be Received	1,160.03	105.87
Others		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	1,074.70	845.83
- Considered Doubtful	25.39	10.33
	1,100.09	856.16
Less : Provision for Doubtful Balances	25.39	10.33
	1,074.70	845.83



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	As At March 31, 2012	As At March 31, 2011
Others		
Security Deposits to Related Parties		
- Welspun Realty Private Limited	19.20	18.00
- Mertz Securities Limited	1.00	1.00
- Vipuna Trading Limited	30.42	4.26
Security Deposits to others	19.51	0.67
	2,305.49	1,225.63
Share in Joint Venture	4.00	4.14
Total	2,309.49	1,229.77
Note 23 : Other Current Assets		
Minimum Alternative Tax Credit Entitlement	296.37	-
Technology Upgradation Fund Credit Receivable	302.42	514.85
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	22.30
Interest Accrued on Bonds/ Certificate of Deposits	56.40	30.93
Interest Accrued on Loan given to Related Parties	-	0.40
Interest Accrued on Deposits	105.25	142.95
Interest Receivable under Subvention Scheme	-	1.36
Others	-	50.54
Gratuity Fund (Net)	7.76	4.44
	768.20	767.77
Share in Joint Venture	3.75	5.32
Total	771.95	773.09

	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Note 24 : Revenue from Operations		
Sale of Products		
Finished Goods and Traded Goods	29,235.57	18,892.75
Share in Joint Venture	101.92	127.01
	29,337.49	19,019.76
Other operating revenue		
Sales Tax Benefit	625.74	585.52
Sale of Scrap	376.25	265.99
Export Benefits		
- Duty Entitlement Pass Book Scheme Benefits	835.45	1,444.89
- Focus Market Scheme Benefits	310.39	243.65
- Duty Drawback Benefits	888.82	16.72
	3,036.65	2,556.77
Share in Joint Venture	7.87	10.71
	3,044.52	2,567.48
Revenue from Operation (Gross)	32,382.01	21,587.24
Less : Excise Duty	187.85	454.89
Revenue from Operation (Net)	32,194.16	21,132.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Note 25 : Other Income		
Interest Income		
On Fixed Deposits	118.12	79.97
On Loans given to Welspun Global Brands Limited	-	81.68
On Bonds and Certificate of Deposits	64.91	67.23
On Others	21.00	11.00
On Income Tax Refund	0.28	11.44
Discount and Rebate received	38.30	37.58
Rent	8.42	8.17
Dividend Income	36.36	15.07
Insurance Claim	0.05	0.02
Profit on Sale of Bonds/ Certificate of Deposits	23.23	4.53
Liabilities Written Back as no Longer Required	-	6.94
Provision for Doubtful Debts Written Back	4.19	-
Profit on Cancellation of Forward/ Swap Contracts	32.38	19.78
Commission	11.47	-
Job Work and Processing Charges	11.30	10.85
Miscellaneous	98.99	44.55
	469.00	398.81
Share in Joint Venture	2.77	6.58
Total	471.77	405.39
Note 26 : Materials consumed (Refer Note 43)		
Opening Stock of Raw Material, Packing Material, Work-in-Process, Finished Goods and Traded Goods	4,419.86	3,351.88
Add : Adjustment on account of merger (Refer Note 35)	2,801.92	-
	7,221.78	3,351.88
Add: Purchases of Raw Material, Packing Material and Traded Goods	15,844.33	12,524.99
	23,066.11	15,876.87
Less: Closing Stock of Raw Material, Packing Material, Work-in-Process, Finished Goods and Traded Goods	7,157.88	4,419.86
	15,908.23	11,457.01
Share in Joint Venture	90.85	106.78
	15,999.08	11,563.79
Note 27 : Employee Benefits Expense		
Salaries, Wages, Allowances and Other Benefits	2761.05	1424.61
Contribution to Provident and Other Funds	147.38	148.19
Managerial Remuneration	60.71	17.38
Staff and Labour Welfare	66.18	67.45
	3,035.32	1,657.63
Share in Joint Venture	15.04	13.01
	3,050.36	1,670.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

I Defined Contribution Plans

	(Rs. million)	
During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:	2011-2012	2010-2011
Employers' Contribution to Provident Fund & Pension Scheme*	102.34	94.35
Employers' Contribution to Employee's State Insurance *	15.06	12.88
Employers' Contribution to Superannuation Scheme*	2.08	0.00
Other Social Security Funds *	27.90	40.96
	147.38	148.19
The Group's share of expenses in jointly controlled entities recognised in the Statement of Profit and Loss.	1.33	1.24
* Included in Contribution to Provident and Other Funds		

II Defined Benefit Plan

Contribution to Gratuity Fund

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

a. Major Assumptions	2011-2012 % p.a.	2010-2011 % p.a.
Discount Rate	7.75- 8.75	8.50
Expected Rate of Return on Plan Assets	8.5-8.60	8.50
Salary Escalation Rate @	5% to 10%	8% for 5 years and 6% thereafter
@ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.		

	(Rs. million)	
b. Change in the Present Value of Obligation	2011-12	2010-11
Opening Present Value of Obligation	114.06	55.60
Current Service Cost	37.68	19.83
Interest Cost	9.67	4.73
Benefit/ Exgratia paid	(23.48)	(8.37)
Actuarial Loss/ (gain) on Obligations	(25.93)	17.77
Closing Present Value of Obligation	112.00	89.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(Rs. million)	
c.	Change in Fair Value of Plan Assets	2011-12	2010-11
	Opening Fair Value of Plan Assets	108.74	65.13
	Expected Return on Plan Assets	9.24	5.54
	Actuarial (Loss)/ gain on Obligations	(4.11)	0.51
	Contributions	25.26	35.00
	Benefits paid	(21.14)	(12.17)
	Closing Fair Value of Plan Assets	117.99	94.01

		(Rs. million)	
d.	Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	As At March 31, 2012	As At March 31, 2011
	Present Value of Funded Obligation	112.00	89.56
	Fair Value of Plan Assets	117.99	94.01
	Funded Status	117.99	94.01
	Present Value of Unfunded Obligation	(1.77)	-
	Assets recognised in the Balance Sheet and included under Loans and Advances and Other Current Assets (Refer Note 23)	7.76	4.44

		(Rs. million)	
e.	Amount recognised in the Balance Sheet	As At March 31, 2012	As At March 31, 2011
	Present Value of Obligation	112.00	89.57
	Fair Value of Plan Assets	117.99	94.01
	Liabilities recognised in the Balance Sheet and included under Long-term Provisions (Refer Note 8) and Short-term Provisions (Refer Note 12)	(1.77)	-
	Assets recognised in the Balance Sheet and included under Other Current Assets (Refer Note 23)	7.76	4.44

		(Rs. million)	
f.	Expenses Recognised in the Statement of Profit and Loss	2011-12	2010-11
	Current Service Cost	37.68	19.83
	Interest Cost	9.67	4.73
	Expected Return on Plan Assets	(9.24)	(5.54)
	Net Actuarial Loss/ (gain) recognised in the year	(21.82)	17.26
	Total expenses recognised in the Statement of Profit and Loss	16.29	36.28
	The Group's share of expenses recognised in the Statement of Profit and Loss in jointly controlled entity	0.28	0.08
	The Group's share of (Assets)/Liability recognised in the balance sheet in jointly controlled entity	(0.09)	(0.09)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. million)

g. Major Category of Plan Asset as a % of total Plan Assets	As At March 31, 2012	As At March 31, 2011
Insurer managed funds	100.00	100.00

(Rs. million)

h. Amounts recognised in current year and previous four years	As At March 31, 2012	As At March 31, 2011	As At March 31, 2010	As At March 31, 2009	As At March 31, 2008
Defined Benefit obligation at the end of the year	112.00	89.56	55.60	52.16	47.23
Fair Value of Plan Assets	117.99	94.01	65.13	50.55	53.24
(Surplus)/ Deficit	(5.99)	(4.45)	(9.53)	1.61	(6.01)
Experience gain/ (loss) adjustments on plan liabilities	12.12	5.86	3.57	(0.84)	(2.18)
Experience gain/ (loss) adjustments on plan assets	(4.11)	0.51	14.73	(7.53)	2.99
Actuarial gain/(loss) due to change in assumptions	-	(23.63)	(2.99)	(0.36)	-

(Rs. million)

i Expected Contribution to the funds in the next year	As At March 31, 2012	As At March 31, 2011
Gratuity	37.88	18.36

III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs. 48.25 million (March 31, 2011: Rs. 65.12 million).

(Rs. million)

	Yeae Ended March 31, 2012	Yeae Ended March 31, 2011
Note 28 : Finance Costs		
Interest on Long term Borrowings	1,095.27	760.13
Interest on Short Term Borrowings	550.89	251.09
Interest to Others	51.51	12.00
Discounting and Bank Charges	218.27	54.19
	1,915.94	1,077.41
Share in Joint Venture	2.52	0.94
Total	1,918.46	1,078.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Note 29 : Depreciation and Amortisation Expense		
Depreciation on Tangible assets	1,316.99	1,188.97
Amortisation on Intangible assets	59.25	12.43
	1,376.24	1,201.40
Share in Joint Venture	1.88	1.94
Total	1,378.12	1,203.34
Note 30 : Other Expenses		
Stores and Spares Consumed	481.83	407.31
Dyes and Chemicals Consumed	1,472.15	1,322.87
Contract Labour Charges	526.84	395.82
Job Work Expenses	428.38	402.98
Power, Fuel and Water Charges	2,404.49	1,885.76
Excise Duty [Refer Note (a) below]	(0.53)	(5.27)
Repairs and Maintenance:		
Plant and Machinery	84.33	117.91
Factory Building	22.14	22.14
Others	102.90	16.63
Claims, Discounts and Rebates	238.20	107.75
Brokerage and Commission	344.94	20.37
Freight, Forwarding and Coolie Charges	597.74	97.53
Directors' Sitting Fees	1.02	0.43
Rent	482.91	212.37
Rates and Taxes	133.25	60.93
Printing and Stationery	18.00	8.64
Travelling and Conveyance	196.12	95.34
Legal and Professional Charges	173.88	79.61
Security Expenses	29.78	16.70
Insurance	81.64	38.79
Communication	63.33	14.13
Postage and Courier	36.08	5.31
Loss on Sale/ Discarding of Fixed Assets (Net)	163.39	15.25
Loss on Redemption/ Sale of Units in Mutual Funds	0.22	0.03
Provision for Doubtful Debts	53.57	-
Loss on Cancellation/ Settlement of Forward Contracts (Net)	454.01	-
Exchange Loss (Net)	126.95	58.49
Bad Debts/ Advances Written off	10.87	1.57
Design and Development Expenses	54.05	25.60
Royalty	205.63	12.98
Advertising and Sales Promotion	263.82	21.75
Donations	12.76	15.75
Auditors' Remuneration		
- As Auditors	13.42	8.97
- In other capacity - As Tax Auditors	2.13	0.30
- Certification and Other Matters	0.49	1.61
- Out of Pocket Expenses	0.15	0.05
Miscellaneous	200.47	82.33
	9,481.35	5,568.73
Share in Joint Venture	12.94	17.63
Total	9,494.29	5,586.36



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	(Rs. million)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
(a) Represents Excise duty related to difference between the closing stock and opening stock.		
(b) Expenses capitalised as a part of Capital Work-in-progress		
Interest Cost	41.74	-
Salary Cost	20.96	3.32
Other Expenses	5.75	0.73
Total	68.45	4.05

31 Contingent Liabilities :

	(Rs. million)	
Description	As At March 31, 2012	As At March 31, 2011
Excise, Customs and Service Tax Matters	673.68	492.28
Stamp Duty Matter including share of joint ventures of Rs 0.18 million (Previous Year Rs 0.18 million)	6.24	4.64
Sales Tax Matters	42.38	10.61
Share of joint ventures in Income Tax Matters	29.62	20.37
Claims against the group not acknowledged as debts	5.51	7.85
Bill Discounted in respect of Export Debtors	1,537.71	-
Bank Guarantees	983.72	253.31
Corporate Guarantees	900.00	8,388.57

32 Capital and other commitments :

(a) Capital Commitments

	(Rs. million)	
Description	As At March 31, 2012	As At March 31, 2011
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	304.29	839.23

(b) Other Commitments

	(Rs. million)	
Description	As At March 31, 2012	As At March 31, 2011
(i) In accordance with the EPCG Scheme, imports of capital goods are allowed to be made duty free and under Advance License Scheme, imports of raw material are allowed to be made duty free, subject to the condition that the Company will fulfill, in future, a specified amount of export obligation within a specified time. Based on the current operating plan, the Company would fulfill its export obligation within the specified time period. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Company.	-	108.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (ii) A subsidiary of the Company has six separate trademark licensing agreements, under which it could utilize certain names on towels.

The future minimum annual royalties, Image fund fees and merchandise coordinator fee obligations as at March 31, 2012 are as follows :

(Rs. million)			
Year ending on March 31	Royalty	Image Fund and Merchandise Coordinator Fees	Total
2013	20.35	11.28	31.63

Related royalty, image fund fee and merchandise coordinator fee obligations included in Royalty under Other Expenses aggregated Rs.140.26 million (Previous Year Rs. 12.98 million) for the year ended March 31, 2012.

- 33 During the previous year, the Company had recognized deferred tax assets aggregating Rs. 296.58 million on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain Excise and Value Added Tax incentives as 'capital receipts' for income tax purposes based on the judgment in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honorable High Court of Judicature at Bombay. The said case was heard by the apex court and the impugned order was set aside and remanded back to High Court. If the final decision in the matter is eventually decided against Welspun India Limited, then the carrying value of the Minimum Alternate Tax Credit Entitlement assets at the year end could be significantly impacted.
- 34 As at March 31, 2012, the Company has inadvertently made certain investments aggregating Rs. 1,197.29 million in the bonds issued by certain public sector undertakings without obtaining prior approval of the shareholders by way of a special resolution as required under Section 372A of the Companies Act, 1956. Subsequent to the year-end these investments were sold. Further, the Company has filed a suo motu application to the Company Law Board for the compounding of this offence and adjudication by the Company Law Board is pending.
- 35 The Board of Directors at its meeting held on May 7, 2012 has, subject to approval of the Stock Exchanges, sanction of the Honorable High Court of Gujarat and other approvals as may be necessary, approved a composite scheme of arrangement (the "Scheme") between Welspun Global Brands Limited (WGBL) (Transferor Company), the Company (First Transferee Company) and Welspun Retail Limited ("WRL"- Second Transferee Company).

According to the Scheme, the WGBL will be merged into the Company as a going concern, the marketing business undertaking of the Company will be hived off to WRL and certain overseas investments of the Company would be transferred to WRL. Consequently, WGBL shall be dissolved without winding up and the name of WRL would be changed to Welspun Global Brands Limited.

Appointed Date for the Scheme was April 1, 2011 and the stakeholders of all the concerned companies have already approved the Scheme in the Court Convened meeting held on August 4, 2012.

The High Court of Gujarat at Ahmedabad by its order dated November 26, 2012 has approved the Scheme. The order has been filed with the Registrar of Companies on December 7, 2012 (effective date of the scheme). As per the Scheme, assets and liabilities of WGBL were transferred at book values to the Company with effect from the appointed date (April 1, 2011). Accordingly, net assets of WGBL aggregating Rs. 1,531.28 million were transferred to the Company. Further, as per the scheme, the Company will issue one equity share of Rs. 10 each credited as fully paid up to the shareholders of WGBL for every one equity share held by them in WGBL. Accordingly, Rs. 104.75 million pertaining to 10,475,496 equity shares of Rs. 10 each to be allotted to the shareholders of WGBL has been included in Share Suspense Account. Rs. 1,426.53 million being the excess of net assets of WGBL transferred over the value of consideration has been accounted as capital reserve.

Also, pursuant to the Scheme, the authorized share capital of the Company stands increased from Rs. 1,300,000,000 consisting of 125,000,000 equity shares of Rs. 10 each and 500,000 preference shares of Rs.100 each to Rs. 1,555,000,000 consisting of 155,500,000 equity shares of Rs. 10 each and without any further act, instrument or deed.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

In the Consolidated financial statements ,excess off the consideration (equity share to be allotted and capital reserve as determined basis the approved scheme) over the consolidated net assets of Welspun Global Brand Limited and its subsidiaries has been accounted as goodwill as at April 1, 2011.

Welspun Retail Limited will be applying to the Registrar of Companies for a change in its name to Welspun Global Brands Limited.

Due to effect of the aforesaid scheme, the amounts as at and for the year ended March 31, 2012 in these financial statements are not comparable with those of the previous year.

- 36** Based on an analysis of financial projections and future benefit expected to arise, the group has provided Rs. 381.42 million towards partial impairment of goodwill arising on consolidation of CHT holding Limited as at March 31, 2012.
- 37** On February 29, 2012, WHPL held through WRL sold all of its shares (1,21,600 shares representing 76% shareholding) in Welspun Sorema Tapetes E Cortinas De Banho S.A at a loss of Rs 413.97 million. The loss amount includes write off of goodwill aggregating Rs. 307.34 million.
- 38 Derivative Instruments outstanding as at March 31, 2012 :**

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

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

(i) Non-Designated Hedges	Currency Pair	March 31, 2012			March 31, 2011		
		Notional Amount		Fair Value Gain/ (Loss) Rs. million	Notional Amount		Fair Value Gain/ (Loss) Rs. million
		Foreign Currency (in million)	Rs. million		Foreign Currency (in million)	Rs. million	
Coupon Only Swap	USD-INR	21.43	1,000.00	(11.23)	21.43	1,000.00	(2.04)
Forward Contracts (Buy)	EURO-USD	-	-	-	7.43	437.56	33.34

Designated Cash Flow Hedges	Currency Pair	March 31, 2012			March 31, 2011		
		Notional Amount		Fair Value Gain/ (Loss) Rs. million	Notional Amount		Fair Value Gain/ (Loss) Rs. million
		Foreign Currency (in million)	Rs. million		Foreign Currency (in million)	Rs. million	
Forward Contracts (Sell)	USD-INR	284.17	14,480.84	(389.92)	-	-	-
Forward Contracts (Sell)	USD-GBP	0.63	50.53	0.31	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (ii) In addition to the above, the Group has following outstanding foreign currency forward contracts to hedge foreign currency exposure against as at March 31, 2012 :

	Currency Pair	March 31, 2012			March 31, 2011		
		Notional Amount		On Re-statement Gain/ (Loss) Rs. million	Notional Amount		On Re-statement Gain/ (Loss) Rs. million
		Foreign Currency (in million)	Rs. million		Foreign Currency (in million)	Rs. million	
Forward Contracts (Buy)	USD-INR	1.00	52.80	(1.59)	3.77	179.25	(9.00)
Forward Contracts (Sell)	USD-INR	17.74	905.14	(1.63)	-	-	-

- (b) Net loss on derivative instruments of Rs. 389.61 million recognised in Hedging Reserve as on March 31, 2012, is expected to be recycled to Statement of Profit and Loss by March 31, 2013.

39 Details of Employees Stock Options

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Summary of Stock Options	March 31, 2012		March 31, 2011	
	No. of Stock Options	Weighted Average Exercise Price (Rs.)	No. of Stock Options	Weighted Average Exercise Price (Rs.)
Options outstanding at the beginning of the year	1,606,250	35.60	2,130,000	35.60
Options exercised during the year	36,000	35.60	283,750	35.60
Options forfeited/ lapsed during the year	391,000	35.60	240,000	35.60
Options outstanding at the end of the year	1,179,250	35.60	1,606,250	35.60
Options vested but not exercised at the year end	330,250	35.60	102,250	35.60

Information in respect of options outstanding as at March 31, 2012

(Rs. million)

No. of Stock Options	Weighted Average remaining life in years	Weighted Average Exercise Price (Rs.)
235,850	1.25	35.60
235,850	2.25	35.60
353,775	3.25	35.60
353,775	4.25	35.60

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

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

(Rs. million)

	March 31, 2012	March 31, 2011
Profit/(Loss) for the year	(133.72)	14.02
Less: Additional Employee Compensation Cost based on Fair Value (net of tax)	2.78	6.27
Profit after taxation as per Fair Value Method	(136.50)	7.75
Earnings Per Share (EPS)		
Basic		
Number of Shares (Weighted average)	99,468,710 #	88,043,039
Basic Earnings/(Loss) Per Share as reported	(1.34)	0.16
Proforma Basic Earnings/(Loss) Per Share	(1.37)	0.09
Diluted		
Number of Shares (Weighted average)	99,468,710	88,614,868
Diluted EPS as reported	(1.34)	0.16
Proforma Diluted EPS	(1.37)	0.09

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

	Grant Date : June 30, 2009			
	Vest 1	Vest 2	Vest 3	Vest 4
	June 30, 2010	June 30, 2011	June 30, 2012	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%	0%	0%	0%
Option Fair Value	14.83	16.69	17.85	19.42
Weighted Average Option Fair Value	17.49			

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

	(Rs. million)	
	March 31, 2012	March 31, 2011
Expense arising from employee share-based payment plan	-	-
Deferred Stock Compensation	-	-

40 Segment Information for the year ended March 31, 2012.

(i) Information about Primary Business Segment

The Group is exclusively engaged in the business of Home Textiles which, in the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountant of India, is considered to constitute a single primary segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the period are all as reflected in the financial statements for the year ended March 31, 2012 and as on that date.

(ii) Information about Secondary Geographical Segments :

	(Rs. million)					
	India		Outside India		Total	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Revenue	4,365.61	20,491.90	27,828.55	640.45	32,194.16	21,132.35
Carrying Amount of Segment Assets	29,439.97	27,831.27	5,919.52	1,028.82	35,359.49	28,860.09
Capital Expenditure incurred to acquire segment assets	2,218.64	1,944.15	132.66	8.95	2,351.30	1,953.10

(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.



41 Related Party Disclosures

(i) Relationships

	Control	
(a)	Joint Venture Company	Welspun Zucchi Textiles Limited (WZTL)
(b)	Associate Company	Welspun Captive Power Generation Limited (WCPGL)
(c)	Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year	Welspun Corp Limited (WCL) (Formerly known as Gujarat Stahl Rohren Limited (WGSRL))
		Vipuna Trading Limited (VTL)
		Welspun Syntex Limited (WSL)
		Welspun Investments and Commercials Limited (WICL)
		Welspun Realty Private Limited (WRPL)
		Welspun Logistics Limited (WLL)
		Remi Metals Gujarat Limited (RMGL)
		Welspun Steel Limited (WPSL) (Formerly Known as Power and Steel Limited)
		Welspun Wintex Limited (WWL)
		Welspun Mercantile Limited (WML)
		Krishiraj Trading Limited (KTL)
		Mertz Securities Limited (MSL)
		Welspun Polybuttons Limited (WPBL)
		Welspun Energy Limited (WEL)
		Wel-treat Enviro Management Organisation Limited (WEMO)
		Welspun Maxsteel Limited (WMSL)
		Welspun Projects Limited (WPL)
		Welspun FinTrade Limited (WFTL)
		Welspun Finance Limited (WFL)
		Welspun Urja Gujarat Private Limited (WUGPL)
		Welspun Foundation for Health and Knowledge (WFHK)
		VREPL (Viraj Renewable Energy Power Limited)
		Welspun Steel Resources Private Limited (WSPRL)
		Methodical Investment and Trading Company Private Limited (MITCPL)
(d)	Key Management Personnel	B.K.Goenka (BKG)
		M. L. Mittal (MLM) (Up to September 30, 2011)
		R. R. Mandawewala (RRM)
(e)	Relatives of Key Management Personnel	Dipali Goenka (DBG)
		Radhika Goenka (RBG)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

PARTICULARS	WUSA	WHPL	WGBL	WCL	VTL	WSL	WZTL	WICL	Sorema	WCPGL	WHTL	WRL	WRPL	WLL	RMGL	WPGL	WWL	WML	KTL	(Rs. million) Balance Carried Forward
Transactions during the year																				
Loans, Advances and Deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Loans, Advances and Deposits received	-	(4.46)	(150.01)	(7.00)	(0.74)	4.26	-	9.30	-	-	-	-	18.00	(27.78)	-	-	-	-	-	31.56
Loans, Advances and Deposits received	-	-	-	-	4.27	-	4.40	-	-	-	-	-	-	-	-	-	-	-	-	(189.99)
Repayment of Loans, Advances and Deposits received	(112.25)	-	-	-	-	-	-	-	-	-	-	-	1.20	-	-	-	-	-	-	8.67
Purchase of Goods (including Taxes)	(52.24)	-	-	831.67	-	241.56	37.93	-	-	-	-	-	-	-	-	-	-	-	-	1.20
Jobwork Charges	-	-	(17.00)	(613.11)	-	(57.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	(112.25)
Purchase of Services/ Expenses incurred	-	-	-	7.49	1.47	0.05	-	-	-	-	-	-	39.92	17.25	-	-	-	-	-	38.35
Sale of Goods/ DEPB Licenses (including Taxes)	(36.64)	-	(9.07)	(0.34)	(2.21)	(0.02)	-	-	-	-	-	(1.73)	(49.26)	(12.29)	-	30.58	-	-	-	(51.23)
Job Charges Received	-	(18,064.28)	(5.52)	(3.34)	-	(8.65)	(12.34)	-	(0.29)	-	-	(562.21)	-	-	-	1.57	-	-	-	(30.58)
Sale of Services/ Expenses incurred	(269.18)	-	-	84.20	-	5.25	3.91	-	-	-	-	-	-	-	-	(0.33)	-	-	-	(42.14)
Sale of Fixed Assets	-	-	(16.69)	(81.07)	-	-	(3.11)	-	-	-	-	(1.49)	-	-	(0.11)	-	-	-	-	(18.65)
Purchase of Fixed Assets / Capital Goods	(15.36)	-	(1.35)	0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.57
Capital Advance	-	-	-	(5.70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.33)
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30.58)
Interest Expense	-	-	(81.69)	-	-	-	-	8.70	-	-	-	-	-	-	-	-	-	-	-	1.57
Claims, Discounts and Rebate given	-	-	-	-	-	-	-	(6.66)	-	-	-	-	-	-	-	-	-	-	-	(0.33)
Managerial Remuneration	(43.49)	-	(81.19)	-	-	-	-	-	-	-	-	(3.61)	-	-	-	-	-	-	-	(16.71)
Share Application Money Paid	-	-	-	-	-	-	-	-	-	424.50	-	-	-	-	-	-	-	-	-	16.14
Investment Made during the year	(112.25)*	-	-	-	-	-	-	-	-	(130.00)	-	-	-	-	-	-	-	-	-	(23.21)
Equity Dividend Paid	-	-	-	-	-	-	-	-	-	(0.15)	-	-	-	-	-	-	-	-	-	-
Preference Dividend Paid	-	-	-	-	-	(#)	(#)	-	-	-	-	-	-	-	-	-	(#)	(7.18)	(9.06)	(18.89)
Donation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.47)	-	(0.47)
Redemption of Preference Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance																				
Loans, Advances and Deposits received (including interest accrued but not due)	-	-	-	7.40	-	-	10.00	81.31	-	-	-	-	-	-	-	-	-	-	-	50.00
Loans, Advances and Deposits given (including interest accrued on loan)	-	-	-	(2.40)	-	-	(10.00)	(88.80)	-	-	-	-	170.67	-	-	-	-	-	-	-
Trade Receivables (Net of Bills Discounted with Banks)	(1.37)	-	(964.04)	-	(4.26)	-	-	-	-	-	-	-	(178.25)	-	-	-	-	-	-	(1,147.92)
Trade Payables	(26.56)	-	(611.95)	(0.92)	-	0.22	(#)	-	-	-	-	(696.02)	-	0.63	-	0.33	-	-	-	4.72
Investments	(5.45)	-	(96.67)	(6.00)	-	(1.35)	(6.99)	-	-	-	-	-	-	-	-	-	-	-	-	(1,343.78)
Provision for diminution in value in investment xx	(33.92)	(116.13)	-	-	-	17.17	2.41	-	(0.02)	-	-	-	-	-	-	-	-	-	-	19.58
Corporate Guarantee Given	(2,123.62)	-	(4,647.00)	-	-	(5.63)	-	-	-	-	-	-	-	-	-	-	-	-	-	(113.77)
Share Application Money Pending Allotment	(111.49)	-	-	-	-	(18.94)	34.56	-	-	-	-	-	-	-	-	-	-	-	-	53.65
						(18.94)	(34.56)	-	-	-	-	-	-	-	-	-	-	-	-	(203.70)
						13.34	-	-	-	-	-	-	-	-	-	-	-	-	-	13.34
						(13.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)
						-	-	-	-	900.00	-	-	-	-	-	-	-	-	-	900.00
						-	-	-	-	(900.00)	(717.95)	-	-	-	-	-	-	-	-	(8,388.57)
						-	-	-	-	554.50	-	-	-	-	-	-	-	-	-	554.50
						-	-	-	-	(130.00)	-	-	-	-	-	-	-	-	-	(241.49)

Notes
Previous years figures are given in Brackets

* Share application money paid during the year out of conversation of loan given.

Less than Rs 10,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
41. (ii) Following are the transactions with related parties mentioned in (i) above and the year-end balances

PARTICULARS	Balance Brought Forward	MSL	WPBL	WEL	WEMO	WMSL	WPL	WFTL	WFL	WUGPL	WFIK	VREPL	WSRPL	BKG	MLM	DBG	RRM	RBG	TOTAL
Transactions during the year																			
Loans, Advances and Deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Loans, Advances and Deposits given	31.56 (189.99)	1.00 (1.66)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.56 (191.65)
Loans, Advances and Deposits received	8.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.67
Repayment of Loans, Advances and Deposits received	1.20 (112.25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.20 (112.25)
Purchase of Goods (including Taxes)	1,149.51 (797.23)	-	1.26 (0.95)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,150.77 (798.18)
Jobwork Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Services/ Expenses incurred	96.75 (142.14)	3.09 (4.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99.84 (146.56)
Sale of Goods/ DEPB Licenses (including Taxes)	28.43 (18,653.61)	-	0.12 (0.10)	1.55	-	1.64	0.44 (0.53)	-	-	-	-	1.32	0.52	-	-	-	-	-	34.02 (18,654.24)
Job Charges Received	2.86 (271.43)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.86 (271.43)
Sale of Services/ Expenses incurred	114.19 (116.15)	-	-	-	-	0.39 (0.20)	-	-	-	-	-	-	-	-	-	-	-	-	114.58 (116.35)
Sale of Fixed Assets	0.15 (16.71)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.15 (16.73)
Purchase of Fixed Assets / Capital Goods	16.14 (23.21)	-	-	-	-	-	197.00 (108.40)	-	-	(0.02)	-	-	-	-	-	-	-	-	213.14 (132.49)
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	(75.00)	-	(18.77)	-	-	-	-	-	-	-	-	-	-	-	(93.77)
Interest Expense	(81.69)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(81.69)
Claims, Discounts and Rebate given	(6.66)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.66)
Managerial Remuneration	(128.29)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(128.29)
Share Application Money Paid	424.50 (130.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	2.08 (4.06)	8.50 (2.93)	28.32	-	62.70 (20.36)
Investment Made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	424.50 (130.00)
Equity Dividend Paid	(0.15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.15)
Preference Dividend Paid	(18.89)	-	-	-	-	-	-	(17.41)	(0.48)	-	-	-	-	(0.06)	-	-	(#)	(#)	(37.02)
Donation	(0.47)	-	-	-	-	-	-	(16.94)	-	-	-	-	-	-	-	-	-	-	(17.41)
Redemption of Preference Share	50.00	-	-	-	-	-	-	-	-	-	7.00 (14.40)	-	-	-	-	-	-	-	7.00 (14.40)
Closing Balance																			
Loans, Advances and Deposits received (including interest accrued but not due)	98.71 (101.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98.71 (101.20)
Loans, Advances and Deposits given (including interest accrued on loan)	170.67 (1,147.92)	9.01 (10.01)	-	-	75.00 (75.00)	-	12.64 (18.77)	-	-	-	-	-	-	-	-	-	-	-	267.32 (1,251.70)
Trade Receivables (Net of Bills Discounted with Banks)	4.72 (1,343.78)	-	#	1.10	-	-	-	-	-	-	-	1.32	-	-	-	-	-	-	7.14 (1,343.80)
Trade Payables	19.58 (113.77)	-	0.09 (0.03)	-	-	-	9.95 (22.04)	-	-	(0.02)	-	-	-	23.81	-	-	25.99	-	76.42 (135.84)
Investments	53.65 (203.70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53.65 (203.70)
Provision for diminution in value In Investment xx	13.34 (13.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.34 (13.34)
Corporate Guarantee Given	900.00 (8,388.57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	900.00 (8,388.57)
Share Application Money Pending Allotment	554.50 (241.49)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	554.50 (241.49)

Notes

Previous years figures are given in Brackets

* Share application money paid during the year out of conversation of loan given.

Less than Rs 10,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

42 Leases

A. Where the Company is a lessee:

Operating Lease

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

(Rs. million)		
Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
157.64	277.70	45.32
(95.44)	(361.27)	-

Previous year figures are given in brackets.

The aggregate rental expenses of all the operating leases for the year are Rs 482.94 million (Previous Year: Rs. 212.40 million) which includes the Company's share of Rs. 0.03 million (Previous Year Rs. 0.03 million) in Jointly controlled entities

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

44 Earnings/ (Loss) per Share

(Rs. million)		
Particular	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit/ (Loss) after Tax (A)	(133.72)	14.02
Number of Equity Shares for Basic Earnings Per Share		
- Weighted Number of equity shares outstanding during the year (B)	99,468,710#	88,043,039
Add : Weighted Average number of outstanding employee stock options	*	571,829
Weighted Number of diluted equity shares outstanding during the year (C)	99,468,710	88,614,868
Basic Earnings/ (Loss) per share (A/B) (Rs.)	(1.34)	0.16
Diluted Earnings/ (Loss) per share (A/C) (Rs.)	(1.34)	0.15
Nominal value of an equity share (Rs.)	10	10

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

46 The consolidated financial statements for the year ended March 31, 2011 had been prepared as per the the applicable, pre revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

Signatures to Notes to financial statements

For Price Waterhouse

Firm Registration No: 012754N

Chartered Accountants

Mehul Desai

Partner

Membership No. 103211

For and on behalf of the Board of Directors**B. K. Goenka**

Chairman

R. R. Mandawewala

Managing Director

Shashikant Thorat

Company Secretary

Place : Mumbai

Date : December 7, 2012

Place : Mumbai

Date : December 7, 2012

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

Name of the Subsidiary company	Welspun AG	Welspun Mexico SA de CV	BESA Developers and Infrastructure Private Limited	Welspun Retail Limited	Welspun Holdings Pvt. Ltd.	Welspun Home Textiles UK Ltd.	CHT Holdings Limited**	Christy Home Textiles Limited	Welspun UK Limited	Christy 2004 Limited	Christy UK Limited	Christy Europe GmbH	ER Kingsley (Textiles) Limited	Welspun USA Inc.**	WDH	KOJO CANADA	Welspun Mauritius Enterprises Limited	Novelty Home Textiles S A DE CV
Financial Year of the subsidiary ended on	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12
Share Capital	739.12 (1,956.08)	118.72 (233.01)	0.10	2,769.32 (1,347.25)	1.11	574.10 (343.56)	0.03	0.08	0.08	-	-	1.76 (4.00)	0.16	9.69	45.79 (144.87)	2.54 (54.03)	16.54 (2.37)	13.77 (106.40)
Reserves & Surplus	4.46	226.78	6.60	4,840.59	298.10	603.67	1,402.83	845.72	2,656.65	1,069.58	237.04	22.02	47.62	3,371.44	(73.97)	(45.89)	19.48	13.51
Total Assets	1,221.42	341.07	6.50	3,419.90	3.60	373.13	1,124.00	776.68	2,568.04	374.88	234.94	24.26	-	3,086.60	25.11	5.60	5.31	106.14
Total Liabilities	-	-	-	1.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments (excluding investments in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover	132.95 (249.48)	115.86 (167.02)	-	25,640.89 (1,679.01)	-	-	1,860.12 (116.01)	-	1,848.04 (59.39)	-	-	46.92 (6.33)	-	6,057.21 (178.82)	24.99 (177.65)	61.28 (0.03)	-	54.35 (83.58)
Profit (Loss) before Taxation	-	-	-	(523.49)	-	31.32	(43.63)	(2.06)	(8.79)	(6.34)	-	(1.65)	-	(0.93)	0.08	1.27	-	11.55
Provision for Taxation	(249.48)	(167.02)	-	(1,155.52)	(683.06)	(440.29)	(72.38)	(15.14)	(50.60)	(18.04)	-	(4.68)	-	179.75	(177.73)	(1.30)	0.13	(95.13)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

YEAR	AWARD / RECOGNITION
2012	<ul style="list-style-type: none"> – Special Gold Trophy for Highest Global Exports – Gold Trophy for Highest Exports of Terry ToWILs in Made ups – Gold Trophy for Highest Exports of Made ups in Merchant Exporter – Silver Trophy for Second Highest Exports of Bed Linen/Bed Sheets/Quilts in Made ups – Silver Trophy for Second Highest Exports of Other Cotton Made ups in Made ups <p>Texprocil awards 2011 12</p>
2012	<ul style="list-style-type: none"> – Golden Peacock Eco Innovation Award for Eco Dry Towels
2012	<ul style="list-style-type: none"> – Tesco Homeshop Gold Supplier Award
2012	<ul style="list-style-type: none"> – Wilkinson Award Best Product
2011	<ul style="list-style-type: none"> – 5 Star Award Macy's
2011	<ul style="list-style-type: none"> – Gold Award for highest exports – Special achievement award for made ups – Merchant exporters award for made ups/terry towels – Silver medals for bed linen/bed sheets madeups and other made ups <p>Texprocil awards 2010 11</p>
2011	<ul style="list-style-type: none"> – Sheridan Ultra Light Towel chosen as Winning Product in 'Favourite Home & Outdoor' category Australian Women's Weekly, 2011
2011	<ul style="list-style-type: none"> – Sustainability Award for Process Innovation- Indian Carbon Outlook, 2011 – Outstanding CSR in Textile sector- India Shining Star CSR Awards, 2011 – Value Award- Tesco, 2010 – 5 Star Award- Macy's, 2010 – Best Co-planning Award for Supply Chain- WalMart, 2010
2010	<ul style="list-style-type: none"> – Vendor Excellence Award, TARGET
2009	<ul style="list-style-type: none"> – Elle Decor International Design Awards for Bedroom Category – The Franchising World Award for being amongst top business opportunity – Women Super Achiever Award – Dipali Goenka, Asia Retail Congress
2008 & 2009	<ul style="list-style-type: none"> – Home & Lifestyle Retailer of the year, Star Retailer Awards.



WELSPUN



Dare to Commit

WELSPUN INDIA LTD.

www.welspunindia.com

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