

CUSTOMER CENTRICITY

TECHNOLOGY

COLLABORATION

INCLUSIVE GROWTH

# Raising the bar



**WELSPUN INDIA**  
HOME TEXTILES

WELSPUN INDIA LIMITED  
ANNUAL REPORT

**2016-17**

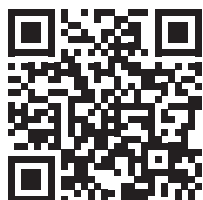
#### FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed certain forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking 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 such 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 realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep 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.

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## Financial Statements

98	Standalone
184	Consolidated

**12** % Y-o-Y

Revenue growth

₹ **15.8** bn

Operating EBITDA

**23.8** %

Operating EBITDA  
Margin

₹ **3.6** bn

Profit After Tax  
(After minority interest)



# Raising the bar

A market leader has to constantly reassess business model and performance to keep the progress path steady. In order to achieve more with existing capabilities and to add momentum by ways of organic growth, a Company needs to keep renewing focus and build efficient processes.

During the course of the year, we at Welspun India Limited have been ideating and creating procedures that will help us fortify our position as 'market leaders'. And the outcome has been the conceptualisation of Welspun 2.0.

With Welspun 2.0 values at the core of our business strategy, we aim to create customer delight through innovative offerings and build a robust and inclusive business. A business which empowers and creates sustained value for all our stakeholders.

As a Company with a strong legacy, we take pride in being able to adapt to technology and innovation and thus create products that meet the changing needs of our customers.

*Going forward, we will continue to fortify the promise of sustained value creation for all our stakeholders by focusing on customer-centricity, adapting technology, forging resourceful collaborations and enabling inclusive growth.*

## Welspun India at a Glance

Welspun India Ltd. (WIL) is one of the world's leading home textile manufacturers with a diversified brand portfolio and a robust global distribution network.

A part of the US\$ 2.3 billion Welspun Group, WIL has a distribution presence in more than 50 countries and a strategic partnership with leading global retailers.

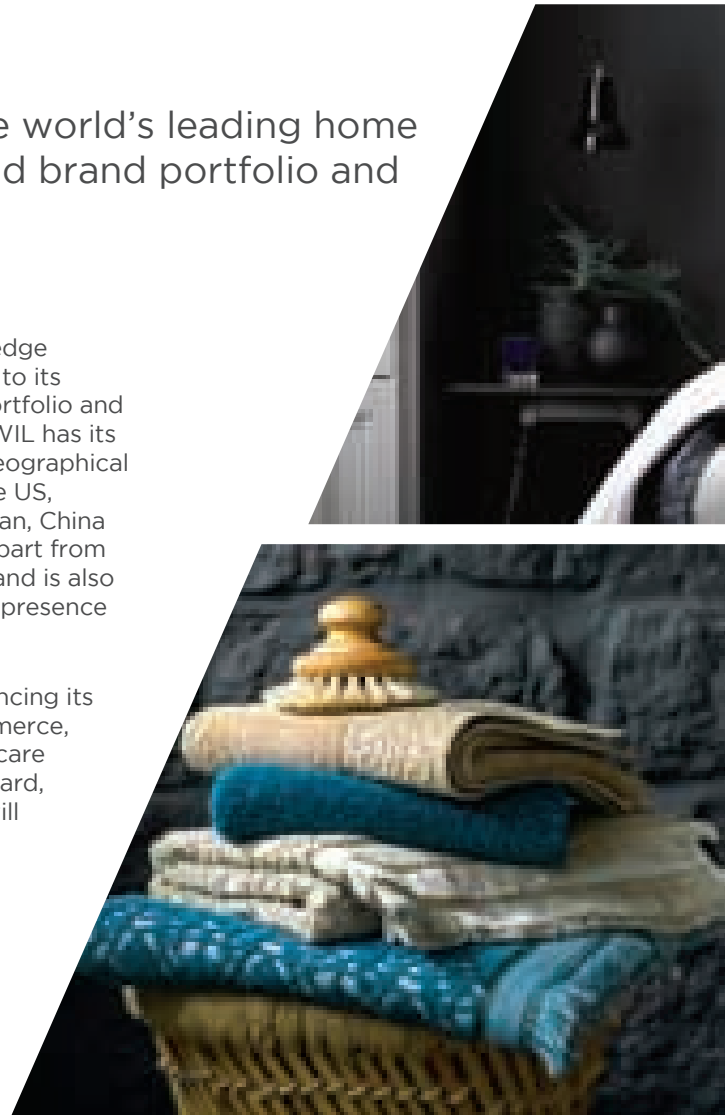
Welspun India is a fully integrated one-stop shop for home textiles, manufacturing towels, bath robes, bath rugs/mats, area rugs, carpets, bed sheets, utility bedding and fashion bedding.

WIL is also the largest exporter of home textile products from India and has been consistently awarded by TEXPROCIL (Textile Export Promotion Council) for the past many years.

Having world-class manufacturing facilities at Anjar and Vapi in

Gujarat, WIL gets an edge over competition due to its diversified product portfolio and innovative offerings. WIL has its presence in various geographical locations including the US, Europe, Australia, Japan, China and the Middle East apart from the domestic market and is also actively increasing its presence across geographies.

The Company is enhancing its reach through e-commerce, hospitality and healthcare segments. Going forward, the revenue growth will be driven by volumes from existing and new customers, new geographies and new product categories.



### Our Differentiators



Leading market player with a wide product range



Vertically integrated presence with significant capabilities



Global distribution network with marquee clients



Diversified brand portfolio



Track record of innovation



Consistent financial performance record



## Our Definitive Strengths

- One of the largest Home Textiles Companies Globally with presence in Bed, Bath & Flooring categories
- Ranked #1 in Home Textile Supplier Giants to USA by Home & Textiles Today magazine for the 5th Year in a row
- Currently, our home textile products are exported to over 50 countries and are sold by 17 out of the top 30 global retailers
- Uniquely positioned for cross-selling due to Customer reach, Competitive manufacturing and global delivery model
- For the record, every 5th towel and every 9th bedsheet sold in the US is manufactured by Welspun India
- Since 2005, our textile business has posted a revenue growth of 25% CAGR
- We have filed 26 patents, out of which 9 have been granted
- We are certified as a 'Women's Business Enterprise' by the US-based WEConnect International

## Our Global Footprint



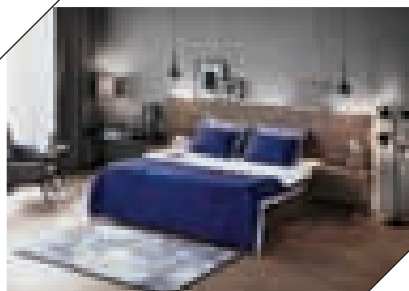
## Welspun's Brand Spectrum

Welspun is known for its legacy of quintessential range of home textile brands, each displaying a unique characteristic, supported by Welspun's commitment to highest quality and innovation.

The wide brand spectrum of Welspun is categorised into premium and luxury segment, products inspired by high-tech innovation and those enabling sustainability & empowerment.

### PREMIUM & LUXURY

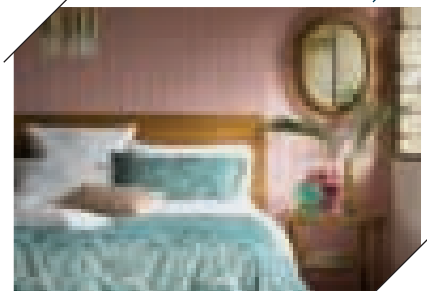
**SPACES**



A premium bed, bath and coordinates brand from the house of Welspun; believes in creating a comfortable living experience for consumers through its offerings.

Targeted at the new-age elite Indians who are globe-trotters, the solutions offered by the brand set the trends that lead the way; they are a perfect blend of great designs and comfortable living.

**Christy**  
ENGLAND



Christy's is one of UK's largest and best-known brands offering a wide range of luxury towels, bed linen and home accessories; uses superior yarns and high thread counts with perfect attention to minutest detailing. The brand boasts of craftsmanship – classic or contemporary; was rebranded to give a new dimension to its legacy.

### COMFORTING THROUGH INNOVATION



Hygro cotton® is a patented fabric made with a breakthrough spinning technology that uses hollow core yarn to manufacture a range of bath and bedding products. This makes the fabric ultra-soft and ultra-absorbent. With a capability to regulate body temperature, Welspun offers a Hygro cotton® range of bed sheets, towels, rugs and comforters.



Nanocore® technology prevents dust mites and other allergens from entering. Received Asthma and Allergy free certification for bedding products in US post stringent testing



## INTERACTIVE TEXTILES



Welspun has introduced the 'Tilt' range of products, secured under the 'Interactive Textile Article and Augmented Reality System' patent. The first product under Tilt - 'SpinTales' uses an app designed for the duvet cover and rug, which allows the user to experience the world of augmented reality.



## SUSTAINABILITY & EMPOWERMENT



Spun is an initiative to revive the crafts of India and empower women, artisans, farmers and weavers. Giving a fresh look to traditional weaves and art, Spun has a range of handcrafted quilts, decorative pillows, and other bedding accessories.

## Coveted Licenses\*



minions

Disney  
© Disney



ROYAL  
ASCOT



\* Licenses are copyright of respective owners



# Welspun Products & Solutions

## TOWELS

We understand the needs of our end consumer and this reflects in the towel that we make. Our range of towels include face towels, bath towels, bath sheet and beach towels. These towels are made in simple, solid colours to intricate yarn-dyed jacquards.

### OUR STRENGTH

We are the leading supplier of bath towels in the US - Every fifth towel sold is a Welspun manufactured towel



## BEDDING SOLUTIONS

Be it bed sheets, utility or fashion bedding, Welspun aims to give every user a great sleep experience.

### Bed Sheets

Welspun bed sheets are available in solid-colour flat and fitted sheets, damask stripes, intricate

jacquards and woven dobby patterns across thread counts in cotton and blended yarn/fabric, giving each sheet a unique look and feel.

### Utility Bedding

Welspun manufactures pillow fillers, mattress pads and down-

alternative filled comforters. This range also includes comforter sets in solid and stripes.

### Fashion Bedding

Welspun's design studios design and develop unique printed and woven textured patterns for bedrooms.



### OUR STRENGTH

Unmatched design capabilities, a wide product and brand portfolio and consumer research based innovation makes Welspun, a complete bedding solution provider



## RUGS AND CARPETS

Welspun set up a bath rugs manufacturing plant in 2009 with a capacity of 6 mn sq. mt. Later, Area Rugs were also added to the portfolio.

It uses machine tufting and hand tufting capabilities to manufacture Cotton, Nylon, PET and Polyester filament-based Drylon and Resilon yarn rugs and

the bi-component fibre (BCF) rugs called Kushlon. Our area rugs are design intensive to add glamour to corners and places.

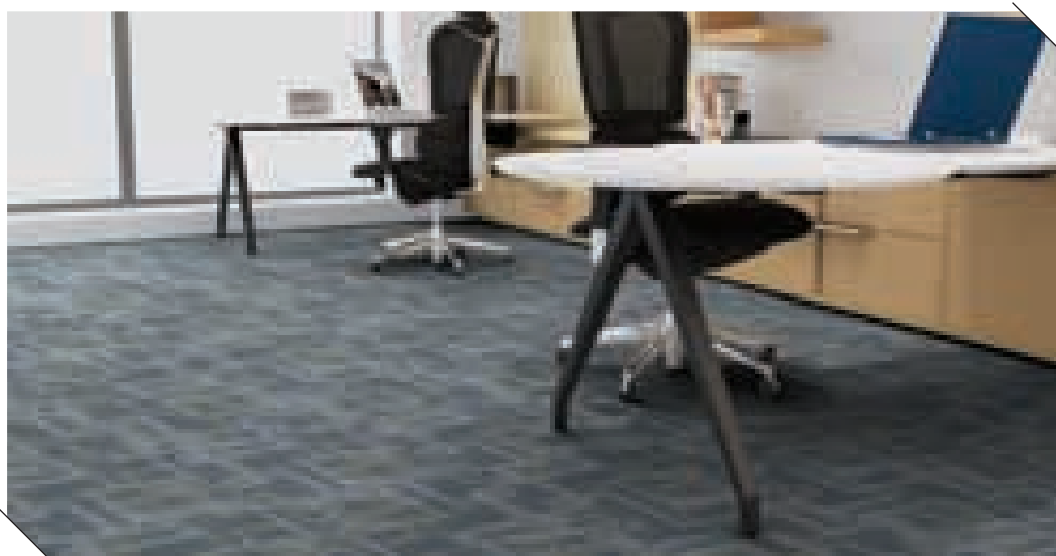


## OUR STRENGTH

Vertically integrated operation focussing on world-wide consumer requirements related to Area Rugs and Carpets

## FLOORING SOLUTIONS

Welspun India announced its foray into flooring solutions in FY17 with a planned capex of ₹ 6 bn. The facility based in Anjar, Gujarat including tiled carpets, wall-to-wall carpets is in its development stage and once completed, will be one of its kind in India.



# Corporate Journey and Milestones

## 1985

- Our journey began as Welspun Winilon Silk Mills Pvt. Ltd., a synthetic yarn business in India.

## 1991

- Welspun Winilon Silk Mills Pvt. Ltd., which was renamed Welspun Polyester India Ltd. was listed on stock exchanges

## 1993

- Sets-up the Terry Towels plant in Vapi (Gujarat), India.

## 1995

- Welspun Polyester India Ltd. becomes Welspun India Ltd. that shaped the textile business into its current form.

## 2000

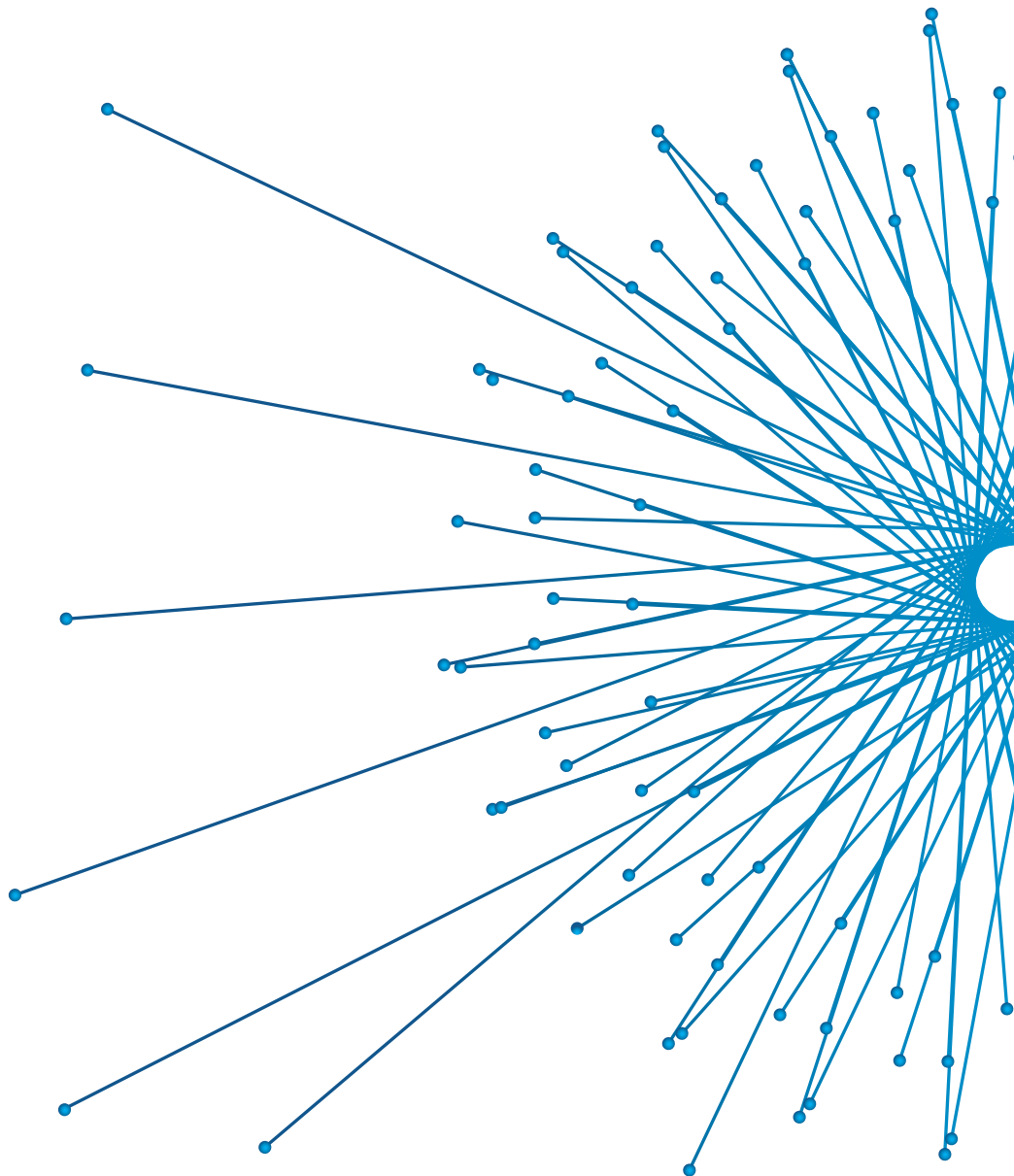
- Welspun USA incorporated as a wholly owned subsidiary of Welspun India Ltd.

## 2005

- Sets up its home textiles manufacturing facility at Anjar, Gujarat.
- Entry into bedsheets.

## 2006

- Acquired 'Christy' – 150 Years old towel manufacturing company and the most prestigious towel brand in the UK.



## 2017

- No. 1 Home Textiles exporter to the US for the 5<sup>th</sup> consecutive year by HTT, 2017.
- Forayed into
  - Flooring Solutions
  - Smart Textiles
- Technology through our traceability system, 'Wel-Trak', which provides end-to-end solution to track cotton from farm to factory to finished goods and finally, to the shelf.

## 2016

- Expanded the sports portfolio to manufacture towels for Australian Open 2016 (through Sheridan) and ICC T20 World Cup 2016.
- 1<sup>st</sup> Indian textiles Company to be certified with the Egyptian Cotton Gold Seal.
- Awarded for Highest Overall Global Exports, Highest Exports in Bed Category and Highest Exports in Towels Category – Texprocil.

## 2015

- Commissioned India's largest spinning facility under one roof at Anjar, Gujarat.
- Launch of Shopwelspun.in and Shopwelspun.com in US (foray into e-commerce).
- Launched major campaign for "Spaces" in India; launched the brand, SPUN, globally; 'Hygro' branding campaign in the US, and Christy stores in China.

## 2014

- Embarked upon capacity expansion & vertical integration
- Welspun Global Brands Ltd. recognised as a 'Certified Woman Business Enterprise'.

## 2013

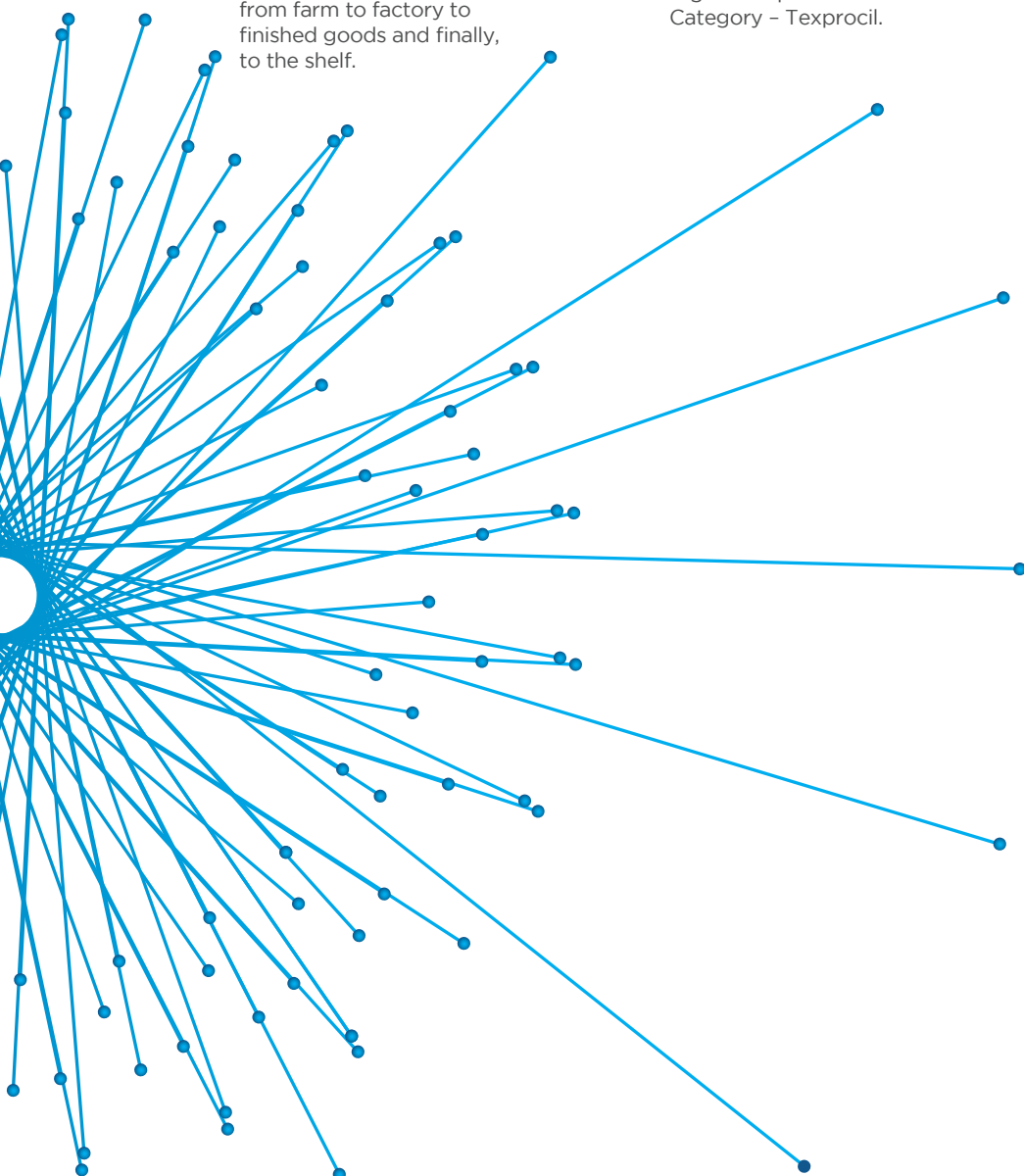
- Re-organisation of the home textiles business and consolidation of the textiles business under a single umbrella to create a unified stronger entity.

## 2010

- Welspun India Ltd. demerged its Sales and Marketing and Investment divisions into two separate companies – Welspun Global Brands Ltd. and Welspun Investments & Commercials Ltd., respectively.
- Raised ₹ 1,560 mn through QIP.

## 2008

- Entry into Bath Rugs



## Chairman's Message



*The year gone by was an eventful year for WIL.*

*Despite operating in a volatile business scenario, your Company achieved \$1 billion landmark in the annual revenue for first time in its history.*

*While the Company maintained its dominance as a leading player in the Home Textile segment, it undertook several initiatives in different segments of business to catalyse long-term growth. The Company converted challenges into opportunities to continue building a future-focused, customer-oriented and sustainable business.*

**Balkrishan Goenka**  
CHAIRMAN



**US\$ 1** BN

Landmark in annual sales for the first time ever in FY17

FY17 was an eventful year for us. During the year, your Company crossed the US\$ 1 bn landmark in annual sales for the first time in its history.

The Company was ranked as No. 1 home textile supplier to US for the 5<sup>th</sup> consecutive year by Home & Textiles Today magazine....



*In spite of the macroeconomic and company-specific challenges, we delivered on our guidance in terms of revenue growth, EBITDA margin, capital expenditure etc. Your Company posted double-digit growth in revenues, maintained its credit rating and generated positive free cash flow, in spite of one-off provision.*

....This was despite macroeconomic headwinds as well as certain supply chain challenges during second quarter of FY17.

The Company has been successful in converting challenges during this year into opportunities which demonstrates our resilience and customer-first approach. For instance, we have raised the bar with our patented multi-level traceability technology – 'Wel-Trak' which has created a new benchmark for the entire industry. All these milestones show the Company's market leadership as well as thought leadership in the home textile category.

## MACROECONOMIC OVERVIEW

FY17 has seen significant developments across the globe. It was a year of unstable global growth, shifting policies and heightened uncertainty. In the US, we saw a change in administration; in Europe, we saw Britain voting to exit the European Union; in India, we saw demonetisation and passage of the GST law. We also saw an appreciation of 6% in the Indian Rupee against the US dollar during the financial year. Commodity prices witnessed a

substantial increase - cotton rose 29%, energy prices grew 38% and the metal index saw an upsurge of 26%.

However, India was one of the bright spots in the global economy and it continues to be one of the most attractive economies for businesses and investors. The economy is on a robust growth trajectory and continues to achieve stable annual growth rate amidst rising forex reserves and booming capital markets.

## THE YEAR GONE BY Robust Business Performance

In spite of the macroeconomic and company-specific challenges, we delivered on our guidance in terms of revenue growth, EBITDA margin, capital expenditure etc. Your Company posted double-digit growth in revenues, maintained its credit rating and generated positive free cash flow, in spite of one-off provision. As mentioned earlier, the Company also maintained its leadership position as the highest exporter of Home Textile products from India. I strongly believe that this demonstrates the resilience of Welspunites and the trust reposed by our customers, lenders and the community at large.

## EVERY CHALLENGE IS AN OPPORTUNITY

Apart from the macroeconomic issues, the year gone by also presented us with supply chain challenges. In order to align our supply chain with our growing magnitude, we have put in place an industry-defining, multi-level traceability system called 'Wel-Trak' which can trace back finished product to its original source of raw material. Streamlining our supply chain, this cutting-edge traceability process allows tracking cotton from the farm to the store shelf using a combination of RFID, barcodes and QR Code Scanners integrated with ERP Systems.

'Wel-Trak' has been one of our most successful executions for strengthening of our supply chain on structural, technological and the process front that too in a record time of four months. It is a state-of-the-art solution that has raised the bar for the industry. We remain committed to innovation and technology to make the impossible, possible.

## RAISING THE BAR - CREATING STAKEHOLDER VALUE

At Welspun, we believe in building a sustainable leadership position through innovation & patents, brands, new markets, new channels and new products. Our mission is to transform Welspun in to a global Institution and constantly raise the bar to create and enhance stakeholder value.

## THE COMPANY'S GROWTH STRATEGY IS DRIVEN BY FIVE PILLARS OF GROWTH:

- **Innovation and Patents:**  
Welspun is known as one of the most innovative companies

# Chairman's Message

in the home textile space. We have a portfolio of 26 unique inventions across the globe, contributing 36% to our sales. Our innovation - 'Hygro cotton' has crossed the US \$200 million mark, contributing to approximately 20% of total revenues. During the year, the Company also secured the 'Interactive Textile Article and Augmented Reality System' patent for its new product line in smart textile category viz., 'Spintales'. Welspun has been able to create an ecosystem comprising of universities, technology partners and industry associations to continuously develop new products and processes.

- **Brands:** Your Company has emerged as a creator of unique, innovative products and experiences through a combination of brands, licenses, innovations and technologies. Our effort on branding and marketing campaigns is evident across the globe, through brands like 'Christy', 'Hygro cotton' and 'Spaces'. As we continue to strengthen our brand portfolio we have added a few licensed brands viz., Royal Ascot, Manchester City, Minions, FCB, Disney and Stay-well during the recent past. The share of revenue from our brand portfolio has seen a constant increase over the years and it reached 16% in FY17.
- **New products:** Our next growth engine is flooring solutions, where we are investing ₹ 6 billion over two years. The products include

area rugs, carpets, carpet tiles, accent rugs and wall to wall carpets. As mentioned earlier, the first product from our smart textile range viz., 'Spintales' was launched towards the end of the last financial year and has received raving reviews. The product is a unique immersive experience combining textiles and technology. We have also forayed into advanced textiles as we see a huge potential in this segment.

- **New Markets:** While we have a significant presence in the US market, we are constantly looking at other markets to grow our business and diversify our risks.
- A) DOMESTIC MARKET:** India has seen a stable Government with a strong determination to implement meaningful policy measures and to improve 'ease of doing business', consequently making India's growth story more resilient. The Government is committed to 'Housing for All by 2022', which will boost the demand for all home-related products, including home textiles. The combination of GST and push towards digital transactions will accelerate the shift towards organised sector.

Consequently, we see huge potential in the domestic market and are prepared to seize the opportunity, whether it be through our brands or through new product lines. 'Spaces' is already a well-established

brand with strong presence across the country. We will continue to do meaningful investment in the domestic brand portfolio to provide value across all customer segments. Our upcoming flooring solutions vertical will also contribute significantly to our domestic growth.

## B) INTERNATIONAL MARKETS:

At a global level, your Company will focus on increasing its footprint in underpenetrated geographies such as the European Union, Japan, the Middle East and Australia.

- **New Channels:** While we have a significant presence in the big box retailers across the globe, your Company is relentlessly working on improving the channels of distribution for its products. During the year, we refined our focus on new channels, including e-commerce and hospitality segments. We are constantly ideating and innovating to become an omni-channel player, to increase convenience and enhance the experience for our end-customers across channels.

## SUSTAINABILITY

We care about the environment and believe in an ecological balance to protect our natural resources. We have taken initiatives in areas of emission management, energy efficiency and water management across locations to minimise its environmental impact. Several energy conservation measures

have been taken through periodic energy audits and proactive maintenance of equipment. Waste generated at our Plant is used for co-processing by other manufacturing units due to its high calorific value. Dependency on plastic usage is discouraged/reduced through awareness drive.

We have minimised dependency on the Narmada River for fresh water as we recycle nearly 85% of water received in our 30 MLD Waste Water Treatment Plant. The Company has implemented a unique sustainable model which increases the availability of fresh water for use by nearby villages and for irrigation in surrounding areas.

During FY17, 10,000 youths were trained under Welspun Skill Development programme. Further, 1,200 women have been empowered through beneficiary schemes like vocational centre, health programmes, school renovation, smart classes, clean and green energies etc. As we raise the bar we look forward to many more developments in order to grow these numbers and initiatives through the inclusive growth model. Our vision is to empower women, children and villages through sustainable models.

Let me assure you that we are tirelessly moving towards our Vision and believe our core values will play a pivotal role in this journey. Our customers will remain at the core of everything we do. We will continue to deliver unique customer experiences through collaboration by launching innovative products

## VISION 2022

During April 2016, I had shared my 'Vision 2020' with fellow shareholders. Due to macroeconomic and other challenges, we have decided to rechristen our vision as '**Vision 2022**'.

Through our Vision 2022, our focus will remain to achieve:

 **US \$2** Bn  
Revenue

 **Nil**  
Net debt

 **50%**  
Innovative/Branded share

 **20%**  
Women employees

 **20%**  
Domestic revenue share

with technology as the backbone to achieve inclusive and sustainable growth.

Lastly, I take this occasion to express my heartfelt gratitude to our Board of Directors, our Management, our dedicated employees' and our esteemed customers and suppliers, bankers and investors, for their devotion, support and commitment to Welspun. I strongly believe that, with your support, we will continue raising the bar, not just for ourselves, but for the entire industry.

Sincerely,



Best Regards,  
**Balkrishan Goenka**



## Q&A with MD & CEO



**Rajesh R. Mandawewala** **R**  
MANAGING DIRECTOR



**Dipali Goenka** **D**  
CEO & JT. MD

**Q** *How has the home textiles sector evolved over the years? Please share your views on how Welspun India is leading this change?*

**R** Over the years, India has gradually grown to become one of the largest net exporters of cotton, thereby reducing costs and improving availability. Our country has also become more competitive compared to other textile manufacturing countries, capitalising on advantages like key cost factors and today, occupies a remarkable market share in the US and other international markets.

**D** Welspun has constantly evolved in order to meet the changing needs of the end customer, which has helped

us consolidate our leadership position in the industry. We help our clients improve their key performance metrics such as sales per square feet (through innovative products) and higher inventory turns (through analytics and supply chain optimisation).

**Q** *What were the major strategic initiatives during the fiscal?*

**R** During the year, we developed and put in place 'Wel-Trak' - Welspun's proprietary industry-defining multi-level traceability system. The system helps trace the finished products to its original source, thus significantly increasing the reliability of the supply chain.

As part of our ancillarisation programme, we have

established several ancillary units for intermediates including trims and packaging materials, apart from spinning units. We have also forayed into the flooring solutions and are in the process of putting up a world-class facility in Anjar, which will manufacture rugs, tiled and wall-to-wall carpets etc.

During the year, we also ventured into technical textiles segment with our state-of-the-art Needle Entangled Advance Textile plant in Anjar.

**D** During the year, we continued to focus on innovation and brand building. We revamped 'Christy' - one of UK's largest and best-known brands, making it more appealing to the younger audiences. In our licensed brands portfolio, we

added international brands like Royal Ascot, Manchester City, Minions, FCB, Disney and Staywell. We also launched 'Tilt' which seamlessly integrates technology with home textiles. The first product under the brand 'Spin Tales' brings augmented reality integration in home textiles.

In FY17, we opened a new skill development centre which covers various aspects of textiles, engineering and other day-to-day skills, empowering youths within the vicinity. We also set-up a Sewage Treatment Plant (STP) that helps in conserving and recycling water, thus reducing dependency on the Narmada River nearby.

**Q** *How are you 'Raising the Bar' with respect to technology and innovation?*

**R** Technology is one of the key focus areas at Welspun. We use technology to analyse the supply chain, right from deciding on optimal order quantities to ensuring timely shipments to tracing the products across the system.

**D** Innovation is in our DNA – whether it be in products, in processes or in supply chain management systems. Technology plays a key role in these innovations and we are considered one of the most innovative company in home textiles by most of our clients.

**Q** *Please take us through the Financial Highlights of FY17.*

**R** The overall growth this year was good despite challenges across markets. Our revenues grew at 12%, the net debt

to equity was 1.3x and net debt to EBITDA was at 1.9x. Consolidated operating EBITDA margin stood at 23.8%. We had a positive free cash flow and our long-term credit rating is maintained at AA-, despite unfavourable events.

**D** Our Towels market share continued to rise in the US from 15% to 22% in last 3 years. The bed sheets segment has grown from 7% to 11% in the same period. Share of innovative products rose to 36% (vs. 34% in FY16). Share from our branded products also rose to 16% in FY17 (vs. 13% in FY16) with Christy growing by 12% and domestic brands growing by 21% in FY17.

**Q** *What is the outlook for Welspun India? How is Vision 2020 shaping up?*

**R** The macroeconomic scenario remains challenging. There are cost pressures due to higher cotton and energy prices and rupee appreciation. Also, developments across the globe are indicating a move towards protectionism and erection of trade barriers. In spite of all this, India will remain the go-to destination for sourcing home textiles, thanks to competitive costs and supportive government policies.

We believe that WIL's unique strengths will help us maintain our leadership position in the industry. We have a differentiated strategy based on innovation, branding and sustainability initiatives. We believe our five pillars of growth – innovation, brands,

new markets, new channels and new products will drive growth in the medium-term.

**D** We remain fully committed to our Vision 2020 which we announced last year. Recent operational headwinds have put some pressure on the timelines for achieving these targets and hence we have decided to rechristen our vision as 'Vision 2022'.

To meet our target of US\$ 2 bn in revenue, we are focusing on a) new markets such as India, Europe, Japan etc. b) new channels such as e-commerce and hospitality and c) new products such as flooring solutions and advanced textiles.

For achieving zero net debt, we are focusing on improving our free cash flows by rationalising capex through ancillarisation and optimising working capital.

We plan to achieve 20% of our revenues from the domestic market. The reform measures by the Indian government will open-up significant opportunities for us and our flooring solutions will add to the potential. We aim to achieve revenue share of 50% from innovative and branded products. We hold 26 patents and plan to commercialise some of these over the next few years. We also plan to take 'Christy' global, increase penetration of 'Spaces' in India, apart from leveraging our licenses. Our women employee strength is at 17% which we intend to grow to 20% in the near future.

## Financial Highlights and Key Performance Indicators: FY17



**12** % Y-o-Y

Revenue Growth

**23.8** %

Operating EBITDA  
Margin

₹ **3,576** mn

Profit After Tax  
(after minority interest)

**1.27** x

Net Debt to Equity

**1.92** x

Net Debt to Operating  
EBITDA

**19.3** %

ROCE (pre-tax)

**AA-** (Long-term), **A1+** (Short-term)

Credit Rating

₹ **859** mn

Positive Free Cash Flow  
(after one time exceptional item)

₹ **0.65**

Per share Total  
Dividend



## REVENUE

₹ in Million

FY17	66,405	<div></div>
FY16	59,239	<div></div>
FY15	53,025	<div></div>

## OPERATING EBITDA MARGIN

%

FY17	23.8	<div></div>
FY16	26.9	<div></div>
FY15	24.0	<div></div>

## NETWORTH

₹ in Million

FY17	23,971	<div></div>
FY16	19,700	<div></div>
FY15	14,732	<div></div>

## OPERATING EBITDA

₹ in Million

FY17	15,834	<div></div>
FY16	15,927	<div></div>
FY15	12,742	<div></div>

## CASH PROFIT\*

₹ in Million

FY17	9,131	<div></div>
FY16	12,074	<div></div>
FY15	9,095	<div></div>

## NET FIXED ASSETS

₹ in Million

FY17	35,713	<div></div>
FY16	33,508	<div></div>
FY15	26,049	<div></div>

\* PBDT - Tax outflow



# Raising the bar for our Customers

*Our customer is at the heart of everything we do.*

We stand strong by our 'Customer First' philosophy and it is our prime objective to fulfill the needs of both, our internal as well as external customers. With

the help of technology - led by innovation, we consistently work on strengthening our product portfolio, raising the bar of enhanced customer experience.



## CUSTOMER FIRST PHILOSOPHY

As a brand, we believe in understanding the customers' needs and live by our 'customer-first' philosophy. We believe customer-centricity is the key to sustainable value creation, as it plays a critical role in designing and creating best-in-class home textile products. We delight our customers by delivering new designs and solutions; and go that extra mile to raise the bar for an enhanced customer experience. We strengthen our product portfolio consistently by adding innovative products to our basket of offerings to address emerging customer needs.

### WELSPUN'S PHILOSOPHY: KEEPING CONSUMER AT THE CORE

#### Hygrocotton®

Our outlook towards a better tomorrow leads us to develop innovative home textiles with patented technology. Hygrocotton®, a patented hollow core yarn makes super absorbent towels and sheets that regulate temperature. The sheets regulate temperature within a range of four degree Fahrenheit; and towels made from it enhance absorption and softness with every wash. Our Nano Core innovation recently received Asthma and Allergy Free Certification for bedding products in the US. Our focus is product differentiation and innovation, as they help us create unique designs and gain a competitive edge globally.

#### Tilt - A Smart Textile Brand

Under the new product line Tilt, we have launched our first brand - Spintales, which is an interactive and innovative duvet and rug for children. It was presented at CES 2017 at Las Vegas to extensive media coverage and it has received an overwhelming response from users, the industry as well as the media. It provides a unique experience, where children and parents bond in an augmented interactive environment. This is a protected patent with augmented reality in home décor. It is a system that has textile material with a design motif or theme and an augmented reality software application. Once the customer scans the design motif on the textile material, he begins to visualise and understand the related story on the augmented

reality portal. It engages the users with interactive learning experiences.

#### Consumer Analytics

We keep a close watch on the upcoming global trends as we simultaneously work with our global customer base, with the aim to deliver omni-channel solutions to consumers. With an emphasis on technology through Data Analytics and Vendor Managed Inventory Support, our focus remains to enhance product differentiation. Our integrated systems help us manage supply chain and provide real-time information to customers, which enhances our pro-retail approach.



# Technology

*Technological advancement at Welspun has always resulted in higher operational efficiency and greater value to our consumers.*

It also makes us a transparent and an open organisation. Technology has been our prime focus in FY 2016-17 and we will continue

adopting better technological practices to make our business operations more customer and employee friendly.





## INDUSTRY-DEFINING PATENTED TRACEABILITY SYSTEM

Wel-Trak™ - A game-changing innovation from Welspun is a state-of-the-art solution providing transparency and real-time information. We begin by tagging our fiber at the source and store information gathered on each tagged bale in our unique database. Then the fiber is traced at every stage of textile production. Our proprietary process allows our customers and end consumers to trace any Welspun-make product back to its fiber source.



### INTERACTIVE ZONE

The 'Interactive Zone' keeps the two-way communication process going, at all times, with our customers. It is a smart system which enables the customer to conduct a detailed drill-down analysis of our products' performance. Besides,

it helps to manage the store and programme performance better by helping manage inventory and maintain high in-stock levels for consumers. Welspun India, collaborates with top retailers, which further enhances the business operations.



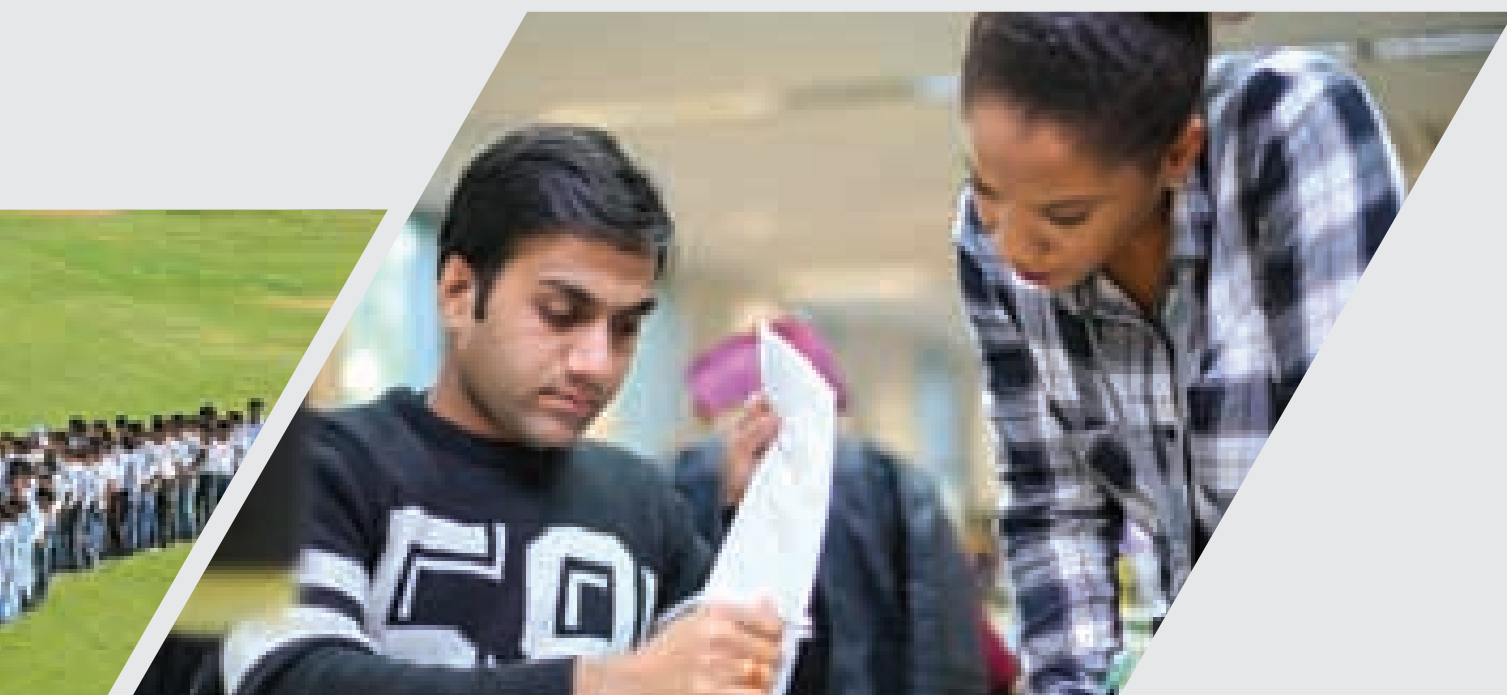
# Collaboration

*Welspun is a close-knit organisation where every partner is working together towards common goals that put Welspun first.*

Driven by thought-leadership, the sense of collaboration, connection and unity has helped the Company grow stronger through the years.

We follow cognitive people practices resulting in enriching

and enticing career developments. Rewards and recognitions are a culture in the organization. We are also breaking down silos between departments to work as 'One Welspun'.



## COLLABORATING TO TRANSFORM

We are committed to embrace collaboration both within and outside the Company. Our innovation partners and vendor base stand in testimony of our collaborative mind-set. Welspun is an Alliance Member of the Well Living Lab, in collaboration with Delos and Mayo Clinic. It's one of the first labs exclusively committed to researching the real-world impact of the built-environment on human health.

As a part of our alliance and improving value chain management, we have launched a 'Smart Sourcing Project' to create ancillary units around the plant in Anjar. It can create synergistic benefits including assured supply, lower transportation costs, lower inventory and recycling of packaging.

Our strategic agreement with Cotton Egypt Association covers the use of the Egyptian Cotton Logo till 2022. Thus, we run a joint-marketing initiative to promote the Logo. Similarly, we have an agreement with the largest farmer of Supima cotton and various other collaborations like Better Cotton Initiative (BCI).



# Inclusive growth

*We are a socially aware and responsible organisation, committed to giving back to the society.*

We consciously aim to build and enhance Corporate Social Value by contributing our bit towards empowering the community and the environment. We are making Welspun an employer of choice

for women through progressive policies and are also consciously working towards increasing the women workforce by 20% across the Group.



## AN INCLUSIVE APPROACH

Inclusive growth and sustainability is an essential part of our DNA. It is reflected in our responsible cotton sourcing, multitude of environment-friendly practices in manufacturing and operations, and initiatives under the SPUN project. Besides, our focus is on the 3 Es – Education, Environment & Health and Empowerment of women & youth. The objective of these is to integrate our weaves with the lives of community members by creating experiences that ensure positive impact on livelihood and environment.

### Education

Welspun has set-up Welspun Vidya Mandir, a CBSE school in Anjar, which provides education up to class XII. Vidya Mandir not only provides education to over 1,600 students but also focuses on their holistic development. Through our initiative of 'Quality Education Programme', we extended our reach across 34 schools in 2 villages. This programme was initiated in close association with the Government of Gujarat and we recruited around 40 para teachers. In FY 2016-17, 'SMART classes' were installed in around 34 schools, enhancing the learning experience of over 8,000 students. We were delighted with the overwhelming response we received by raising the bar for education in these schools. The initiative currently is running in full capacity; over 272 students have been mainstreamed in regular classes.

As a part of the community welfare and awareness programme, the school organises

community service activities wherein children visit old age homes and orphanages, among others. Moreover, children are sensitised towards the environment and provided saplings to plant and nurture the trees. In addition, students participate in various art and craft exhibitions and the funds collected from these are donated to charity.

### Empowerment

Women empowerment is at the core of our philosophy. Our diverse workforce has over 2,000 women as part of the Welspun family, which accounts for 17% of our team. This number has grown significantly in the last five years.

Some of our products are created locally in villages, thereby helping local women to get a global brand identity. Their products are influenced by handcrafted traditions of India and yet are contemporary at the same time. The 'Spun Project' is devoted to preserving traditional arts and crafts, along with the vision to empower women.

In collaboration with Walmart, we began the 'SWASTI Foundation' for training and further empowering women.

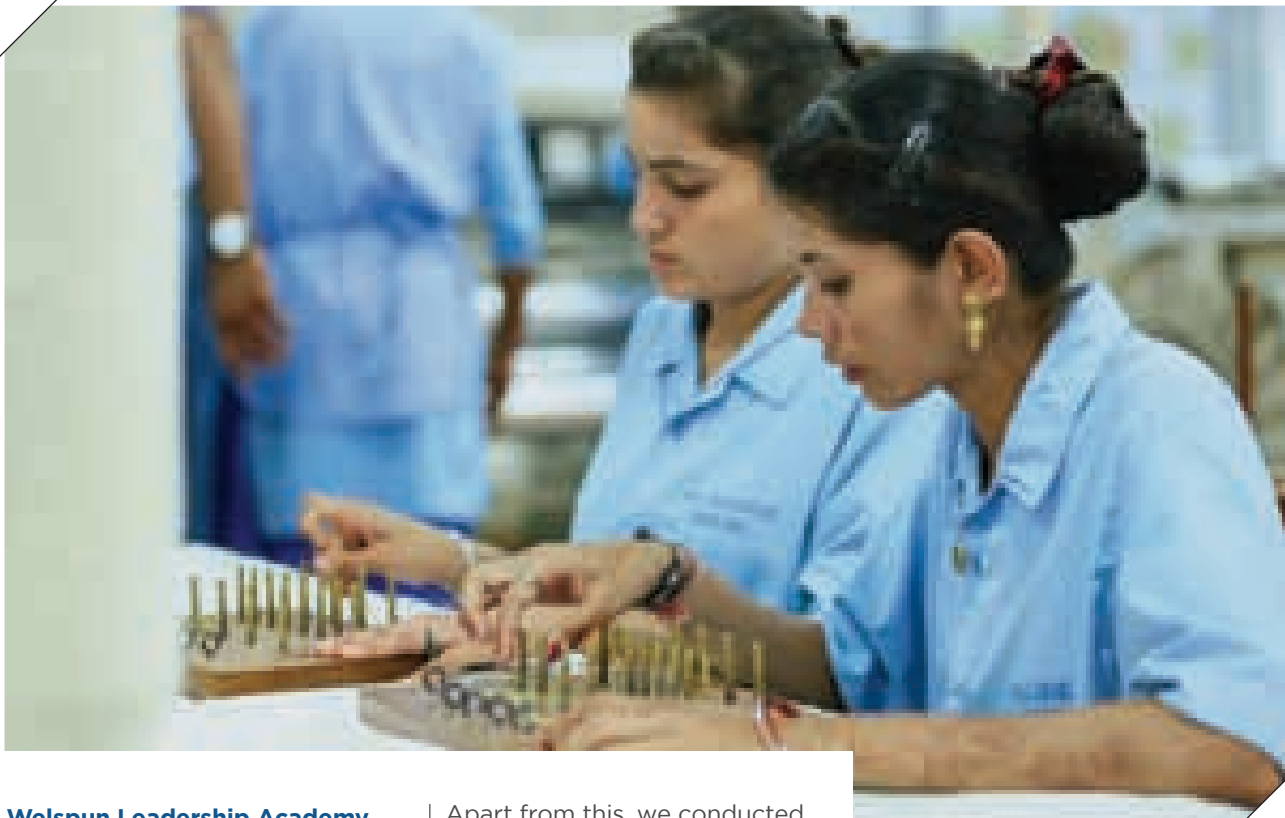
The initiative has trained over 2,300 women in the foundation-level course and 519 women in the advance level course.

In addition, we are associated with top universities for manufacturing, design and talent, where skills are developed for employees as well as non-employees.

### Environment

Welspun is compliant with various global sustainable standards for textile producers. We understand water is a vital part of life and is an important component for textile operations. To reduce fresh water consumption at our Anjar unit, we have set-up a Waste Water Treatment Plant (STP), with a capacity of 30 million litres per day. The facility recycles waste water from the neighbouring areas and processes it, thereby reducing our dependence on fresh water. This has diminished our fresh water intake and made it available to our surrounding communities. About 85% of the water recovered from the STP is used at the Anjar plant. Moreover, the system reduces water pollution and health risks associated with it.

## The People Edge



### Welspun Leadership Academy

We had initiated Welspun Leadership Academy for our Leaders in the textiles business with a focus on building a strong leadership pipeline. Using army as a metaphor, the academy aimed at enhancing their leadership skills through a series of interventions such as workshops, live business projects, immersion experiences at Indigo, Oberoi & Myntra.

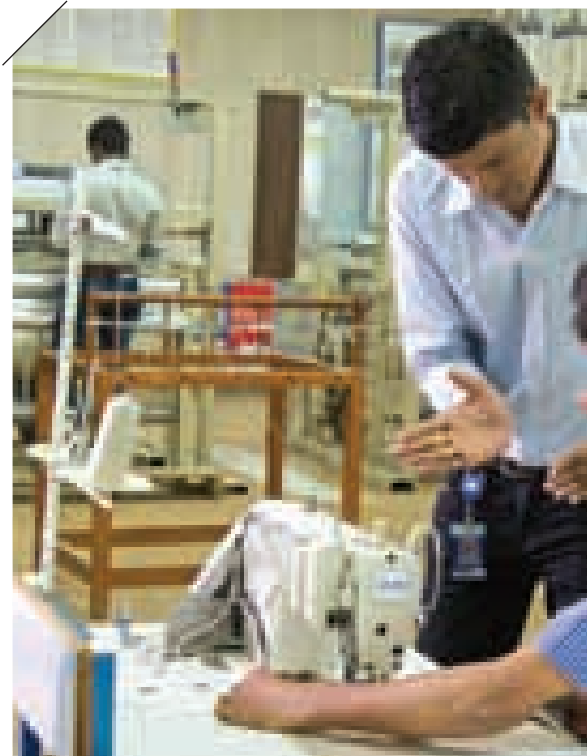
### ENHANCE YOUR EXECUTIVE PRESENCE

We initiated a 6-month long journey on 'Enhance your Executive Presence' which covered areas like high impact presentation & communication skills, building confidence in business professionalism, selling ideas, communicating ideas with clarity and force. The participants were evaluated on the basis of how much they were able to transfer their learnings into their workplace.

Apart from this, we conducted several training sessions for our employees at various other locations basis the training needs captured during the Training Need Assessment exercise. These trainings are planned not just for Staff but also for our workers in plant locations.

### SUCCESSFACTORS - MAINTAINING PEAK PERFORMANCE:

Welspun launched a two-week duration project in Anjar named 'HRIS War-Room' and HR business representatives from all locations collaboratively redefined enterprise & personnel structure and successfully mapped in Success Factors production system. 'HRIS War-Room' project was a great success and sign of Welspun's core values i.e. **Collaboration and Technology.**



### Employee Engagement Programmes in FY17

We have various communication forums across all our locations for employees to have an interface with the Senior Leadership at Welspun. A few of these forums are monthly departmental meetings, skip level meetings, coffee with business head, Gupshup and Town Hall meetings. During monthly birthday celebrations of our employees, we announce the 'Shining Stars' of the month and give Tenure awards to our eligible candidates. Other employee engagement activities include:

#### SHINING STAR 2.0

Shining Stars 2.0 is a more evolved version of its predecessor.



The employees are encouraged for going the extra mile either through outperformance in one's own area of work or about institutionalising a system/process etc. The criteria of selection are Sustainability & some indicators like financial impact, outstanding performance, actions exhibited beyond scope of work/span of control/KRA.

#### TREE OF DEEDS:

'Tree of Deeds' initiative is in sync with our Group's core value of inclusive growth. Employees are encouraged to get involved in activities that create a larger impact in the lives of the communities we operate in.

#### TREE OF GOOD WORK

An inter-location initiative where the employees vote to reward exceptional contribution made by a co-worker, subordinate, superior, peer.

#### TREE OF GOOD WISHES

The Human Resource team coordinates to ensure that employees with having their Birthday, Anniversary, Work Anniversary etc. are felicitated with greeting cards and goodies as a token of best wishes.

### Employee Health and Safety Measures

One of the top priority of operations at Welspun India is to ensure Safety and Health of its employees and the people living in the vicinity of our facilities.

Our Safety, Health and Environment policy governs

and illustrates all the activities to ensure a safe and healthy workplace as well as a clean environment for both the employees and the community. We ensure highest standard of safety in our plant design, equipment selection, maintenance and operations to provide safe and healthy work environment.

The Company makes due arrangement for Information, Education, Training and Retraining to all employees and interested parties including contractors, sub-contractors, transporters and other agencies about EHS objectives at different levels.

#### Total employee strength as on March 31, 2017:



**2,227**  
Staff



**14,106**  
Company workers



## Swachh Welspun Abhiyan (SWA)

In line with the Government's 'Swachh Bharat Mission', we initiated the 'Swachh Welspun Abhiyan' on 2<sup>nd</sup> October, 2014. The drive is our goal towards promoting better hygiene standards, waste management, environment management and sanitation systems across Welspun Group.



Our Chairman Mr. B.K. Goenka's vision is having a 'factory in a garden'. With this vision at the core of our business culture, our 2020 focus remains to plant 5 lakh trees at all major facilities. Anjar, stands to benefit more compared to other facilities as the focus aims to make this facility look like an oasis in the middle of a desert. The work on this facility is a big step towards making our 'Swachh Welspun Abhiyaan' dream come true.

- We have worked on a 7S system which includes awareness around clean habits, recycling or reusing, zero discharge, workplace management, sanitation and tree plantation. The objective is to create awareness and empower people with the right knowledge. Once the habits become a part of our lifestyle, they will contribute to the larger goal of 'Clean India' mission. Each Welspunite has taken a pledge to dedicate themselves to the Swachh Welspun Abhiyan.





- The entire Welspun group has been divided into zones which further are divided into nine zones and sub-zones at each location. A zone coordinator maintains a SWA structure of respective group zones, he sets goals and standards, approves financial resources, handles the promotion and publicity of SWA throughout the organisation, conducts quarterly reviews, approves pending decisions related to the SWA project, and gives decision on proposed actions under eight elements where required. Also regular meetings with various stakeholders ensure the SWA is driven across the group.
- We have also initiated Awareness trainings and promotional activities like skit performance, poster/essay or slogan competition, newsletters, sworn oaths, exhibitions etc. to create awareness of a clean work environment. The best team is awarded a 'spot award' after evaluation of a quarterly assessment at the zone level after the auditor has verified actions of previous audit observations.
- In order to ensure sustenance, the SWA performance is incorporated in the employee appraisal system. The drive also has guidelines to food waste reduction, saving water and energy in our day-to-day lives.

We look forward to creating a cleaner and greener planet for our future generation.



## Awards & Accolades



Dipali Goenka  
Featured at #16 in  
Asia's Top 50 Power  
Businesswomen (2016)



Winner in Textiles  
Sector (2016)



Best of the Best  
Supplier Award



Best Quality Supplier (2016)



Conferred with  
Sustainability 4.0  
Certificate of Merit



Winner of 12 Gold Trophies



Best Performing Brand  
'Spaces' (Home Category)



Greentech Safety Gold  
Award (2016)



- Special Gold Trophy for the Highest Global Exports (Overall)
- Gold Trophy for the Highest Exports 'Bed Linen/Bed Sheets/Quilts'
- Gold Trophy for the Highest Exports of 'Terry Towels'
- Silver Trophy for the Second Highest Exports of 'Other Cotton Made-ups'

# Corporate Information

## Board of Directors

**Balkrishan Goenka**

CHAIRMAN

**Rajesh Mandawewala**

MANAGING DIRECTOR

**Dipali Goenka**

CEO & JOINT MANAGING DIRECTOR

**Arun Tadarwal**

INDEPENDENT DIRECTOR

**Ram Gopal Sharma**

INDEPENDENT DIRECTOR

**Pradeep Poddar**

INDEPENDENT DIRECTOR

**Arvind Kumar Singhal**

INDEPENDENT DIRECTOR

**Padma Betail**

NOMINEE DIRECTOR - IDBI BANK

## Audit Committee

**Ram Gopal Sharma**

**Arun Tadarwal**

**Rajesh Mandawewala**

## Nomination and Remuneration Committee

**Ram Gopal Sharma**

**Arun Tadarwal**

**Balkrishan Goenka**

## The Stakeholders' Relationship, Share Transfer and Investor Grievance Committee

**Ram Gopal Sharma**

**Balkrishan Goenka**

**Rajesh Mandawewala**

## Corporate Social Responsibility Committee

**Ram Gopal Sharma**

**Rajesh Mandawewala**

**Dipali Goenka**

## Company Secretary

**Shashikant Thorat**

## Auditors

**Price Waterhouse Chartered Accountants LLP**

## Corporate Office

Welspun House, 6th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013, INDIA  
Tel: 022-66136000/2490 8000  
Fax: 022-24908020  
Email: companysecretary\_wil@welspun.com  
Website: <http://www.welspunindia.com>

## Works

Welspun City, Tal. Anjar, Dist. Kutch,  
Gujarat - 370 110, INDIA  
Tel: (02836) 661111  
Fax: (02836) 279010

Survey No. 76, Village Morai,  
Vapi, Dist. Valsad,  
Gujarat - 396 191, INDIA  
Tel: (0260) 2437437  
Fax: (0260) 2437088

## Registered Office

Welspun City, Tal. Anjar, Dist. Kutch,  
Gujarat - 370 110, INDIA  
Tel: (02836) 661111  
Fax: (02836) 279010

## Stock Exchanges where the Company's securities are listed

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 051

The National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051

# MANAGEMENT DISCUSSION & ANALYSIS



The Management Discussion and Analysis (MD&A) should be read in concurrence with the Audited Consolidated Financial Statements of Welspun India Ltd. ('Welspun' or 'WIL' or the 'Company'), and the notes for the year ended March 31, 2017. This MD&A covers Welspun's financial position and operational performance for the financial year, 2017. The legal tender for this MD&A is Indian Rupees, unless indicated otherwise. The numbers for both FY2016-17 and FY2015-16 are on a consolidated basis, regrouped and reclassified wherever necessary.

## Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other related synonyms. All statements which 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. These 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 LTD. - BUSINESS OVERVIEW

Welspun India Limited ('Welspun' or 'WIL' or the 'Company'), is part of the US\$ 2.3 billion Welspun Group, is one of the world's largest home textile manufacturers. Welspun serves a wide consumer cross-section globally by offering a spectrum of home textile products in Bath, Bedding and Flooring solutions. The Company offers unique innovations in products and experiences to its customers through various combinations of brands, products, technologies and channels.

With a distribution network in more than 50 countries, the Company is the largest exporter of home textile products from India. The Company supplies to 17 of the Top 30 global retailers from its world - class manufacturing facilities at Anjar and Vapi, both in Gujarat, India.

About 95% of WIL's revenue is derived from exports to various countries across the globe, due to the Company's strong presence in key markets, such as USA, Canada and UK. Today, the Company has a 20% market share in towels and 11% in bed linen in the US; and is present across every major store in UK. However, as part of its diversification strategy, the Company is continuously working on increasing its footprint in newer geographies including Continental Europe, Japan, Australia, the Middle East and particularly, in the Indian market.

Around 16% of the Company's revenue is contributed by its own brands (such as Christy, Spaces, Welhome and Tilt). Also, the Company holds coveted merchandise licences such as Wimbledon, Disney, Minions, Royal Ascot, Manchester City and FCB. The Company's strong and consistent emphasis on innovation is evident in the number of patents (26 global patents, inclusive of pending patents) and trademarks, in its portfolio. Currently, about 36% of WIL's total revenue comes from innovative products developed by the Company.

### GLOBAL ECONOMIC OVERVIEW

For the global economy, the year 2016-17 was a year of unstable growth, shifting policies and heightened uncertainty. Global growth in 2016 is estimated at 3.1% vis-à-vis 3.4% in 2015.

Advanced economies struggled with subdued growth and low inflation in a context of increased uncertainty about policy direction, tepid investment, and sluggish productivity growth, in the first half of CY2016. However, the second half saw a stronger-than-expected pickup in growth in advanced economies, due to reduced drag from inventories and some recovery in manufacturing output. Economic activity rebounded strongly in the United States in the second half, with improvement in employment, investor & consumer sentiment and resources utilisation. However, output remained below potential in a number of other advanced economies, notably in the euro area.

The economic conditions in emerging market and developing economies remained much more diverse. Emerging Asia in general and India in particular showed robust growth. China's growth rate was marginally stronger than expected, supported by continued policy stimulus. However, activity was weaker than expected in some Latin American countries, currently in recession, such as Argentina, Brazil and Turkey. Sub-Saharan Africa experienced a sharp slowdown.

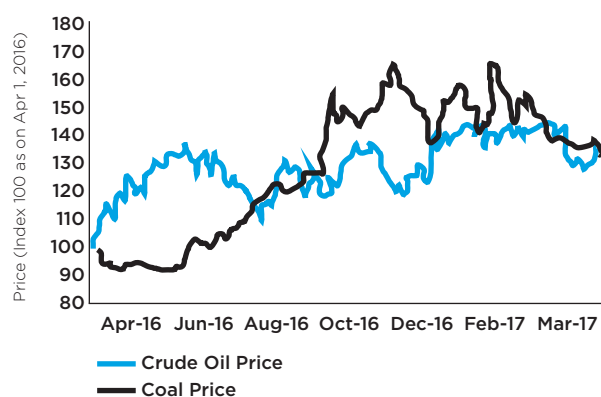
FY17 saw a few outlier macroeconomic events like the Brexit vote and Presidential elections in US. The ultimate impact of Brexit remained very unclear, as the fate of institutional and trade provisions between the United Kingdom and European Union is uncertain. The macroeconomic sentiment towards emerging market economies improved with expectations of lower interest rates in advanced economies, reduced concern about China's

near-term prospects following policy support to growth, and firming up of commodity prices. However, prospects differ sharply across countries and regions.

Headline inflation rates recovered in advanced economies towards the end of the year, but core inflation rates have remained broadly unchanged and generally below inflation targets. Inflation strengthened in China as capacity cuts and higher commodity prices have pushed producer price inflation to positive territory after nearly half a decade of deflation. In other emerging markets, inflation developments have been heterogeneous, reflecting differing exchange rate movements and distinctive factors.

Commodity prices staged a recovery during the year, from their lows in 2016. Oil prices increased about 38% in FY17, majorly in the second half of 2016, reflecting an agreement among major producers to trim supply. Coal prices too went up by almost the same margin - about 37% in the same period.

### Commodity Price Index



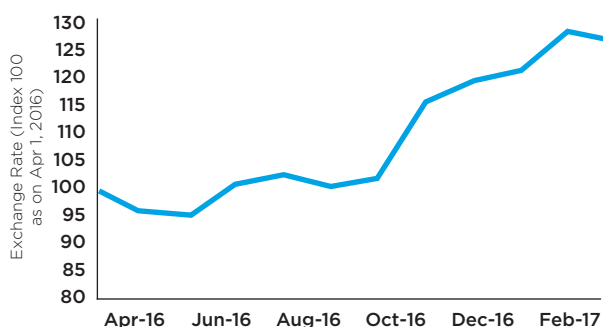
Source: Coal price is Coal Futures - (UCXMc1), Investing.com, Bloomberg

With strong infrastructure and real estate investment in China, as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened. The Metal Price Index shows, there has been an overall 26% price escalation in metals.



## Metal Price Index

(Index 100)



Note: Index constituted of Copper, Aluminium, Iron Ore, Tin, Nickel, Zinc, Lead and Uranium

Source: Indexmundi

Economic activity in both advanced economies and emerging economies is forecasted to accelerate in CY2017 and CY2018, with global growth projected to be 3.4% and 3.6%, respectively. The forecast of advanced economies is dependent strongly on potential changes in the policy stance of the United States under its current administration. However, the global outlook remains tilted downwards in the medium-term, due to lingering concerns in global markets. These concerns range from unpredictable geopolitical developments, uncertainty about cross-border economic integration, to sharp exchange rate movements or weak and impaired balance sheets in advanced economies. Keeping the supply-cut in view, the oil prices are expected to increase gradually from an average of \$43 a barrel in 2016 to \$51 a barrel in 2017. This will help push demand and provide macroeconomic stability in oil-exporters, like the Middle Eastern countries. In contrast, countries dependent on oil imports will suffer in varying degrees as import bills surge.

Source: WTO, World Bank, IMF World Economic Outlook Jan 2017 Update

### Indian Economy

India's economy continues to be one of the most attractive economies of the world for businesses and investors. India, one of the fastest growing major economies globally, has recently emerged as the world's sixth largest manufacturing country as well.

The economy is on a robust growth trajectory and continues to achieve stable annual growth rate, rising forex reserve and booming capital markets. The economy expanded by 7.1% in FY17, despite the demonetisation drive announced by the Government on November 8, 2016. With proactive

re-monetisation by the RBI and unprecedented focus on digital transactions by the Government and banks, the impact gradually tapered off by the end of FY17.

## ADVANTAGE INDIA

### Economic landscape

- Per capita income has crossed US\$ 1,500 annually
- FDI inflows grew by 18% in CY2016
- RBI is creating strong enablers for sustainable growth

### Political landscape

- India has stable governance with a strong leadership
- Various policy measures were initiated, including Make in India, Skill India & GST
- Focus on Ease of Doing Business and building organised sector or market
- Efforts to achieve Affordable Housing which will in turn boost home related consumption

### Social landscape

- India has a huge youth bulge (65% of the population is below the age of 35)
- There is a growing consumer shift towards quality, aesthetics and brand across all product categories
- The country is increasing turning digital in the way its citizens live, shop, work and entertain themselves, encouraging new business models and strategies for branding. Interestingly, internet penetration is expected to reach 60% by 2020



The Government revamped the bankruptcy laws, so that the 'exit' problem that infiltrates the Indian economy can be addressed effectively and swiftly. It also categorised the institutional arrangements on monetary policy with the Reserve Bank of India (RBI) to consolidate the gains from macroeconomic stability.

The Consumer Price Index (CPI) - New Series inflation, which averaged 4.9% during April-December 2016, has demonstrated a downward trend since July when it became apparent that kharif agricultural production in general and pulses in particular would be bountiful. The decline in the prices of pulses has contributed substantially to the decline in CPI inflation, which reached 3.4% at the end of CY2016.

India's economy is set to grow at 7.4-7.7% in 2017-18. The implementation of GST will be a landmark development in 2017-18. GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism.

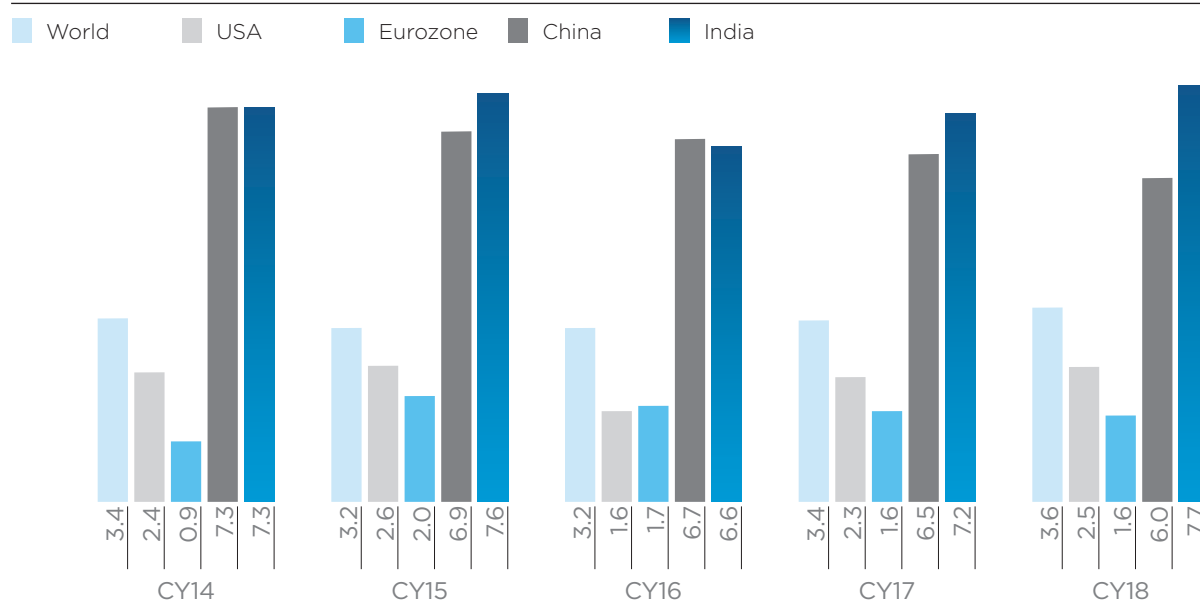
India's exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus. Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year, by as much as 1 percentage point. On the other hand, consumption is expected to receive a boost from two sources: catch-up after the demonetisation-induced reduction in the last two quarters of 2016-17; and cheaper borrowing costs, which are likely to be lower in 2017 than 2016 by as much as 75 to 100 basis points. As a result, spending on housing and consumer discretionary could rise in future. Also, the 7th Pay Commission will give an extra fuel to the growth in the household consumption demand.

The graph below shows the GDP growth across regions, with India expected to be the fastest growing large economy in CY2017 and CY2018.

Source: Economic Survey 2016-17, World Bank, IMF, RBI

### GDP Growth Across Region

(%)



Source: IMF Report, Jan 2017

## FOREIGN EXCHANGE

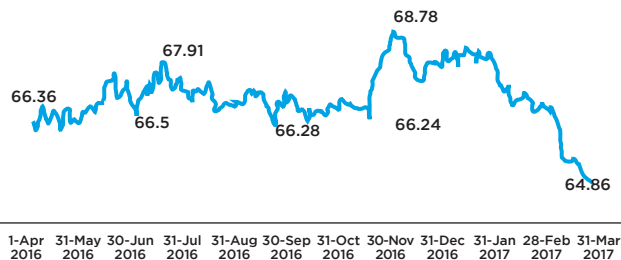
India's currency was rangebound for most part of the year vis-à-vis the US\$; however, the last quarter saw a sharp appreciation of the rupee.

The rupee opened the financial year at 66.37 vis-a-vis the US Dollar in April 2016. Till October end, it remained stable at around 66 levels. Then it peaked in November at 68.78. After this, it appreciated but the appreciation was short-lived; it started depreciating from January 2017 end. It touched the lowest level of 64.86 on March 31, 2017.

The recent appreciation of the Rupee against the US Dollar has led to increased returns for foreign investors invested in India. The currency appreciation is good news for importers as well; however, exporters are struggling to recalibrate to the new levels.

Below chart shows the price fluctuations during FY17.

### Currency Price Fluctuations (USD/INR)



Source: Investing.com

## GLOBAL TEXTILE INDUSTRY AND TRADE

According to the data provided by WTO, there has been a CAGR of over 7% from 2009 levels in the global textile and clothing trade, which has touched US\$ 744 billion in CY2015. Of the total trade in 2015, US\$ 454 billion is attributed to clothing or apparel trade, while the remaining to textile trade (US\$ 290 billion).

Developing countries like China (38%), India (4.77%), Vietnam (3.98%) and Bangladesh (3.91%) led the Textile & Apparel exports as major manufacturing activities are concentrated in these regions. Highest-value stages of textile and apparel value chain such as designing, marketing and distribution are focus of the regions like the US, EU and Japan.

## Textile & Apparels Exporter

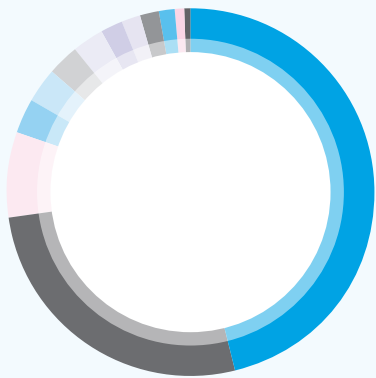


(%)

Source: WTO 2016 statistics for CY2015



## Textile & Apparels Importer



(%)

European Union 34.08	Turkey 1.24
Others 29.83	Russia 1.12
USA 16.99	Bangladesh 1.03
Japan 4.94	Indonesia 0.83
Canada 1.92	India 0.61
Vietnam 1.90	Pakistan 0.23
Rep. of Korea 1.84	

Source: WTO 2016 statistics for CY2015.

## US\$ 1.3 TRN

The textile and clothing trade is expected to breach the US\$ 1.3 trillion mark by CY2023 by growing at around 7% annually

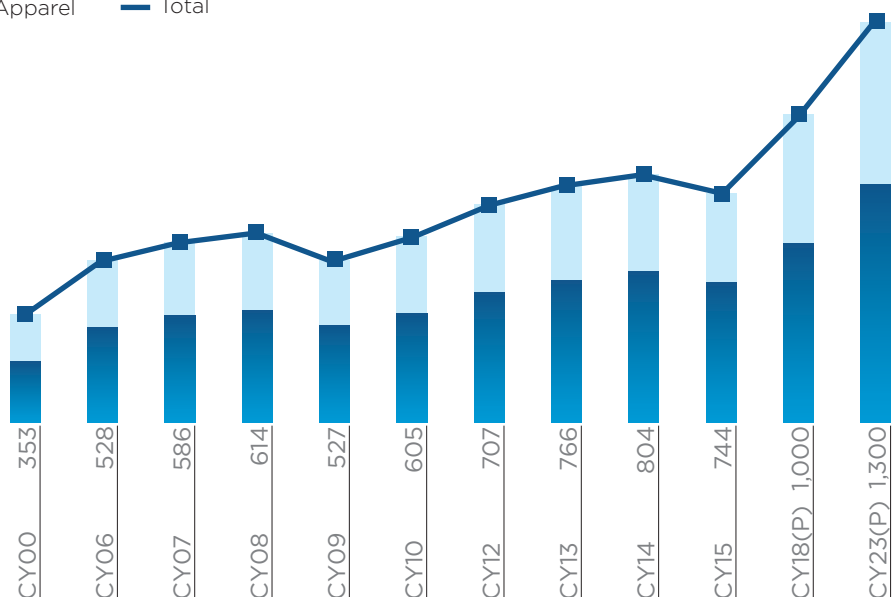


The textile and clothing trade is expected to breach the US\$ 1.3 trillion mark by CY2023 by growing at around 7% annually.

## Global Textile & Apparel Trade

(US\$ billion)

Textile Apparel Total



Source: WTO 2016 Statistics &amp; Technopak 2015

## INDIAN TEXTILE INDUSTRY

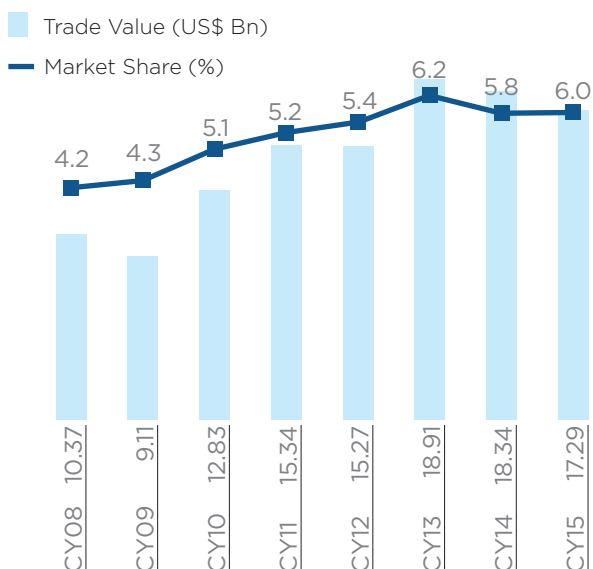
India's textile industry is the largest employer after agricultural industry, engaging over 45 million people directly and 60 million people indirectly. It constitutes 15% of the country's export earnings and contributes 4% to India's GDP and approximately 14% to the overall Index of Industrial Production (IIP). India's textiles sector is not only globally competitive, but one of the oldest industries in Indian economy, dating back several centuries.

The country is the third largest global exporter of textiles and apparels in CY2015 after China and EU with around 4.8% market share as per WTO data, making it a significant player in the global textiles and apparel exports.

India's share in the global textile (non-clothing) trade has been increasing; from 4.2% in CY2008, it has gone up to 6.0% in CY2015.

### India's Share in World Textile (non-clothing) Trade

(%)



Source: WTO, 2015 trade statistics for Textiles

Indian textile and apparel exports grew despite the challenging stronger rupee scenario in FY17. The exports are estimated to touch US\$ 82 billion in 2021 from US\$ 40 billion in 2016, which implies a CAGR of 15.4% in 2016-21.

## Indian Textile & Apparel Exports

(US\$ billion)

# 15.4%



CAGR

2016	40
------	----

2021E	82
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Source: IBEF presentation March 2017

With a promising export market and cost-effective production, the future for the Indian textile industry looks promising. The country's textile market is expected to grow at around 10% and reach US\$ 226 billion by 2023:

### Projected Indian Textile and Clothing Industry - Domestic + Exports

(US\$ billion)

# 9.6%



CAGR

2014	99
------	----

2015	108
------	-----

2023E	226
-------	-----

Source: IBEF presentation, March 2017

The Textile Ministry's Vision 2024-25 envisages a CAGR of at least 15% in exports from FY15-25. The country is expected to have a market share of 15-20% of the global textile and apparel trade from the present 5%. The domestic market is also expected to grow at 12% or higher.

## HOME TEXTILES MARKET

A major part of the overall textile industry is the home textiles and furnishing sector, which includes terry towels, bed sheets, top of the beds, curtains, pillows cases, rugs, carpets. The home textile market has grown in recent times due to various factors such as increasing preference for premium or luxury home furnishing products; rise in household disposable incomes; and globalisation contributing to market growth.

### Global Home Textile Market - Domestic + Exports

(US\$ billion)

# 8.3%



CAGR

■ Retail Level    ■ Wholesale Level



Source: Industry Reports

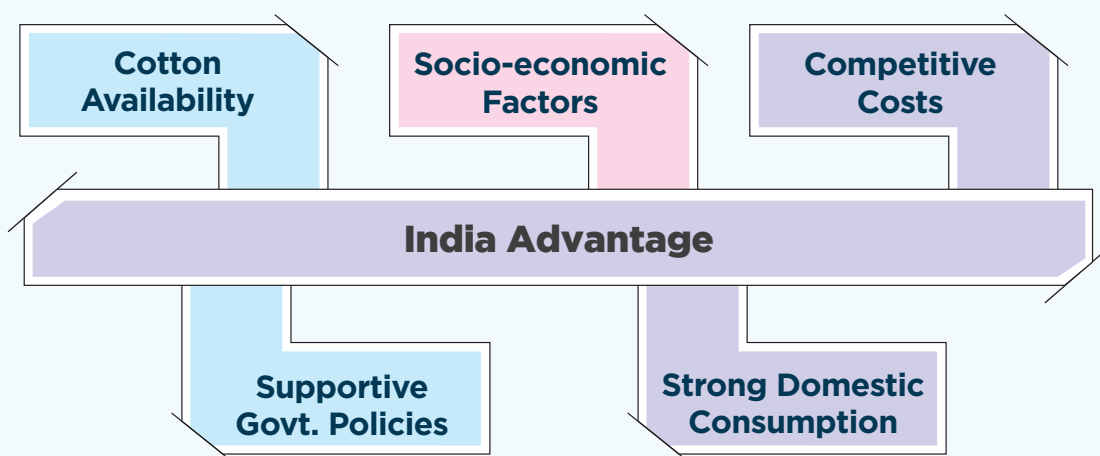
The global home textile industry is estimated to be US\$45 bn at the wholesale level and US\$136 bn at the retail level as of 2015. The market is expected to grow at a CAGR of more than 8%, driven primarily by demand from emerging markets such as China and India. The market is estimated to touch US\$ 67 bn at the wholesale level and US\$ 203 bn at the retail level by 2020.

The US and Europe are the largest consumers of the global home furnishings market. Demand is almost equally split between US, Europe and the Rest of the World.

The supply side is highly competitive owing to the presence of many large international vendors operating globally. India, China, Pakistan and Turkey are among the key supplier countries.

### India Advantage in Cotton home Textiles

India's cotton textile companies, particularly home textile companies, are in a sweet spot currently with potential to increase sales in the export market as well as domestic market. Over the preceding five years, there have been structural shifts in the dynamics of the industry, where Indian companies have gained advantage over other countries. The following are the key advantages of India.



### Cotton availability:

India is the largest producer of cotton as well as a net exporter of cotton and cotton yarn. The country also has the distinction of having the world's largest area under cotton cultivation, vis-à-vis other major cotton producing nations. The abundance of cotton is favourable for textile units in terms of quick availability as well as lower raw material cost.

### World Cotton Balance sheet - 2016-17 (in Mn MT)

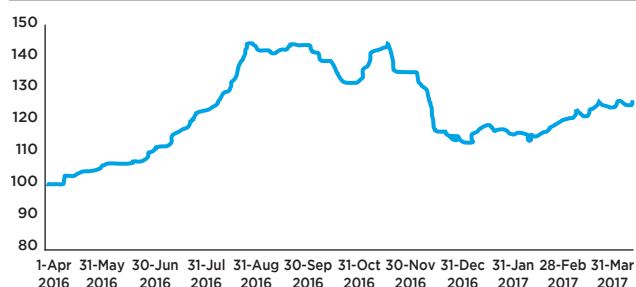
COUNTRY	Opening Stock	Output	Import	Consumption	Exports	Closing Stock
WORLD	21.2	23.2	-	24.8	-	19.7
US	0.8	3.7	0.0	0.7	3.2	0.7
<b>INDIA</b>	<b>2.4</b>	<b>5.9</b>	<b>0.6</b>	<b>5.3</b>	<b>0.9</b>	<b>2.7</b>
CHINA	12.7	5.0	1.1	8.2	0.0	10.5
PAKISTAN	0.6	1.7	0.6	2.2	0.0	0.5

Source: USDA Statistics, 2016-17

India's cotton advantage is expected to continue for many more years as India's cotton yields (@ 549 KG/HA) are much lower than the global average. This indicates a huge potential to grow in terms of cotton yield and production. Various government initiatives, such as soil card, will help drive greater yield and will enable farmers to reap benefits in near future.

While cotton prices in the country increased about 25% in FY17, it still remains cheaper than that in China. At the beginning of the year, the prices stood at around ₹ 33,300 per candy. It increased to around ₹ 48,000 in August 2016. Beyond that, prices started correcting and reached close to ₹ 38,500 in the first week of November. However, post the demonetisation, supply of cotton came down. This pushed the cotton prices above the 40k level closing the year at around ₹ 43,000 per candy.

#### Shankar 6 cotton prices (Index 100 as on Apr 1, 2016)



Source: Bloomberg

**Socio-economic factors:** India provides a business-friendly environment, which acts as a force multiplier for business units in the country. India's strong, vibrant democracy stands out in sharp contrast vis-à-vis key competing countries, grappling with geopolitical risks.

**Competitive costs:** The country enjoys a comparative advantage in terms of skilled manpower and cost of production relative to major textile producing countries. Being a labour-intensive textile industry, labour cost plays a significant role in determining the competitiveness of a particular country.

**Supportive government policies:** The textile industry is an integral sector for India's development, because of its share in exports and employment generation. Hence, the central government as well as various state governments

have put in place policies, which are supportive to the industry.

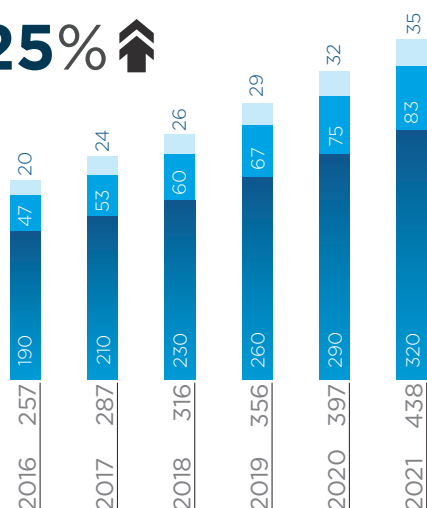
#### Strong domestic consumption growth:

With penetration of organised retail, increasing disposable income, rising consumerism and favourable demographics, the domestic market is becoming increasingly attractive for local players. The Government's thrust on affordable housing policy, with an aim to provide 'Housing for All by 2022' is expected to further boost consumption of all home-related products, including home textiles. While a large part of the market remains unorganised currently, the introduction of GST combined with a push towards digital transactions is expected to accelerate the move towards the organised sector. As shown in graph below, India's urban home textile market size is ₹ 257 billion in 2016; and it is expected to reach ₹ 438 billion in the next five years with 11.25% CAGR.

#### India's Urban Home Textile Market (₹ billion)

■ Bed Linen ■ Bath Linen ■ Others

**11.25%** **CAGR**



Source: Industry Reports

#### India's presence in Key Global Home Textile Markets

India has 11% market share in global home textiles, which is much higher than its share in textiles and apparel. In the case of cotton home textiles, the share is even higher. This is especially true in the US market, which is the single largest market for home textiles in the world. This is because US offers a level playing field to all the key competing countries in terms of tariffs and duties, which helps India in leveraging the advantages discussed in the previous section.

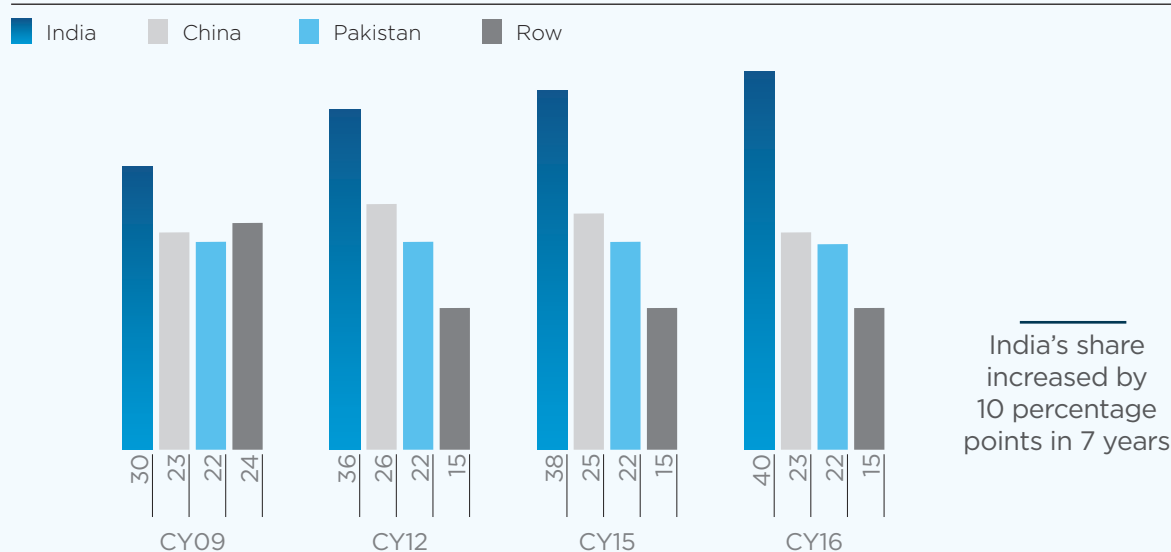
According to the Office of Textiles and Apparel (OTEXA) US, in CY2016, India constituted about 40% of the imports of cotton towels to the US, which has grown significantly from the levels of 30% (CY2009). Even in the cotton sheets segment, the

country constituted about 49% (CY2016) of the total import pie to the US, increasing from 27% (CY2009). Below graphs show the share of key countries in the US imports in cotton towels and sheets.

## US imports by country in Cotton Towels and Cotton Sheets

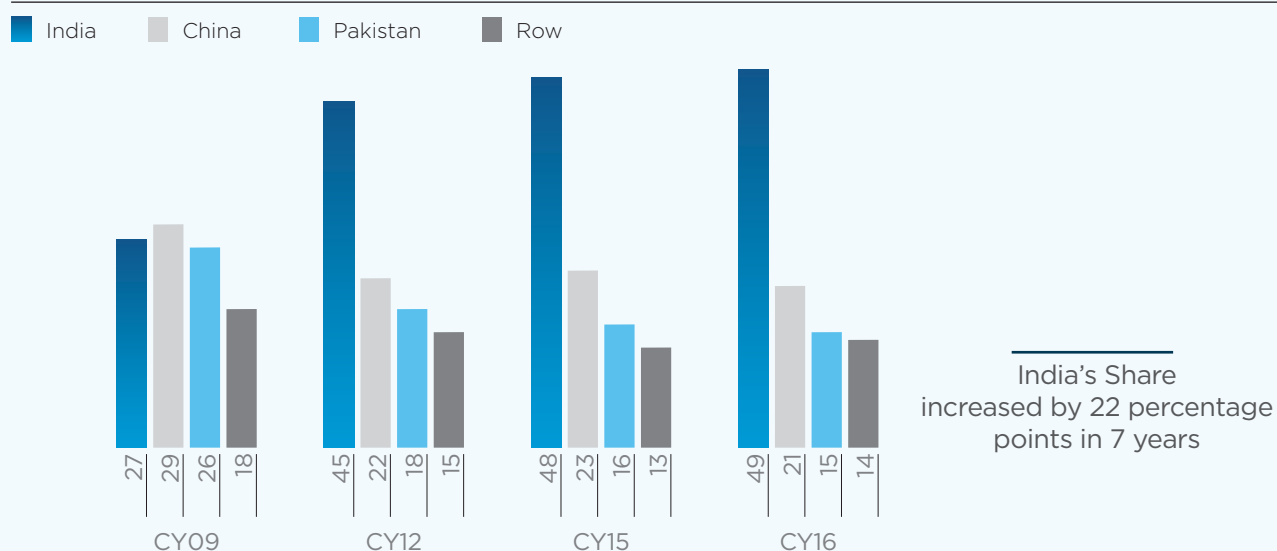
### Towels (Cotton)

(%)



### Sheets (Cotton)

(%)



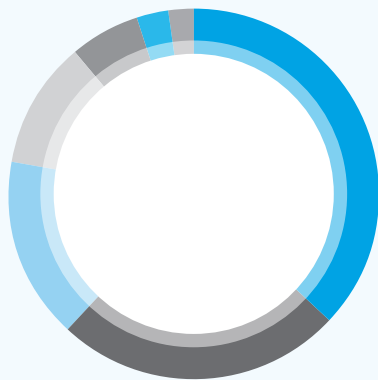
Source : OTEXA , Dec 2016, Years shown are Calendar Year



Like the US, Europe is an equally large market, but Indian players have low penetration due to duty disadvantage compared to countries like Pakistan, Turkey and Bangladesh which have preferential tariff rates granted by the European Union (EU). Indian exporters pay about 9.6% duty on the home textile products exported to the EU, whereas some of the key competing countries have zero duty access to the market. However, this also poses a significant opportunity for Indian players. Any significant

reduction in duties on Indian exports can open up a huge market; Indian companies can then replicate the success of the US in Europe also. While India is in discussion with the European Union for a Free Trade Agreement (FTA) which would reduce the duties substantially, the timeline for conclusion of the agreement remains uncertain. Below chart shows the share of various supplier countries in Europe's terry towel and bed linen imports.

**Terry Towel Country Market Share in EU (2016)**

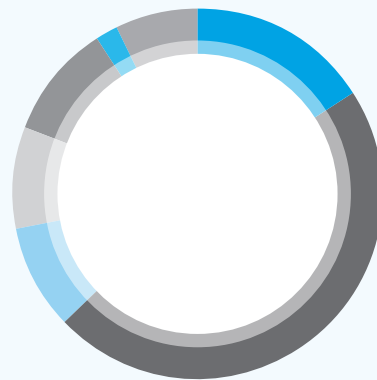


(%)

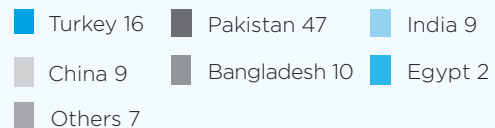


Source: Europa.eu

**Bed Linen Country Market Share in EU (2016)**



(%)



Source: Europa.eu



## WELSPUN OVERVIEW

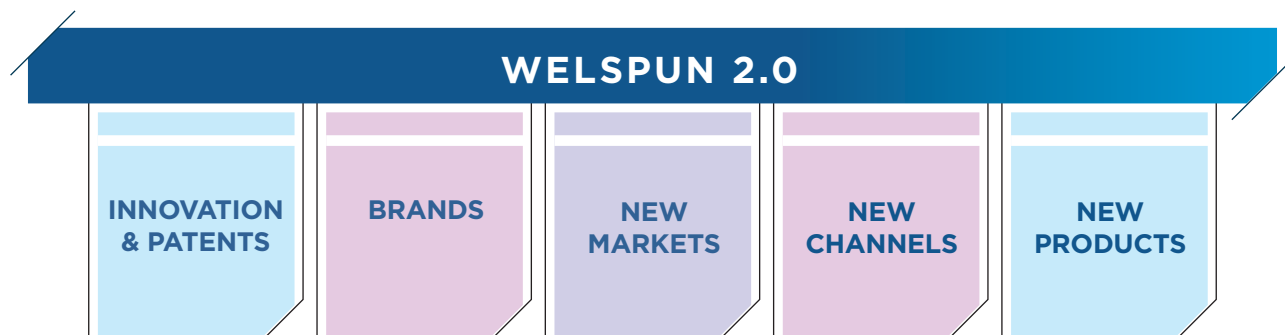
### WIL PRODUCT PORTFOLIO



### FY2016-17: KEY HIGHLIGHTS

FY2017 was a challenging year for WIL. Despite operating in a volatile business scenario, the Company posted double-digit growth in revenues and positive free cash flows. While the Company maintained its dominance as a leading player in the Home Textile segment, it undertook several initiatives in different segments of business to catalyse long-term growth. The Company converted challenges into opportunities to continue building a future-focused, customer-oriented and sustainable business.

The Company's growth strategy is driven by five pillars of growth as explained below:



### Innovation & Patents

With a sharp focus on innovation, the Company is continuously working on developing new products. It has a portfolio of 26 unique inventions across the globe in the textile space. During FY2017, 36% of the sales were contributed by innovative products developed and owned by the Company. One of the Company's successful innovations, 'Hygro cotton', has crossed the US\$ 200 million mark, contributing to approximately 20% of the Company's total revenues in FY17.

During the year, the Company also secured the 'Interactive Textile Article and Augmented Reality System' patent for its new product line TILT. The said product uses an app designed for the duvet cover and rug, which allows the user to experience the world of augmented reality.

In addition to having its own innovation lab, Welspun collaborates with different institutions such as universities, technology partners and industry associations to develop new products and processes.

### Brands

WIL has been leveraging its strength of having an array of owned and licensed brands. In FY2017, the branded products contributed to 16% of total sales, up from 13% in FY2016.

During the year, the Company invested in reinventing and repositioning the 'Christy' brand in the UK. With this, Welspun has consolidated its leadership position in the branded space in UK, with a greater focus on a younger consumer base. In addition to focusing on the existing brands, the Company is working on getting more associations similar to Wimbledon. During the year, the Company has been successful in partnering with 'Royal Ascot' as an official licensee.

On the domestic market front, the Company's brand 'Spaces' was recently recognised as the best performing brand in the home category in Shoppers Stop. It has expanded its presence in 200+ shop-in-shops or retailers. The Company believes that the domestic market will be its next growth engine, and has increased focus with its own brands as well as licenses, including Wimbledon, Minions, Disney, Manchester City and FCB.

The Company has also been successful in positioning its innovation 'Hygro cotton' as an ingredient brand. WIL has also successfully grown its 'Spun' brand, which promotes sustainability and women empowerment.

WIL has thus, emerged as a creator of unique, innovative products and brand experiences through a combination of brands, innovations and technologies. The Company's brand spectrum is as under.

### SPECTRUM OF WELSPUN BRANDS: CONTINUE TO EVOLVE



### COVETED LICENCES



**minions**

**Disney**  
© Disney

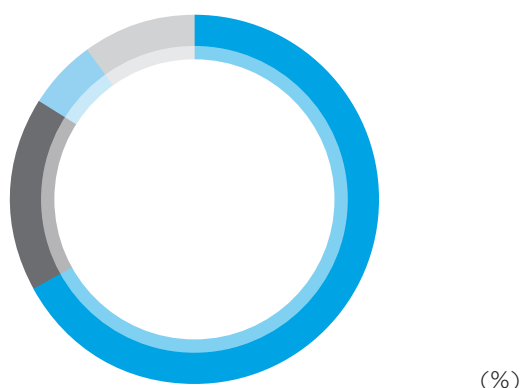
**ROYAL ASCOT**



## New Markets

The Company's major revenue share comes from the United States, which constitutes around 2/3rds of its sales. The composition of the sales is as follows:

## Existing Geographic Distribution Range

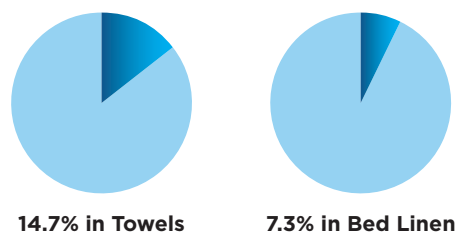


According to Home & Textile Today magazine, WIL was the No. 1 home textile supplier to the US for the fifth year in a row. Based on OTEXA figures, the Company has reached a market share in the US of 21.7% in CY16, compared to 14.7% in CY13 in towels. In bed linen, it has reached 11.1% in CY16, vis-à-vis 7.3% in CY13. This implies that every fifth towel and every ninth bed sheet in the US is made by Welspun. The Company has continued to gain market share in the US home textiles market over the last few years.

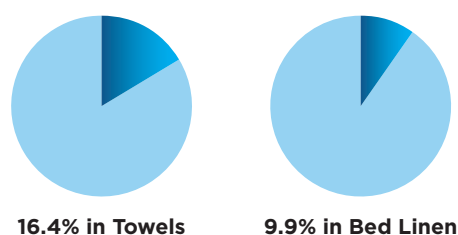
With an aim to further accelerate its growth and



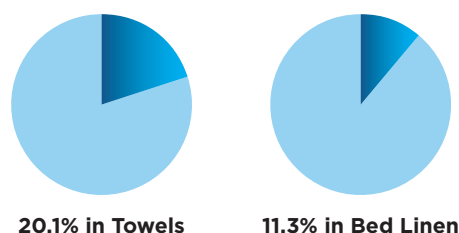
## CY 2013



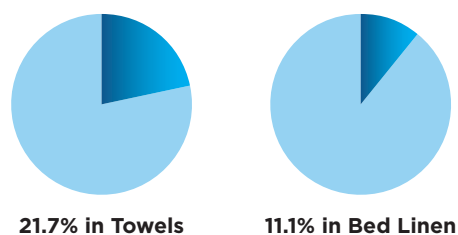
## CY 2014



## CY 2015

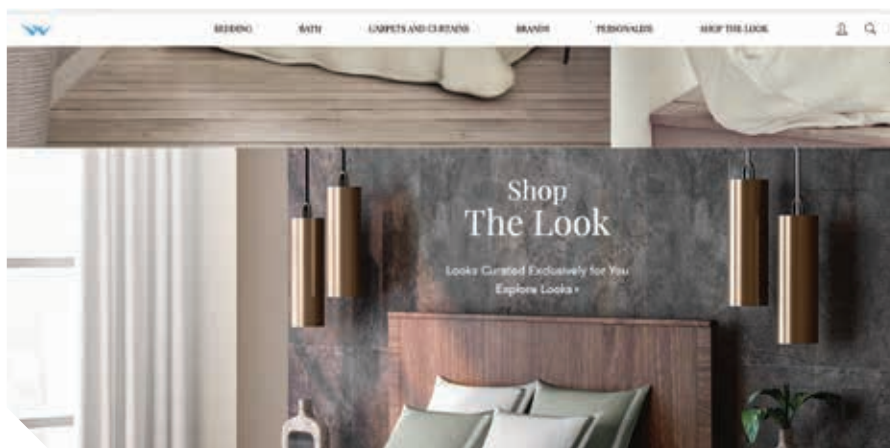


## CY 2016



Source: OTEXA, Company

diversify its geographic concentration, WIL has increased focus on expanding its footprint into other key regions. In spite of the duty disadvantage, WIL has been able to make inroads in the European market, thanks to its innovative products. The Company is also working on increasing its footprint in Japan, the Middle East and Australia. The domestic market also remains a huge opportunity which the Company is targeting through its 'Spaces' brand, as discussed in earlier sections.



**US\$  
50 MN**

Revenue from  
hospitality and  
healthcare markets, a  
threefold rise in the last  
three years

### New Channels

WIL is building an omni-channel strategy to serve its end customers. The Company is relentlessly working on improving the channels of distribution for its products. During the year, it refined its focus on new channels, including e-commerce and hospitality segments.

In the e-commerce segment, the Company serves its customers through its own online portal, e-commerce marketplaces as well as online channel of brick and mortar retailers. The Company's own portals include [www.shopwelspun.in](http://www.shopwelspun.in) in India and [www.shopwelspun.com](http://www.shopwelspun.com) in the US. The Company also launched [www.tilttextiles.com](http://www.tilttextiles.com) for its smart textile brand TILT.

The Company sees huge potential in the US hospitality and healthcare markets. Currently, revenue from this segment contributes US\$ 50 mn, a threefold rise in the last three years. However, this is miniscule compared to the market size of US\$ 1.5 bn (for towels and sheets). The Company has tied up with several prominent international hotel chains to market its products. This will help the Company increase sales, not only in the US, but also in other parts of the world.

### New Products

WIL follows a strategy of entering new product lines every few years, in order to boost its growth and diversify product concentration risks. In line with this strategy, the Company forayed into flooring solutions during FY16-17, with a planned investment of ₹ 6 billion to manufacture area rugs and carpet tiles. The facility will be operational by FY19 and will be one of the most advanced plants in the country.

The Company is also looking for an untapped opportunity in the basic bedding, comforters and quilts segments. Currently, China dominates this market, but India is gradually making inroads.

In FY 2016-17, the Company had also invested in advanced textiles and technical textiles. These products are used in healthcare, fire departments, aerospace, defence and other utilities. These products include specialised features such as fire retardants, stain resistsants, antibacterials and soil resistsants.

The Company is also creating interactive experiences through seamless integration of smart technology with home textiles through its smart-textiles division.

## OTHER KEY STRATEGIC INITIATIVES

### Traceability Solution introduced

To Strengthen traceability in the supply chain, the Company has come up with three levels of verification, which comprise physical check, tracking process and system check. The new system that the Company has introduced is called 'Wel-Trak'.

Wel-Trak is an industry-defining, multi-level traceability process to provide consumers with a reliable and quick verification tool. This tool tracks the finished products back to the raw material. With this process, the Company has set a benchmark in the industry, raising the bar and setting a new standard in home textile industry.

### Salient features of this system:

1. Tracking cotton from farm to factory is made possible and can demonstrate raw cotton down to seed and trace down to a farmer.

2. Further with Vertically Integrated Manufacturing having visual traceability markers maintained throughout, one can track the cotton from spinning to the shipping. This database is linked with RFID/barcode to ensure that information is stored for verification.
3. Finally at the customer/consumer level with the real-time review and 3P Audit, QR Code based consumer level, tracking is possible at plant as well as 3P Audits. The DNA testing for Egyptian cotton is also available under this system.

#### Partnership with Cotton Egypt Association

During the year, WIL entered into a co-operation agreement with Cotton Egypt Association (CEA) to promote and market Egyptian cotton products worldwide. Under the agreement, the two organisations will work together to create programmes for promotion of Egyptian Cotton logo in the retail markets across the globe. The agreement will also help enhance the complete supply chain of the Egyptian Cotton starting from cultivation to the final product, which will also benefit the Egyptian farmer and the industry as a whole. WIL will invest a sum of \$3 million in a stage wise manner over next few years to support the joint initiatives. The Cotton Egypt Association has granted the Company the 'Gold Seal' certification and the right to use Egyptian Cotton logo for five years until 2022.

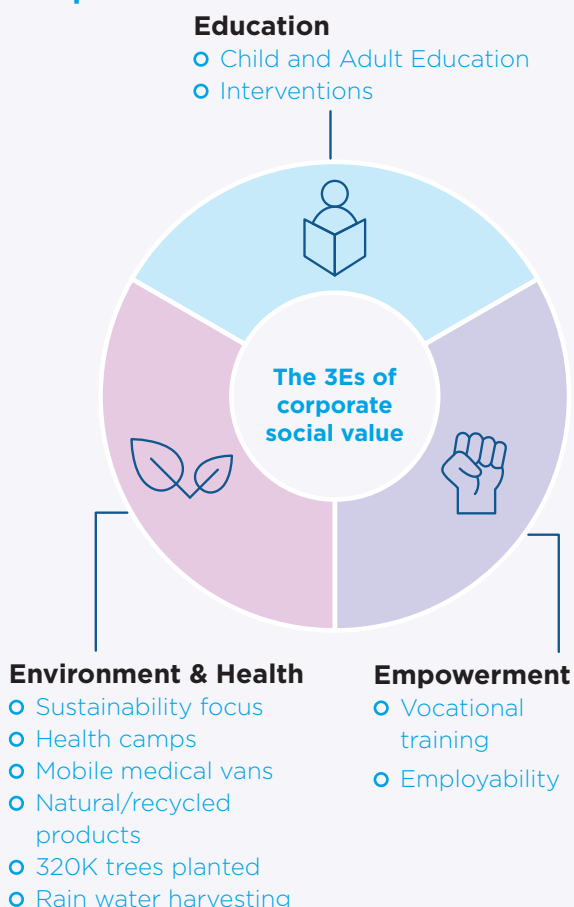
#### Smart Sourcing

The Company has been working on ancillarisation of key intermediate products for the last two years. As a part of this strategy, Welspun is collaborating with suppliers for an exclusive set up of ancillary units for supply of intermediates like yarn, fabric, trims, among others to the Company. This model will pave the way for asset-light growth in the future. It will help in achieving synergistic benefits for both parties through lower transportation costs, lower inventory, faster working capital cycle and the recycling of packaging.

#### Sustainability and Inclusive Growth

Welspun's social commitment includes sustainability and inclusive growth. A more detailed look at Welspun's Sustainability initiatives is discussed in the Business Responsibility Report published separately and uploaded on the Company's website ([www.welspunindia.com](http://www.welspunindia.com)).

### Virtuous Cycle of Social Development at Wespun



Among the key initiatives during the year, was the setting up of Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP) to conserve and reuse the scarce resource - Water. The STP is installed with a capacity to process 30 Mn litres per day and out of this 85% of the water is used at the mill.

Under the SPUN initiative, the Company has 1,200+ women engaged across 10 vocational centres, which have produced 540K bed sheets and developed 2.29 mn products upto March' 17 end. This has generated total earnings of ₹ 17.4 mn for women beneficiaries in FY17.

The Company took several skill development initiatives under Textiles (covering, spinning, weaving, processing, cut and sew), Engineering (welding technology, metal testing, engineering-maintenance) and other areas like retail, logistics, housekeeping, security fire, mobile repairs. A total of 10,000 youths were trained in FY17 under Welspun's skill development programme.



## Recent Awards and Recognitions

The Company continued to receive several accolades for quality, innovation and sustainability in FY17 as below:

- Dun & Bradstreet Corporate Awards 2016 – Winner in Textiles sector
- Frost & Sullivan's Sustainability 4.0 Awards - Certificate of Merit
- Greentech Safety Award 2016 – Gold Award
- Shoppers Stop - Best performing brand in home category for Spaces
- Association of Indian Magazine and exchange4media - Best innovation in Magazine advertising award of the year for 'Spaces'
- Kmart Sears - Best of the Best Supplier award
- Quality Circle Forum of India - Won 12 gold trophies and 01 silver trophy

## OUTLOOK

The outlook for WIL remains cautiously optimistic as macroeconomic headwinds persist. The home textile industry is expected to grow in line with the global GDP growth. However, the Indian players are expected to grow faster and enhance their market share in key geographies, due to the advantages as discussed in the previous section.

The Company will continue to leverage its scale to emerge as one of the world's most efficient manufacturers of home textiles. In FY 2018, the Company plans to expand its towel capacity from 72,000 MT to 80,000 MT. WIL will also invest in the new flooring facility (discussed earlier) during the year. The total capex for the year is planned at around ₹ 7 bn.

## WIL Capacities

Product	Unit	FY17 Capacity	FY18E Capacity
Towels	MT	72,000	80,000
Bed Linen	'000 metres	90,000	90,000
Rugs & Carpets	'000 sq. metres	10,000	10,000

The Company will be primarily investing in high value added stages of the manufacturing while many of the intermediate products will be procured through the ancillary model, described earlier.

Welspun, with its focus on delighting its customers through innovation and technology will help capitalise on opportunities for the best interests of the Company and stakeholders. Welspun's future

growth strategy will continue to be based on five key growth pillars:

- 1. Innovations & Patents:** The Company will continue to be innovative in developing and designing its products to cater to evolving customer requirements. The Company will strive to add to its portfolio of 26 unique inventions. The focus will also be on leveraging innovations such as Nanocore, so to improve share of innovative products in overall sales.
- 2. Brands:** During FY18, the Company plans to expand its Christy brand further in new markets like the US, the Middle East, China and Japan. Another key focus of the Company will be its brands and licenses in the domestic market. The Company is working on a comprehensive strategy to target the domestic market which holds enormous potential.
- 3. New Markets:** As per the Company's Vision 2022, WIL aims to derive 20% of its revenues from the domestic market. Therefore, Indian market will be one of the focus areas for the Company. The new flooring product line will also have significant focus on the domestic market. The Company will be focusing on increasing and strengthening its global footprint with operations in underpenetrated geographies.
- 4. New Channels:** The Company will focus on multiple channels of distribution to drive sustainable growth. E-commerce and hospitality will remain the focus area as the Company sees a strong traction in these channels.
- 5. New Products:** The Company will benefit from its product diversification into flooring solutions, advanced textiles, smart textiles as well as new bedding products.

In FY16, the Company has announced its 'Vision 2020'. Due to macroeconomic and other challenges, the Company has decided to rechristen its vision as 'Vision 2022'.

Through 'Vision 2022', the Company will remain focussed on achieving:

- Revenue of US\$ 2 billion
- Debt-free (on a net debt basis)
- Innovative products share of revenues at 40%
- Branded products share of revenue at 25%
- Domestic market share of revenue at 20%
- Women employees' share of workforce at 20%



## KEY RISK FACTORS

Risk is integral to any business and WIL is no exception. The Company has evolved a robust governance architecture to identify and assess potential risks, and formulate an appropriate mitigation strategy.

### RISING INPUT COSTS

The Company secures a significant part of its cotton requirement during the cotton season. WIL's backward integration provides 70% of its yarn and fabric requirements. The Company's 80 MW captive power plant at Anjar reduces power costs and provides continuous supply.

### LABOUR AVAILABILITY

The Company is continuously providing its employees vocational training to improve their skill level. It is also focusing on improving labour retention and reducing attrition. WIL is actively employing more women to diversify its workforce. The Company has started skill development centres where it aims to train 100,000 people in next five years.

### POOR ECONOMIC ENVIRONMENT AND CONSUMER SENTIMENT

The Company is trying to address this risk through geographic diversification into new markets, such as Europe, Australia and Japan as well as the domestic market.

### COMPETITION

Company's strategy of providing end-to-end solutions and innovative products, and maintaining strong relationship with clients helps in reducing competitive risks.

### CURRENCY MOVEMENTS

The Company hedges significant portion of its export revenues expected for the following year.

### CHANGE IN INDIAN GOVERNMENT POLICIES

The Company continuously monitors Govt. policies and takes measures to minimise any adverse impact.

### TRADE BARRIERS

Geographic diversification is pursued to reduce impact of trade barrier imposed by any particular country.

## HUMAN RESOURCE

The Company recognises that human capital is its most important asset. WIL has 19,156 permanent employees on its payroll as on March 31, 2017. The Company has implemented several measures to ensure a positive work environment for all its employees.

The key HR initiatives comprise the following:

**Group Induction and Onboarding:** Group Induction and the Onboarding process was launched at Anjar. The five-day process aims at providing complete orientation to new joiners about Welspun Policies, Processes and systems. This process will enable smooth transition of new members into Welspun's culture and provide them one unified Welspun experience.

**Value Dissemination Drive:** The Company continued its focus on nurturing and developing its values through various activities like workshops and road shows for Value Disseminations. Value Champions have been identified and trained across the organisation to drive this transformational journey.

**Employee Development:** WIL has collaborated with Dale Carnegie for designing and delivering a Customised Executive Presence Programme for its upcoming leaders. The Company has adopted a blended mode of training, which covers Classroom training and one on one coaching to address individual specific needs targeting areas like Business Professionalism, Creating a positive First Impression, High Impact Communication and Presenting Complex Information.

Focus was also to create awareness among employees on the new HRIS platform - Success Factors. Various sessions were conducted across the organisation to strengthen understanding and use of this system.

**Talent Acquisition:** WIL started using RCM module for recruitment. This is a definite step towards bringing more efficiency, effectiveness and speed in the process using technology.

**Employee Communication & Engagement:** The Company continued its efforts to strengthen employee communication and engagement through Mini Town Halls, Coffee with Director, Shining Star,

Shabash Workers and Departmental Meetings Skip Levels.

Diwali Celebration, Women's Day celebration, Holi Celebrations, Monthly birthday celebration, participation in Welspun Women's Cricket League and monthly newsletters were some of the important activities during the year.

## INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The internal control system encompasses the policies, processes, tasks, behaviours and other aspects of WIL that taken together, facilitate effective and efficient operation, quality of internal and external reporting, compliance with applicable laws and regulations. WIL's objectives, its internal organisation and the environment in which it operates are continuously evolving and as a result, the risks it faces are continuously changing. To make its internal control effective and sound, WIL thoroughly and regularly evaluates the nature and extent of 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 whenever required. WIL has a strong Management Information System, which is an integral part of the control mechanism.



## DISCUSSION OF FINANCIAL PERFORMANCE – FY17

FY17 was a challenging year for Welspun India; in spite of that, the Company recorded the highest annual sales in its history. The Company had 23.8% operating EBITDA margin in an increasing raw material cost and strengthening rupee environment. Even with the hit of one time provision of ₹ 5,005 million, the Company achieved a Free Cash Flow of ₹ 859 million.

Revenues grew 12% in the year, to ₹ 66,405 million from ₹ 59,239 million primarily driven by higher volumes across towels and rugs product categories and higher mix of innovative and branded products.

Herewith is the comparative analysis of Key Financial numbers of FY17 as compared to FY16:

Particulars	₹ million			
	FY 17	%	FY 16	%
<b>Revenue from Operations (Net)</b>	<b>66,405</b>	<b>100.00</b>	<b>59,239</b>	<b>100.00</b>
Other Income (Non - Finance)	321	0.48	624	1.05
Cost of Material	30,396	45.77	26,594	44.89
Manufacturing Expenses	8,002	12.05	6,635	11.20
Employee Cost	6,373	9.60	5,367	9.06
Selling Administration and Other Expenses	5,801	8.74	4,717	7.96
<b>Operational EBITDA</b>	<b>15,834</b>	<b>23.84</b>	<b>15,927</b>	<b>26.89</b>
<b>Reported EBITDA</b>	<b>16,155</b>	<b>24.33</b>	<b>16,550</b>	<b>27.94</b>
Finance Costs (net)	1,099	1.65	2,087	3.52
Depreciation and Amortisation Expense	5,054	7.61	3,718	6.28
Taxes	1,731	2.61	3,254	5.49
<b>Profit before extraordinary items</b>	<b>8,271</b>	<b>12.46</b>	<b>7,491</b>	<b>12.65</b>
Exceptional Items	-4,648	-7.00	-	-
Share of Associate's Net (Loss)/Profit	-	-	-	-
Minority's Share of Profit/(Loss) in Certain Subsidiary Companies	48	0.07	126	0.21
<b>Net Profit (Loss)</b>	<b>3,576</b>	<b>5.38</b>	<b>7,365</b>	<b>12.43</b>
<b>EPS (Basic and Diluted)</b>	<b>3.56</b>		<b>7.33</b>	

### 1. REVENUE

#### a. Revenue from Operations (Net)

Net Sales stood at ₹ 66,405 million in FY17, a growth of 12% over FY16 (₹ 59,239 million). The revenue growth is driven by double-digit growth in volumes in terry towels and rugs and higher mix of innovative and branded products.

#### b. Other income (Non Finance)

Income from other sources was ₹ 321 million in FY17, as against ₹ 624 million in FY16. This excludes interest Income of ₹ 484 million in FY17.

### 2. EXPENDITURE

#### a. Cost of Materials

Consumption of raw materials stood at ₹ 30,396 million during the year. This accounts for 46% of sales for FY17. As a % of sales, this material cost has been higher by approximately 1% as compared to FY16 figure of 45% of sales due to the increase in cotton and coal costs.

**b. Manufacturing Expenses**

Manufacturing expense was at ₹ 8,002 million in FY17 as compared to ₹ 6,635 million in FY16. The manufacturing expense includes Power, Fuel and Water charges of ₹ 2,069 million, Dyes & Chemicals of ₹ 2,797 million and labour and job work charges of ₹ 1,120 million. Power expenses were higher because of captive power plant remaining shut down due to a fire incident in Q2FY17; the plant became operational on January 16, 2017.

As a percent of sales, manufacturing expenses was at 12.05% in FY17 as compared to 11.20% in FY16.

**c. Employee Cost**

Employee cost stood at ₹ 6,373 million in FY17 as compared to ₹ 5,367 million in FY16. As a % of sales it has increased to 9.6% as compared to 9.1% last year due to increase in average wages and higher head count during the year.

**d. Selling, Administration and Other Expenses**

Selling administration and other expenses was reported at ₹ 5,801 million in FY17 as compared to ₹ 4,717 million in FY16. This increase was primarily on account of higher advertising and sales promotion expenses.

**e. Finance Costs (Net)**

Net Financial Expenses in FY17 was ₹ 1,099 million. The corresponding figure in FY16 was ₹ 2,087 million. The decrease was on account of on account of reduction in base rate and higher quantum of debt under Gujarat textile scheme.

**f. Depreciation and Amortisation Expense**

Depreciation was reported at ₹ 5,054 million in FY17 end as compared to ₹ 3,718 million in FY16. This was primarily on account of the capitalisation of ongoing modernisation and expansion projects.

### 3. MARGINS

**a. EBITDA**

Operational EBITDA in FY17 was reported at ₹ 15,834 million from ₹ 15,927 million. EBITDA margin was adversely affected by the increase in raw material and energy cost. The reported EBITDA in FY17 was ₹ 16,155 million (24.3% Margin), lower compared to the FY16 figure of ₹ 16,550 million (27.9% Margin).

**b. Profit After Tax**

Profit after Tax post minority interest stood at ₹ 3,576 million in FY17 as compared to ₹ 7,365 million in FY16, down majorly due to the one time provision of ₹ 5,005 million.

### 4. EARNINGS PER SHARE (Basic)

Earnings per Share for the year ending March 31, 2017 (Basic) stood at ₹ 3.56 per share as compared to ₹ 7.33 per share at the end of March 31, 2016.



## OUR STRENGTH

Welspun's Utility and Fashion Bedding capacities produce a combined 6 mn units per annum

## 5. BALANCE SHEET

₹ million

Particulars	As At 31.03.2017	As At 31.03.2016	Change
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	35,011	31,559	3,452
Capital work-in-progress	563	1,832	(1,269)
Investment Properties	-	-	-
Goodwill on Consolidation	1,741	1,809	(67)
Other Intangible assets	138	117	22
Investment accounted for using the equity method	-	-	-
Financial Assets			
- Investments	29	39	(10)
- Loans	4	7	(3)
- Other financial assets	322	418	(96)
Non-current tax assets	112	138	(26)
Deferred Tax Assets	702	730	(28)
Other non-current assets	369	867	(499)
<b>Total Non-current Assets</b>	<b>38,991</b>	<b>37,515</b>	<b>1,476</b>
<b>Current Assets</b>			
Inventories	12,810	11,046	1,764
Financial Assets			
- Investments	1,229	247	982
- Trade receivables	9,601	8,499	1,102
- Cash & cash equivalents	1,238	1,061	178
- Bank balances other than cash and cash equivalents above	390	183	208
- Loans	6	4	2
- Other financial assets	2,235	621	1,614
Current Tax Assets	32	1	31
Other current assets	6,752	6,315	437
<b>Total Current Assets</b>	<b>34,292</b>	<b>27,976</b>	<b>6,316</b>
	-	-	-
<b>Total Assets</b>	<b>73,283</b>	<b>65,491</b>	<b>7,792</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	1,005	1,005	-
Other Equity			
Equity component of compound financial instruments			
Reserves and surplus	21,915	18,398	3,517
Other reserves	1,052	298	754
<b>Equity attributable to owners of Welspun India Limited</b>	<b>23,971</b>	<b>19,700</b>	<b>4,271</b>
Share application money pending allotment			
Non-controlling Interests	355	412	(57)
<b>Total Equity</b>	<b>24,327</b>	<b>20,113</b>	<b>4,214</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financials Liabilities			
- Borrowings	20,160	17,922	2,238
- Other financial liabilities	20	18	2
Non-current tax liabilities	1,486	1,305	181
Provisions	22	21	1

₹ million			
Particulars	As At 31.03.2017	As At 31.03.2016	Change
Employee benefit obligations	52	-	52
Deferred tax liabilities	2,168	1,328	840
Other non-current liabilities	774	587	187
<b>Total Non-current liabilities</b>	<b>24,681</b>	<b>21,181</b>	<b>3,500</b>
<b>Current liabilities</b>			
Financials Liabilities			
- Borrowings	11,721	13,533	(1,812)
- Trade payables	7,517	6,652	865
- Other financial liabilities	2,072	2,104	(33)
Provisions	851	7	845
Employee benefit obligations	538	673	(135)
Current Tax Liabilities			
Other Current Liabilities	1,576	1,229	347
<b>Total current liabilities</b>	<b>24,275</b>	<b>24,198</b>	<b>77</b>
<b>Total liabilities</b>	<b>48,957</b>	<b>45,379</b>	<b>3,578</b>
<b>Total Equity and Liabilities</b>	<b>73,283</b>	<b>65,491</b>	<b>7,792</b>

## 6. Networth

Net worth of the Company stands at ₹ 23,971 million at March 31, 2017 as against ₹ 19,700 million at March 31, 2016.

Net sales to Net worth ratio is 2.77 times for the period ending March 31, 2017 as compared to 3.01 times in FY16 end.

Book Value of equity shares stands at ₹ 23.86 per equity share as at March 31, 2017, which was ₹ 19.61 per equity share in FY16.

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

### a. Share Capital

The Issued, Subscribed and Paid-up Share Capital as at March 31, 2017 stands at ₹ 1,004.73 million.

### b. Reserves and Surplus

- i) Securities Premium account: The Securities Premium account stands at ₹ 3,238 million in FY17, which is same as the figure at the end of FY16.
- ii) Capital Redemption Reserve: The balance as of March 31, 2017 amounted to ₹ 488 million, same as at the end of previous year
- iii) Capital Reserve: The balance as of March 31, 2017 amounted to ₹ 1,475 million, same as at the end of the previous year.

- iv) Foreign exchange translation reserve as at March 31, 2017 stands at ₹ (24) million against ₹ (87) million in the previous year.
- v) Profit and Loss account: The balance in the Profit and Loss Account as on March 31, 2017 was ₹ 15,903 from ₹ 12,430 million as on March 31, 2016.

## 7. Loan funds

Gross Debt as on March 31, 2017 stands at ₹ 33,114 million as against ₹ 32,478 million at end-FY16. The Long-term debt stands at ₹ 21,393 million as against ₹ 18,945 million at end-FY16.

Cash and cash equivalents of the Company in FY17 stands at ₹ 2,725 million as against ₹ 1,388 million in the previous year.

Net Debt as on March 31, 2017 stands at ₹ 30,389 million after reducing the cash and bank balance and liquid investment. At the end of FY16, the net debt was ₹ 31,090 million.

Net Debt to Equity stands at 1.27 times in FY17 (as compared to 1.58 times in FY16) while Net Debt/Operational EBITDA stands at 1.92 times in FY17 (1.95 times in FY16) showing strong performance of the Company during the year.

## 8. Fixed Assets

Gross Block of fixed assets stands at ₹ 45,509 million at end-FY17 as compared to ₹ 37,171 million at end-FY16. This increase was mainly on account of capex for the capacity addition across towels, sheets and rugs. Net block of fixed assets (tangible and intangible) including Capital Work-in-progress stands at ₹ 37,454 million in FY17 as compared to ₹ 35,316 million in FY16.

## 9. Inventory

Inventory as on March 31, 2017 stood at ₹ 12,810 million as compared to ₹ 11,046 million in FY16 end. The inventory days were 70 days in FY17 as compared to 68 days in FY16. The Inventory turnover ratio stands at 5.2 times in FY17 as compared to 5.4 times FY16 end.

## 10. Debtors

Sundry Debtors on March 31, 2017 was at ₹ 9,601 million as compared to ₹ 8,499 million in FY16 end. Receivable days is 53 days in FY17 as compared to 52 days at FY16.

## 11. Cash and Bank Balances and Liquid Investment

Cash and Bank balances and liquid investment was reported at ₹ 2,725 million as on March 31,

2017. At the end of FY16, the corresponding figure was ₹ 1,388 million.

For the third year in a row, the Company generated positive free cash flows after capex and in spite of the one-time exceptional item in FY17.

## 12. Current Liabilities

- Trade payables stood at ₹ 7,517 million as of end-FY17 as compared to ₹ 6,652 million in FY16 end. Trade Payables are at 41 days of net sales in FY17, same that in FY16.
- Short-term Provisions stood at ₹ 851 million at the end-FY17 as compared to ₹ 7 million at end-FY16. This increase was mainly on account of one-time provision related to the traceability issue.

## 13. Cash Conversion Cycle

Cash conversion cycle for FY17 was 82 days as against 79 days in the previous year.

## 14. Dividend

The Company has a stated dividend distribution policy, where the payout (incl. Dividend Distribution Tax) will be 26% of the standalone PAT. At the end of FY17, the Company has paid the total dividend at ₹ 0.65 per share.

### KEY FINANCIAL INDICATORS:

Particulars	Units	As At 31-Mar-17	As At 31-Mar-16
Revenue from Operations (Net)	₹ Mn	66,405	59,239
EBITDA	₹ Mn	16,155	16,550
EBIT	₹ Mn	11,101	12,832
Net Profit/Loss after Tax	₹ Mn	3,576	7,365
Net Worth	₹ Mn	23,971	19,700
Net Debt	₹ Mn	30,389	31,090
Net Debt/Equity	Times	1.27	1.58
Net Debt/ Op EBITDA	Times	1.92	1.95
Net Sales/ Net Worth	Times	2.77	3.01
Current Ratio	Times	1.41	1.15
Return on Capital Employed (ROCE) - Pre Tax	%	19.3%	24.6%
Return on Equity (ROE)	%	29.6%	42.8%
Inventory Days	Days	70	68
Receivable Days	Days	53	52
Payable Days	Days	41	41
Net Operating Cycle (Inventory Days + Receivable Days - Payable Days)	Days	82	79
Book value per share	₹	23.86	19.61

Note : The days outstanding are calculated on the basis of the Closing numbers



# Directors' Report

To,

**The Members,  
Welspun India Limited**

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2017.

## 1. Financial highlights:

₹ Million

Particulars	Consolidated		Standalone	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue from Operations	57,705	52,968	52,608	46,716
Other Operating Income	8,701	6,271	4,608	2,526
Other Income	806	904	719	1,184
<b>Total Revenue</b>	<b>67,211</b>	<b>60,143</b>	<b>57,935</b>	<b>50,426</b>
<b>EBITDA</b>	<b>16,639</b>	<b>16,831</b>	<b>14,414</b>	<b>13,858</b>
<b>EBITDA Margin (%)</b>	<b>28.84</b>	<b>31.78</b>	<b>27.40</b>	<b>29.66</b>
Finance Cost	1,583	2,368	872	1,539
Depreciation and amortisation	5,054	3,718	4,663	3,258
<b>Profit before exceptional items and tax</b>	<b>10,003</b>	<b>10,745</b>	<b>8,879</b>	<b>9,061</b>
Exceptional items (Net)	4,648	-	4,606	-
<b>Profit before tax</b>	<b>5,355</b>	<b>10,745</b>	<b>4,273</b>	<b>9,061</b>
Tax Expense	1,731	3,254	1,208	2,578
<b>Profit for the year</b>	<b>3,624</b>	<b>7,491</b>	<b>3,066</b>	<b>6,483</b>
<b>Earnings per share (Basic &amp; Diluted)</b>	<b>3.56</b>	<b>7.33</b>	<b>3.05</b>	<b>6.45</b>

## 2. Performance and Outlook:

During the year under review, your Company's total revenue on standalone basis increased to ₹ 57,935 million, a growth of 14.89% and on consolidated basis it increased to ₹ 67,211 million, a growth of 11.75% over the previous year. Substantial portion of this revenue is attributable to replenishment orders from majority of the customers. The EBITDA on standalone basis was ₹ 14,414 million i.e. 4.01% higher than last year and on consolidated basis was ₹ 16,639 million i.e. 1.14% lower than last year. EBITDA margin is lower mainly due to cost of raw material, higher cotton prices and energy costs coupled with expenses relating to brand building and innovation. Profit before exceptional item and tax is ₹ 8,879 million i.e. 2.01% lower than last year on standalone basis and is ₹ 10,003 million i.e. 6.90% lower than last year on consolidated basis. Exceptional items of ₹ 4,606 million is pertaining to traceability issue and costs incidental thereto. Profit after tax is ₹ 3,066 million i.e. 52.72% lower than last year on standalone basis and ₹ 3,624 million i.e. 51.62% lower than last year on consolidated basis. You may refer to 'Management Discussion & Analysis' Section of this Report for further details of your Company's performance.

Your Company has come up with industry defining traceability solution titled as "Wel-Trak". Your Company's management believes "Wel-Trak" will be path-breaking for home textile industry. Wel-Trak™ is an industry-defining, patent-pending, multi-level traceability process to provide customers and consumers with a reliable and quick verification tool to track the finished products back to farms. Features of Wel-Trak™ are:

1. Tracking Cotton from Farm to Factory;
2. Vertically integrated manufacturing tracks cotton from Spinning to Shipping and
3. Customer/ consumer level real-time review and third party audit possible.

As a vertically integrated manufacturer, Welspun is able to monitor and control the movement of cotton across the various stages of production process. We are able to track and trace all types of cotton in-house via a pioneering end-to-end, technology-enabled traceability solution through deployment of:

1. Automated data capture hardware;
2. Customized software for validation which enable data traceability;
3. Robust IT & ERP systems to enable smooth operations across all stages of production and
4. Physical and systems controls to strengthen the tracking process.

### 3. Dividend:

#### i. Dividend Distribution Policy:

The Board of Directors approved Dividend Distribution Policy of the Company, as required under Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations 2015"). Your Company has a dividend policy to pay 25% of Profit after Tax on standalone basis. The Policy is attached as Annexure - 1 to this Report and it is also available on your Company's website and the web link thereto is as given below.

<http://www.welspunindia.com/policy/WIL-Dividend%20Distribution%20Policy.pdf>

#### ii. Dividend for Financial Year 2016-17:

Considering your Company's performance during the Financial Year ("FY") 2016-17, the Board of Directors has recommended, for approval of the members, a final dividend of ₹ 0.65 per share (face value of ₹ 1 per share) for FY 2016-17. The dividend, if approved by the members, would result in cash outflow of ₹ 786.04 million including Dividend Distribution Tax ("DDT").

Dividend will be paid to those members, who will hold shares on the last day of book-closure i.e. June 28, 2017.

A snapshot of the dividend track record of your Company for previous financial years is given below.

₹ Million		
Financial Year	Total Dividend (%)	Cash Outflow (including DDT)
2016-17	65%	786.04
2015-16	130%	1,558.47
2014-15	105%	1,268.47

### 4. Subsidiaries:

A report on the performance and financial position of each of the subsidiary companies of your Company is included in the consolidated financial statement presented in Form AOC-1 attached as Annexure - 2 to this Report. Your Company's policy on Material Subsidiary as approved by the Board is hosted on your Company's website and the web link thereto is as given below.

[http://www.welspunindia.com/policy/material\\_subsidary\\_policy.pdf](http://www.welspunindia.com/policy/material_subsidary_policy.pdf)

### 5. Auditors and Auditors' Report:

#### i. Statutory Auditors:

Your Company's Auditors, Price Waterhouse Chartered Accountants LLP, have to be rotated pursuant to third proviso of Section 139(2) of the Companies Act, 2013 ("the Act").

The existing auditors have submitted their audit report on financial statements of the Company for FY 2016-17. The auditors' observation read with Notes to Accounts are self-explanatory and therefore do not call for any comment.

The Board of Directors recommends appointment of S R B C & CO LLP (having Firm Registration Number 324982E/E300003) as the Statutory Auditors of the Company for a term of consecutive five years commencing from the conclusion of 32<sup>nd</sup> Annual General Meeting till the conclusion of 37<sup>th</sup> Annual General Meeting.

S R B C & CO LLP is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. It is a member firm of EY Global. It was established in the year 2002 and is a limited liability partnership firm incorporated in India.

S R B C & CO LLP is holding a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. Members are requested to approve their appointment as the Auditors of your Company by passing an ordinary resolution under Section 139 of the Act.

**ii. Cost Auditors:**

As per Section 148 and other applicable provisions, if any, of the Act read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has reappointed M/s. Kiran J. Mehta, Cost Accountants as the Cost Auditors of your Company for FY 2017-18 on the recommendations made by the Audit Committee.

Members are requested to ratify their remuneration by passing an ordinary resolution in the forthcoming Annual General Meeting.

**iii. Secretarial Auditor:**

The Secretarial Audit Report for FY 2016-17 is attached herewith as Annexure - 3 to this Report and it does not contain any qualification, reservation or adverse remark.

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Uday Sohoni, Practicing Company Secretary, as the Secretarial Auditor of your Company for the FY 2017-18.

**6. Share Capital & Listing:**

**i. Issue of equity shares with differential rights, sweat equity shares:**

During the year, no share with differential rights was issued by your Company nor did your Company issue any equity share as sweat equity share.

**ii. Issue of employee stock options:**

There were no stock options outstanding at the start of the FY 2016-17.

**7. Disclosure of Shares held in suspense account:**

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year

Number of shareholders who approached issuer for transfer of shares from suspense account during the year

Number of shareholders to whom shares were transferred from suspense account during the year

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year

No. of Holders	No. of Shares	No. of Holders	No. of Shares	No. of Holders	No. of Shares	No. of Holders	No. of Shares
3,866	1,370,850	18	8,610	18	8,610	3,848	1,362,240

The voting rights on these shares shall remain frozen until the shares have been claimed by and transferred to the rightful owner.

**8. Listing with the Stock Exchanges:**

Your Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). Annual listing fees for the FY 2017-18 have been paid to BSE and NSE.

**ii. Deposits:**

Your Company has not accepted any deposit within the meaning of the Chapter V of the Act. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under Report.

**9. Finance:**

**i. Credit Rating:**

During the year, your Company's long term credit rating of 'AA-' and short-term credit rating of 'A1+' has been reaffirmed by CARE. Further, your Company's long-term issuer rating of 'IND AA-/stable' and short-term credit rating of 'IND A1+' has been reaffirmed by India Ratings & Research, a Fitch Group company.

**10. Board of Directors:**

Your Company's Board comprises of mix of Executive and Non-Executive Directors with considerable experience and expertise across a range of fields such as finance, accounts, legal, management and business strategy. Except the nominee appointed by IDBI Bank and the independent directors, all other directors are liable to retire by rotation as per the provisions of the Act. It is confirmed that, except for Mr. Balkrishan Goenka and Ms. Dipali Goenka who

are husband and wife, there is no relationship between the directors inter-se. The details of the Directors, their meetings held during the year and the extracts of the Nomination and Remuneration Policy has been given in the Corporate Governance Report, which forms part of this Report.

**i. Changes in Directors and Key Managerial Personnel:**

The Board of Directors has appointed Mr. Pradeep Poddar, having Director Identification Number 00025199, as an independent director with effect from September 15, 2016, subject to the approval by members. The Company has received a notice from a member intending to propose Mr. Poddar's appointment as an independent director. The Board of Directors recommends appointment of Mr. Poddar as an independent director for period of three years upto September 14, 2019.

The members, by way of a resolution passed, on March 13, 2014, by Postal Ballot had appointed Mr. Rajesh Mandawewala as Managing Director of the Company with effect from April 1, 2014 for a period of three years. His term expired on March 31, 2017. The Board of Directors has reappointed Mr. Mandawewala as Managing Director of the Company for a period of five years with effect from April 1, 2017. The Board of Directors recommends approval to appointment of Mr. Mandawewala as Managing Director.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of your Company,

Mr. Balkrishan Goenka is retiring by rotation at the forthcoming Annual General Meeting and being eligible, has been recommended for his re-appointment.

Details about the directors being appointed or re-appointed are given in the Notice of the forthcoming Annual General Meeting.

**ii. Declaration by an Independent Director(s):**

Your Company has received declarations from all the Independent Directors as per the provisions of Section 149(7) of the Act confirming that they meet the criteria of Independence as prescribed under

the provisions of Section 149(6) of the Act and that there is no change in the circumstances as on the date of this Report which may affect their respective status as an Independent Director.

**iii. Directors' Evaluation:**

In compliance with the Act and SEBI Regulations 2015, the Board of Directors, as per the process recommended by the Nomination and Remuneration Committee, has evaluated the effectiveness of the Board, its Committees and Directors. The evaluation process invited graded responses to a structured questionnaire, which was largely in line with the SEBI Guidance Note on Board Evaluation, for each aspect of the evaluation. All the results were satisfactory.

**iv. Familiarisation programme for Independent Director(s):**

The familiarisation programme aims to provide the Independent Directors with the scenario within the textile industry, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant development so as to enable them to take well-informed decisions in timely manner. The familiarisation programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes.

The policy on Company's familiarisation programme for Independent Directors is hosted on your Company's website and a web link thereto is:

[http://www.welspunindia.com/policy/familiarisation\\_program.pdf](http://www.welspunindia.com/policy/familiarisation_program.pdf).

**v. Committees of the Board of Directors:**

Information on the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship, Share Transfer and Investor Grievance Committee, the Corporate Social Responsibility Committee and meetings of those committees held during the year is given in the Corporate Governance Report forming part of this Report.

## 11. Loans, Guarantees and Investments:

Information of amounts of investments made, loans given, guarantees given and security provided by your Company as on March 31, 2017 is as given under:

₹ Million	
Particulars	Amount
Investments	8,249.64
Loans / Receivables	-
Guarantees	7,426.42
Security	-
<b>Total</b>	<b>15,676.06</b>

Corporate Guarantee of ₹ 2.20 billion was given to holders of non-convertible debentures (NCDs) issued by Welspun Captive Power Generation Limited ("WCPGL"), a subsidiary of your Company. Proceeds of NCDs were used by WCPGL in refinancing loan of ₹ 2.20 billion which was availed for setting up of captive power plant. WCPGL redeemed principal amount of ₹ 1.10 billion during the FY 2016-17. Corporate guarantees of GBP 5.10 million and GBP 4.25 million were issued, to Bank of India, UK and Bank of Baroda, UK, respectively, by the Company to secure repayment of working capital facilities availed by CHT Holdings Limited, a subsidiary of your Company. Similarly, the Company has issued guarantee of ₹ 4.47 billion in favour of consortium of Bankers led by erstwhile State Bank of Bikaner and Jaipur (now merged with State Bank of India) ("SBBJ Consortium") to secure repayment of facilities extended by SBBJ Consortium to Welspun Global Brands Limited ("WGBL"), a subsidiary of the your Company. Disclosures pursuant to the Regulation 34(3) read with Para A of Schedule V of SEBI Regulations, 2015 are given at Notes 34 & 36 of the audited financial statements.

## 12. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the year under report were on an arm's length basis and were in the ordinary course of business, to serve mutual need and mutual interest. Except for contracts with WGBL and WCPGL, subsidiaries of your Company, there were no materially significant related party transactions made by your Company. The Audit Committee has given its omnibus approval which is valid for one financial year. Your Company's policy on Related Party Transactions as approved by the Board is hosted on your Company's website and a web link thereto is:

[http://www.welspunindia.com/policy/related\\_party\\_transaction\\_policy.pdf](http://www.welspunindia.com/policy/related_party_transaction_policy.pdf).

Disclosures as required under the Act are given in Form AOC-2 as Annexure - 4 to this Report.

The details of the related party transactions as required under IND-AS 24 are set out in Note 29 to the Standalone financial statements forming part of this Report.

## 13. Details of Remuneration to Directors and Key Managerial Personnel:

- Details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:
  - the ratio of the remuneration of each Executive Director and Key Managerial Personnel to the median remuneration of the employees of your Company for FY 2016-17 is as given below:

Name and Designation	Remuneration (₹ million)	The percentage increase in remuneration	The ratio of the remuneration to the median remuneration of the employees (no. of times)
Rajesh Mandawewala Managing Director	58.85	(41.89%)	41.45
Ms. Dipali Goenka CEO and Joint Managing Director	56.45	(42.96%)	39.75
Altat Jiwani Chief Financial Officer	25.55	14.06%	17.99
Shashikant Thorat Company Secretary	3.85	13.24%	2.71

- (b) The percentage increase in the median remuneration of employees in FY 2016-17 was 2.1%.
- (c) Your Company had 22,375 permanent employees on its payrolls as on March 31, 2017.
- (d) The turnover of your Company increased by 12.61% and EBIDTA of your Company increased by 4.01% during FY 2016-17. Median remuneration increased by 2.07%. Increase in median remuneration was in line with the performance of your Company.
- (e) Average percentage increase in the salaries of employees other than the managerial personnel in FY 2016-17 was 6.76%. Managing Director and CEO & Joint Managing Director are being paid commission of 1% hence, the managerial remuneration decreased by 35.99%.

The key parameters for any variable component of remuneration availed by the directors are as per the Nomination and Remuneration Policy. We affirm that the remuneration is as per the Nomination and Remuneration Policy of your Company.

- ii. Details of the employees of your Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Name, Designation, Age, DOJ, Current CTC (₹ million), Qualification, Previous Company, Nature of Employment, % of Equity Shares held in the Company, Relative of any Director/ Manager of the Company

Altaf Jiwani, Chief Financial Officer, 50, 02.02.2015, 25.55, B.TECH/MMS, RPG Group, Permanent, O, No; Ashok Kumar Joshi, Executive Director\* & Business Head – Operations, 57, 02.07.2013, 17.93, B.TECH, Donear Industries Limited, Permanent, O, No; Dipali Goenka, CEO & Joint Managing Director, 47, 01.04.2013, 56.45, B.A. (Psychology), N.A., Contractual, 0.07,

Yes; Milind Hardikar, Executive Director\* – Textile Park, 55, 24.04.2012, 15.50, BE (Mech), MMS, Arvind Limited, Permanent, O, No; Rajesh Mandawewala, Managing Director, 54, 01.12.1985, 58.85, CA, N.A., Contractual, O, No; Rajesh Padmanbhan, Director\*-HCGA, 54, 01.02.2016, 32.50, MBA (Finance/HR), Vedanta Group, Permanent, O, No; Suneel Mohnot, President – Commercial, 57, 26.08.2013, 10.75, M.COM, MBA, Reliance Industries Ltd., Permanent, O, No; Swapan Nath, Executive Director\*, 56, 10.10.2016, 23.50, B.Tech, Maharaja Shree Umaid Mills Limited, Permanent, O, No.

\* Not a member of the Board.

- iii. Ms. Dipali Goenka, CEO & Joint Managing Director, who is receiving remuneration and commission from your Company, receives ₹ 15 million as remuneration and commission of 2% of profits also from WGBL, a subsidiary of your Company.
- iv. Details of managerial remuneration and payments to other directors are given in the Corporate Governance Report forming part of this Report.

#### 14. Extract of the Annual Return:

An extract of the annual return in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is attached as Annexure – 5 to this Report.

#### 15. Business Responsibility Report (BRR):

SEBI vide Notification No. SEBI/LAD-NRO/GN/2015-16/27 dated December 22, 2015 had mandated top 500 listed entities, based on market capitalization, to include BRR in the annual report. Since, the Company being one of the top 500 listed entities, it is pleased to present its 1st BRR for the FY 2016-17 as per SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 04, 2015 which is hosted on your Company's website and a web link thereto is: [http://www.welspunindia.com/environment\\_management/BusinessResponsibilityReport\\_2016-17.pdf](http://www.welspunindia.com/environment_management/BusinessResponsibilityReport_2016-17.pdf)



## **16. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is attached as Annexure - 6 to this Report.

## **17. Corporate Social Responsibility (CSR):**

The key philosophy of all CSR initiatives of the Company is enshrined in the three E's which have become guiding principles of our CSR initiatives - Education, Empowerment (of Women) and Environment & Health.

The CSR Policy of your Company as approved by the Board of Directors' is hosted on your Company's website and a web link thereto is: [http://www.welspunindia.com/policy/csr\\_policy.pdf](http://www.welspunindia.com/policy/csr_policy.pdf)

The initiatives undertaken by your Company during FY 2016-17 in CSR have been detailed in this Report.

Disclosures as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 are given in Annexure - 7 to this Report.

## **18. Internal controls:**

Your Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. Your Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation of Section 134(5)(e) of the Act, SEBI Regulations, 2015 and other relevant statutes applicable to your Company.

Your Company has well-documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted by business needs. The Internal Auditors continuously monitor the efficiency of the internal controls / compliance with the SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's

risk management, control and governance processes.

For the year ended March 31, 2017, the Board is of the opinion that your Company has sound IFC commensurate with the nature of its business operations; wherein adequate controls are in place and operating effectively and no material weakness exists. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material effect on your Company's operation.

## **19. Risk management:**

Your Company is exposed to risks across all levels and functions of the organisation. The Board has approved Enterprise Risk Management Policy (ERMP) to effectively address financial, operational, business, compliance and strategic risk. A structured enterprise risk management programme has been formulated and implemented. Refer to the Management Discussion and Analysis Section in this Report for risks and threats applicable to your Company.

## **20. Corporate Governance:**

The Company is committed to maintain the highest standards of corporate governance requirements as set out by SEBI. The Report on Corporate Governance as stipulated under SEBI Regulations, 2015 forms an integral part of this Report. The requisite Compliance Certificate is obtained from Mr. Uday Sohoni, Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Part E of Schedule V of SEBI Regulations, 2015, is annexed to the Corporate Governance Report.

## **21. Management Discussion and Analysis Report:**

The Management Discussion and Analysis Report on the operation of the Company as required under the SEBI Regulations, 2015, is provided in a separate section and forms part of this Report.

## **22. Vigil mechanism:**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors



has formulated Whistle Blower Policy and Vigil Mechanism for its directors and employees and any director or employee may make protected disclosures to the Chairman of the Audit Committee. No personnel have been denied access to the Audit Committee.

### 23. Directors' Responsibility Statement:

Pursuant to Sections 134(3)(c) & 134(5) of the Act, your Directors hereby confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 and loss of the Company for the FY 2016-17;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a going concern basis;
- e. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 24. Miscellaneous:

During the year, there was no change in the general nature of business of your Company. No material change or commitment has occurred which would have affected the financial position of your Company between the end of the financial year to which the financial statements relate and the date of the report. No significant and material order was passed by the regulators or courts or tribunals which would have impacted the going concern status and your Company's operations in future. No amount was required to be transferred to General Reserve. Further, based on the Policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace, the Internal Complaints Committee for each location of your Company informed that no case of sexual harassments was reported during the year under review. Your Company has not made any provision of money for the purchase of, or subscription for, shares in your Company or its holding company, to be held by or for the benefit of the employees of your Company and hence the disclosure as required under Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is not required.

### 25. Acknowledgements:

Your Directors thank the government authorities, financial institutions, banks, customers, suppliers, members, employees and other business associates of your Company, who through their continued support and co-operation, have helped as partners in your Company's progress and achievement of its objectives.

For and on behalf of the Board of Directors

**Balkrishan Goenka**

Chairman

DIN 00270175

Date: May 25, 2017

Place: Mumbai

# Annexure - 1

## Welspun India Limited

### Dividend Distribution Policy

(In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### 1. REGULATORY FRAMEWORK

The Securities and Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Welspun India Limited ("Company") being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 2. OBJECTIVE & PHILOSOPHY

The objective of this Policy is to provide predictability of dividend to the investors and at the same time to enable them to plan for utilization of their income and to ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Through this Policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws and conditions.

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

#### 3. DIVIDEND DECLARATION - CIRCUMSTANCES AND FINANCIAL PARAMETERS

The Board will consider present situation of the Company, internal and external factors influencing performance of the Company,

its strategy and business plan for the future. After considering such factors, the Board will endeavor to achieve distribution of 25% of Profit After Tax for a financial year, on standalone basis, with equity shareholders (including by way dividend and Dividend Distribution Tax thereon).

The shareholders may expect dividend in following circumstances:

- 1) The Board will assess the Company's financial requirement, including present and future organic and inorganic growth opportunities and other relevant factors.
- 2) In the circumstances where no material event has occurred affecting the long term business stability of the Company.
- 3) No event has happened which may have long term material effect on the business of the Company. In such circumstances, dividend may be recommended or declared at the discretion of the Board.

#### 4. FACTORS FOR DETERMINING DIVIDEND

In determining the Company's dividend payout, the Board of Directors would consider a variety of factors, including:

##### A. Internal Factors

- i) Stability / trends of earnings;
- ii) Liquidity of funds;
- iii) Need for additional capital;
- iv) Acquisitions and/or any other potential strategic action;
- v) Expansion of business;
- vi) Past dividend trends;
- vii) Dividend type and time of its payment.

##### B. External Factors

- i) Prevailing legal requirements, tax rules, Government policies, Statutory conditions or restrictions as may be provided under applicable laws;
- ii) State of the industry or economy of the country;

- iii) Capital market scenario;
- iv) Financial covenants stipulated by the lenders;
- v) Covenants in agreement with shareholding group(s).

## 5. PARAMETERS WITH REGARDS TO VARIOUS CLASSES OF SHARES

The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

## 6. UTILIZATION OF RETAINED EARNINGS

The earnings retained by the Company after distribution of dividend to the members may be used, inter alia, to:-

1. Maintain existing operations;
2. Acquisitions, expansion or diversification;
3. Funding organic and inorganic growth;
4. Short-term investment in risk-free instruments with moderate returns;
5. Repayment of borrowings;
6. Meet contingent and other liabilities;
7. Issue of Bonus Shares;
8. Investment in Subsidiaries;
9. Research and Development;
10. Innovation;
11. Acquisition of Intellectual Property Rights.

## 7. AMENDMENTS / MODIFICATIONS

1. This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
3. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
4. Any difficulty or ambiguity in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
5. When the company proposes to declare dividend on the basis of parameters other than what is mentioned in the policy or proposes to change its dividend distribution policy, the same along with the rationale shall be disclosed.

For Welspun India Limited  
Sd/-

**Rajesh Mandawewala**  
Managing Director  
00007179

Date: January 31, 2017

Place: Mumbai

## Annexure - 2

### Form AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)  
Performance and financial position of the subsidiaries

Sr. No.	1	2	3	4	5	6	7	8	9	10
Name of the Subsidiary company	WGBL	WUSA	WCPGL	#CHL	WUL	CLL	CWG	WZTL	WHTUKL	WASEZ
Reporting period year ended	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
Reporting currency and Exchange rate	INR NA	USD ₹ 64.85	INR NA	GBP ₹ 81.43	GBP ₹ 81.43	USD ₹ 64.85	Euro ₹ 69.10	INR NA	GBP ₹ 81.43	INR NA
Share Capital	235.29	9.69	295.38	157.84	149.66	-	9.18	55.00	731.91	0.51
Reserves & Surplus	2,946.50	934.29	963.52	273.21	333.37	(13.34)	(4.17)	44.58	(370.65)	2,068.57
Total Assets	13,942.88	6,396.43	3,215.71	1,832.52	1,507.60	122.84	10.56	100.73	611.70	2,991.69
Total Liabilities	10,761.09	5,452.45	1,956.81	1,401.47	1,024.56	136.19	5.54	1.15	250.44	922.61
Investments (excluding investments in subsidiaries)	4.29	-	-	-	-	-	-	0.01	-	185.35
Turnover	55,652.18	15,088.52	2,088.17	2,756.52	2,503.83	283.21	38.47	-	-	11.78
Profit / (Loss) before Taxation	611.85	69.49	291.57	(115.83)	(36.24)	45.64	(0.90)	3.79	(0.46)	1.11
Provision for Taxation	248.73	47.67	100.65	(0.18)	0.14	0.31	-	0.72	-	(5.37)
Profit / (Loss) after Taxation	363.12	21.82	190.92	(115.65)	(36.38)	45.33	(0.90)	3.07	(0.46)	6.48
Proposed Dividend (Equity)	-	-	-	-	-	-	-	-	-	-
% of Share holding	98.03%	98.64%	77.00%	98.17%	98.17%	98.17%	98.17%	100.00%	98.17%	100.00%

#Consolidated figures of the Company are given.

Reporting currency and Exchange rate is as on the last date of the relevant financial year in the case of foreign subsidiaries.

WGBL = Welspun Global Brands Limited, WUSA = Welspun USA, Inc., WCPGL = Welspun Captive Power Generation Limited, CHL = CHT Holdings Limited, WUL = Welspun UK Limited, CLL = Christy Lifestyle LLC, CWG = Christy Welspun GmbH, WZTL = Welspun Zucchi Textiles Limited, WHTUKL = Welspun Home Textiles UK Limited, WASEZ = Welspun Anjar SEZ Limited.

Sr. No.	11	12	13	14	15	16	17	18	19	20
Name of the Subsidiary company	CHT	NHT	WMEL	WHPL	ERK	BDI	AITP	WFL	CL	CUL
Reporting period year ended	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
Reporting currency and Exchange rate	GBP ₹ 81.43	MXN ₹ 3.46	USD ₹ 64.85	GBP ₹ 81.43	GBP ₹ 81.43	INR NA	INR NA	INR NA	GBP ₹ 81.43	GBP ₹ 81.43
Share Capital	149.66	53.22	16.54	1.62	0.20	0.10	0.10	7.10	-	-
Reserves & Surplus	3.48	(56.95)	36.68	450.27	47.77	(14.53)	-	(6.78)	699.74	2.10
Total Assets	141.96	-	58.99	452.56	47.94	1.14	0.61	1.11	699.74	2.10
Total Liabilities	(11.17)	3.73	5.77	0.67	(0.04)	15.57	0.51	0.79	-	-
Investments(excluding investments in subsidiaries)	-	-	-	-	-	-	-	-	-	-
Turnover	-	-	-	-	-	-	-	-	-	-
Profit/ (Loss) before Taxation	10.56	-	(0.77)	(0.87)	-	0.05	-	(9.23)	-	-
Provision for Taxation	-	-	-	(2.15)	-	0.01	-	-	-	-
Profit/ (Loss) after Taxation	10.56	-	(0.77)	1.28	-	0.04	-	(9.23)	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
% of Share holding	98.17%	98.03%	98.03%	98.17%	98.17%	100.00%	100.00%	100.00%	98.17%	98.17%

Reporting currency and Exchange rate is as on the last date of the relevant Financial year in case of foreign subsidiaries.

CHT = Christy Home Textiles Limited, NHT = Novelty Home Textiles S A DE C V, WMEL = Welspun Mauritius Enterprises Limited, WHPL = Welspun Holdings Private Limited, ERK = E. R. Kingsley (Textiles) Limited, BDI = Besa Developers and Infrastructure Private Limited, AITP = Anjar Integrated Textile Park Developers Private Limited, WFL = Welspun Flooring Limited, CL = Christy 2004 Limited, CUL = Christy UK Limited.

#### Notes:

Anjar Integrated Textile Park Developers Private Limited is yet to commence business.

For and on behalf of the Board of Directors

**Balkrishan Goenka**  
Chairman  
DIN 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN 00007179

**Dipali Goenka**  
CEO & Joint Managing Director  
DIN 00007199

Date: April 25, 2017

Place: Mumbai

**Shashikant Thorat**  
Company Secretary  
FCS 6505

**Altaf Jiwani**  
Chief Financial Officer

# Annexure - 3

## Form No. MR -3

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

To,  
The Members,  
**WELSPUN INDIA LIMITED**  
Welspun City, Village Versamedi,  
Anjar - 370110, Gujarat, India.  
CIN: L17110GJ1985PLC033271  
BSE Scrip Code - 514162  
NSE Code - WELSPUNIND Series EQ

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **WELSPUN INDIA LIMITED** (hereinafter referred to as 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 / The Companies Act, 1956 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations

and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (No event occurred requiring compliance during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India

(Delisting of Equity Shares) Regulations, 2009; (No event occurred requiring compliance during the audit period) and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (No event occurred requiring compliance during the audit period)

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda thereon were sent in compliance to the Act, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions were carried out by majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I, further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I, further report that during the year under review, the Company declared and paid final dividend of ₹ 0.65 per equity share having nominal value of ₹ 1/- each for the financial year ended on March 31, 2017.

**Uday Sohoni**

Practising Company Secretary  
ACS 29359, CP 10916

April 25, 2017  
Mumbai



## Annexure - 4

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

#### 2. Details of material contracts or arrangement or transactions at arm's length basis.

(a) Name(s) of the related party and nature of relationship	Welspun Global Brands Limited	Welspun Captive Power Generation Limited
(b) Nature of contracts/ arrangements/ transactions	Sale of products of the Company	Purchase of power and steam
(c) Duration of the contracts / arrangements/ transactions	Perpetual	Perpetual
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	The price for sale of the products of the Company shall be negotiated and agreed to by both parties based on estimated total costs and risk & return considering prevalent market conditions.	As may be mutually agreed periodically considering prevalent market conditions.
(e) Date(s) of approval by the Board	July 30, 2014	July 30, 2014
(f) Amount paid as advances, if any	N.A.	N.A.

Note: The above transactions are material as per SEBI Regulations, 2015. Other transactions which are not material transactions but entered into in the ordinary course of business and on arm's length basis are mentioned in the Note No. 29 of the audited financial statements.

For and on behalf of the Board of Directors

Date: April 25, 2017  
 Place: Mumbai

**Balkrishan Goenka**  
 Chairman  
 DIN 00270175

# Annexure - 5

## Form No. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and other Details

- i. CIN :- L17110GJ1985PLC033271
- ii. Registration Date : January 17, 1985
- iii. Name of the Company : Welspun India Limited
- iv. Category / Sub-Category of the Company:  
Public Limited Company
- v. Address of the Registered office and contact details: Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat-370110.

Contact: The Company Secretary,  
Tele. No.: +91 2836 661111;  
Email: Companysecretary\_WIL@welspun.com.

- vi. Whether listed company: Yes.

- vii. Name, address and contact details of Registrar and Transfer Agent, if any:

#### Link Intime India Private Limited

Unit : Welspun India Limited  
C 101, 247 Park, LBS Marg,  
Vikhroli (West),  
Mumbai - 400 083  
Email - rnt.helpdesk@linkintime.co.in  
Tele. No.: +91-22-49186270  
Fax No.: +91-22-49186060

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are as given below:

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Manufacture of other textiles	139	100%

#### III. Particulars of Holding, Subsidiary and Associate Companies -

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Anjar Integrated Textile Park Developers Private Limited 707/708 Sterling Centre, R C Dutt Road, Alkapuri, Baroda, Gujarat - 390 005	U74120GJ2011PTC064912	Subsidiary	100.00	2(87)(ii)
2	Besa Developers and Infrastructure Private Limited Welspun House, 6th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013	U45400MH2008PTC178773	Subsidiary	100.00	2(87)(ii)
3	Christy 2004 Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire, SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
4	Christy Home Textiles Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire, SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
5	Christy Lifestyle LLC (USA) 3901, Gantz Road, Grove City, OH 43123	-	Subsidiary	98.17	2(87)(ii)
6	Christy UK Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
7	Christy Welspun GmbH (Germany) Obere Breite 14, 72336 Balingen	-	Subsidiary	98.17	2(87)(ii)
8	CHT Holdings Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
9	E. R. Kingsley (Textiles) Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
10	Novelty Home Textiles S.A. de C.V. (Mexico) Boulevard Zaragoza 1650, Colonia Salvacar, Ciudad Juarez, Chihuahua 32574	-	Subsidiary	98.03	2(87)(ii)
11	Prasert Multiventures Private Limited Welspun House, 7th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U51901MH2017PTC291358	Holding (with effect from March 31, 2017)	67.59	2(46)
12	Welspun Anjar SEZ Limited Welspun City, P.O. Versamedi, Taluka Anjar, Gujarat - 370 110	U22210GJ1995PLC027871	Subsidiary	100.00	2(87)(ii)
13	Welspun Captive Power Generation Limited Welspun City, Village Versamedi, Taluka Anjar, Gujarat - 370 110	U40100GJ2010PLC060502	Subsidiary	77.00	2(87)(ii)
14	Welspun Flooring Limited Survey No. 76, Village Morai, Vapi Valsad, Gujarat - 396 191	U17291GJ2016PLC086292	Subsidiary	100.00	2(87)(ii)
15	Welspun Global Brands Limited Survey No. 675, Welspun City, Anjar, Gujarat - 370 110	U71210GJ2004PLC045144	Subsidiary	98.03	2(87)(ii)
16	Welspun Holdings Private Limited (Cyprus) 10, Diomidous Avenue, Building Alphamega - Acropolis, 3rd Floor, Office 401, 2024 Nicosia, Cyprus	-	Subsidiary	98.17	2(87)(ii)
17	Welspun Home Textiles UK Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
18	Welspun Mauritius Enterprises Limited (Mauritius) Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	-	Subsidiary	98.03	2(87)(ii)
19	Welspun UK Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
20	Welspun USA, Inc. (USA) Suite No. 1118, 11th Floor, Textile Building, 5th Avenue, New York, NY - 10016, USA	-	Subsidiary	98.64	2(87)(ii)
21	Welspun Zucchi Textiles Limited Welspun House, 6th Floor, Kamala Mills Compound, S B Marg, Lower Parel, Mumbai - 400 013	U18101MH1997PLC107982	Subsidiary	100.00	2(87)(ii)

#### IV. Share Holding Pattern (equity share capital break-up as percentage of Total Equity)

##### i. Category-wise share holding

Category of shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year						
	Demat	Physical	Total	% of total shares	Demat	Physical		Total	% of total shares				
A. Promoters													
(1) Indian													
a) Individuals / Hindu Undivided Family	3,444,010	-	3,444,010	0.34%	3,444,010	-	3,444,010	0.34%	0.00%				
b) Central Government / State Government(s)	-	-	-	-	-	-	-	-	-				
c) Bodies Corporate	734,833,180	-	734,833,180	73.14%	734,833,180	-	734,833,180	73.14%	0.00%				
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-				
e) Any other(Specify)	-	-	-	-	-	-	-	-	-				
Sub-Total (A1)	738,277,190	-	738,277,190	73.48%	738,277,190	-	738,277,190	73.48%	0.00%				
(2) Foreign													
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-				
b) Other Individuals	-	-	-	-	-	-	-	-	-				
c) Bodies Corporate	-	-	-	-	-	-	-	-	-				
d) Banks / FI	-	-	-	-	-	-	-	-	-				
e) Any Other	-	-	-	-	-	-	-	-	-				
Sub Total (A2)	-	-	-	-	-	-	-	-	-				
Total Shareholding of Promoter and Promoter Group (A)= (A1)+(A2)									738,277,190	73.48%	738,277,190	73.48%	0.00%
B. Public shareholding													
1. Institutions													
a) Mutual Funds/ UTI	27,347,325	112,100	27,459,425	2.73%	19,073,551	112,100	19,185,651	1.91%	(0.82)%				
b) Banks / FI	784,187	2,500	786,687	0.08%	1,317,777	2,500	1,320,277	0.13%	0.05%				
c) Central Government	-	-	-	-	-	-	-	-	-				
d) State Government(s)	-	-	-	-	-	-	-	-	-				
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-				
f) Insurance Companies	-	-	-	-	-	-	-	-	-				
g) Foreign Portfolio Investors	127,196,277	-	127,196,277	12.66%	119,947,484	-	119,947,484	11.94%	(0.72)%				
h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-				
i) Others (Specify) - UTI	-	1,400	1,400	0.00%	-	1,400	1,400	0.00%	0.00%				
Sub-Total (B1)	155,327,789	116,000	155,443,789	15.47%	140,338,812	116,000	140,454,812	13.98%	(1.49)%				

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year			% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	
<b>2. Non-institutions</b>								
a) Bodies Corporate								
i. Indian	30,578,348	33,070	30,611,418	3.05%	31,825,574	28,860	31,854,434	3.17%
ii. Overseas	-	-	-	-	-	-	-	0.12%
b) Individuals								
i. Individual shareholders holding nominal share capital up to ₹ 2 lakh	35,985,331	5,730,580	41,715,911	4.15%	60,881,175	5,336,130	66,217,305	6.59%
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	30,733,499	-	30,733,499	3.06%	18,464,462	-	18,464,462	1.84%
c) Qualified Foreign Investor	-	-	-	-	-	-	-	(122)%
d) Any Other (specify)								
i. Clearing member	1,758,605	-	1,758,605	0.18%	1,728,134	-	1,728,134	0.17%
ii. Non Resident Indians	2,144,681	205,750	2,350,431	0.23%	3,232,703	202,170	3,434,873	0.34%
iii. Unclaimed Shares Demat Suspense Account	1,370,850	-	1,370,850	0.14%	1,362,240	-	1,362,240	0.14%
iv. Hindu Undivided Family	2,359,507	-	2,359,507	0.23%	2,928,955	-	2,928,955	0.29%
v. Directors / Relatives	25,010	-	25,010	0.00%	1,510	-	1,510	0.00%
vi. Trust	103,950	-	103,950	0.01%	1,235	-	1,235	0.00%
<b>Sub-Total (B2)</b>	<b>105,034,771</b>	<b>5,969,400</b>	<b>111,004,171</b>	<b>11.05%</b>	<b>120,425,988</b>	<b>5,567,160</b>	<b>125,993,148</b>	<b>12.54%</b>
<b>Total Public Shareholding (B)= (B1)+(B2)</b>	<b>260,362,560</b>	<b>6,085,400</b>	<b>266,447,960</b>	<b>26.52%</b>	<b>260,764,800</b>	<b>5,683,160</b>	<b>266,447,960</b>	<b>26.52%</b>
<b>TOTAL (A)+(B)</b>	<b>998,639,750</b>	<b>6,085,400</b>	<b>1,004,725,150</b>	<b>100.00%</b>	<b>999,041,990</b>	<b>5,683,160</b>	<b>1,004,725,150</b>	<b>100.00%</b>
<b>C. Shares held by Custodians and against which Depository Receipts have been issued</b>								
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>998,639,750</b>	<b>6,085,400</b>	<b>1,004,725,150</b>	<b>100.00%</b>	<b>999,041,990</b>	<b>5,683,160</b>	<b>1,004,725,150</b>	<b>100.00%</b>

## ii. Shareholding of Promoters

Sr. No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Krishiraj Trading Limited*	505,098,770	50.27	-	-	-	-	(50.27)
2	Welspun Mercantile Limited*	112,465,760	11.20	-	-	-	-	(11.20)
3	Welspun Wintex Limited*	84,252,910	8.39	-	-	-	-	(8.39)
4	Welspun Infra Developers Limited*	27,497,730	2.74	-	-	-	-	(2.74)
5	Prasert Multiventure Private Limited#	-	-	-	679,078,913	67.59	-	67.59
6	MGN Agro Properties Private Limited*	-	-	-	50,236,257	5.00	-	5.00
7	Welspun Tradewel Limited (Formerly known as Welspun Finance Limited)	5,424,020	0.54	-	5,424,020	0.54	-	0.00
8	Radhika Goenka	2,008,600	0.20	-	2,008,600	0.20	-	0.00
9	Dipali Goenka	723,600	0.07	-	723,600	0.07	-	0.00
10	Balkrishan Goenka	683,890	0.07	-	683,890	0.07	-	0.00
11	Methodical Investment And Trading Co. Private Limited	76,940	0.01	-	76,940	0.01	-	0.00
12	Dipali Goenka jointly with Balkrishan Goenka	26,800	0.00	-	26,800	0.00	-	0.00
13	AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	14,850	0.00	-	14,850	0.00	-	0.00
14	Welspun Steel Limited	1,100	0.00	-	1,100	0.00	-	0.00
15	Welspun Zucchi Textiles Limited	1,100	0.00	-	1,100	0.00	-	0.00
16	Rajesh Mandawewala	1,030	0.00	-	1,030	0.00	-	0.00
17	Balkrishan Goenka jointly with Dipali Goenka	90	0.00	-	90	0.00	-	0.00
<b>Total</b>		<b>738,277,190</b>	<b>73.48</b>	-	<b>738,277,190</b>	<b>73.48</b>	-	<b>0.00</b>

\* Pursuant to court approved scheme of amalgamation amongst MGN Agro Properties Private Limited and the promoter group companies, the shares got transferred to MGN Agro Properties Private Limited w.e.f. September 27, 2016.

# As a part of inter-se restructuring of promoter shareholding, on March 30, 2017, MGN Agro Properties Private Limited transferred shares to Prasert Multiventure Private Limited.

**iii. Change in Promoter Groups' shareholding**

Sr. No.	Constituent of the Promoter Group	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	738,277,190	73.48%	738,277,190	73.48%
	Increase / decrease in Promoter Shareholding during the year specifying the reason for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)			Not Applicable	
	At the end of the year	738,277,190	73.48%	738,277,190	73.48%

**iv. Top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Shareholder Names For each of the top ten Shareholders	Shareholding at the beginning (01-04-16) / end of the year (31-03-17)		Date <sup>@</sup>	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	FIAM Group Trust For Employee Benefit Plans - FIAM Emerging Markets Commingled Pool*	7,539,635	0.75	01.04.2016			7,539,635	0.75
				08.04.2016	8,986	Purchase	7,548,621	0.75
				15.04.2016	270,707	Purchase	7,819,328	0.78
				29.07.2016	172,649	Purchase	7,991,977	0.79
				05.08.2016	26,476	Purchase	8,018,453	0.79
				12.08.2016	1,281,837	Purchase	9,300,290	0.93
				26.08.2016	79,863	Purchase	9,380,153	0.93
				21.10.2016	424,886	Purchase	9,805,039	0.98
				04.11.2016	565,167	Purchase	10,370,206	1.03
				11.11.2016	3,704,940	Purchase	14,075,146	1.40
				18.11.2016	53,384	Purchase	14,128,530	1.41
				02.12.2016	1,057,872	Purchase	15,186,402	1.51
				09.12.2016	895,995	Purchase	16,082,397	1.60
				16.12.2016	783,688	Purchase	16,866,085	1.68
				23.12.2016	883,063	Purchase	17,749,148	1.77
				30.12.2016	850,347	Purchase	18,599,495	1.85
				06.01.2017	740,593	Purchase	19,340,088	1.92
				13.01.2017	340,000	Purchase	19,680,088	1.96
		19,680,088	1.96	31.03.2017			19,680,088	1.96
2.	Alliance Bernstein India Growth (Mauritius) Limited*	Nil	0.00	01.04.2016			Nil	0.00
				16.09.2016	2,803,210	Purchase	2,803,210	0.28
				23.09.2016	1,348,800	Purchase	4,152,010	0.41
				21.10.2016	594,458	Purchase	4,746,468	0.47
				28.10.2016	878,502	Purchase	5,624,970	0.56
				04.11.2016	536,288	Purchase	6,161,258	0.61
				11.11.2016	915,102	Purchase	7,076,360	0.70
				25.11.2016	2,449,340	Purchase	9,525,700	0.95
		9,525,700	0.95	31.03.2017			9,525,700	0.95



Sr. No.	Shareholder Names  For each of the top ten Shareholders	Shareholding at the beginning (01-04-16) / end of the year (31-03-17)		Date <sup>@</sup>	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
3.	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	11,407,700	1.14	01.04.2016			11,407,700	1.14
				15.04.2016	100,000	Purchase	11,507,700	1.14
				22.04.2016	-86,640	Sale	11,421,060	1.14
				29.04.2016	-580,450	Sale	10,840,610	1.08
				17.06.2016	-524,950	Sale	10,315,660	1.03
				24.06.2016	-584,500	Sale	9,731,160	0.97
				30.06.2016	-150,000	Sale	9,581,160	0.95
				01.07.2016	-200,000	Sale	9,381,160	0.93
				22.07.2016	100,000	Purchase	9,481,160	0.94
				29.07.2016	200,000	Purchase	9,681,160	0.96
				19.08.2016	-500,000	Sale	9,181,160	0.91
				02.09.2016	-153	Sale	9,181,007	0.91
				18.11.2016	-869	Sale	9,180,138	0.91
				25.11.2016	-89,000	Sale	9,091,138	0.90
				02.12.2016	-399,894	Sale	8,691,244	0.86
				09.12.2016	-42,100	Sale	8,649,144	0.86
				06.01.2017	58	Purchase	8,649,202	0.86
				10.02.2017	-200,000	Sale	8,449,202	0.84
				17.02.2017	-100,078	Sale	8,349,124	0.83
				03.03.2017	25	Purchase	8,349,149	0.83
		<b>8,349,149</b>	<b>0.83</b>	<b>31.03.2017</b>			<b>8,349,149</b>	<b>0.83</b>
4.	Wasatch Emerging Markets Small Cap Fund*	6,114,270	0.61	01.04.2016			6,114,270	0.61
				06.05.2016	741,502	Purchase	6,855,772	0.68
				01.07.2016	-34,883	Sale	6,820,889	0.68
				12.08.2016	-93,508	Sale	6,727,381	0.67
				26.08.2016	-1,029,355	Sale	5,698,026	0.57
				09.09.2016	2,272,773	Purchase	7,970,799	0.79
				16.09.2016	3,532,686	Purchase	11,503,485	1.14
				07.10.2016	-374,187	Sale	11,129,298	1.10
				28.10.2016	-570,011	Sale	10,559,287	1.05
				02.12.2016	-425,545	Sale	10,133,742	1.00
				16.12.2016	-301,450	Sale	9,832,292	0.98
				30.12.2016	-564,566	Sale	9,267,726	0.92
				06.01.2017	-184,433	Sale	9,083,293	0.90
				03.02.2017	-339,149	Sale	8,744,144	0.87
				24.02.2017	-329,573	Sale	8,414,571	0.84
				03.03.2017	-485,760	Sale	7,928,811	0.79
				10.03.2017	-758,498	Sale	7,170,313	0.71
				24.03.2017	-335,215	Sale	6,835,098	0.68
				31.03.2017	-58,325	Sale	6,776,773	0.67
		<b>6,776,773</b>	<b>0.67</b>	<b>31.03.2017</b>			<b>6,776,773</b>	<b>0.67</b>

Sr. No.	Shareholder Names For each of the top ten Shareholders	Shareholding at the beginning (01-04-16) / end of the year (31-03-17)		Date®	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
5.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund*	126,048	0.01	01.04.2016			126,048	0.01
				08.04.2016	50,742	Purchase	176,790	0.02
				15.04.2016	19,756	Purchase	196,546	0.02
				22.04.2016	196,151	Purchase	392,697	0.04
				29.04.2016	466,946	Purchase	859,643	0.09
				06.05.2016	214,338	Purchase	1,073,981	0.11
				27.05.2016	173,437	Purchase	1,247,418	0.12
				03.06.2016	318,739	Purchase	1,566,157	0.16
				10.06.2016	176,493	Purchase	1,742,650	0.17
				17.06.2016	232,521	Purchase	1,975,171	0.20
				24.06.2016	636,271	Purchase	2,611,442	0.26
				15.07.2016	325,747	Purchase	2,937,189	0.29
				22.07.2016	516,369	Purchase	3,453,558	0.34
				29.07.2016	33,774	Purchase	3,487,332	0.34
				05.08.2016	9,440	Purchase	3,496,772	0.35
				12.08.2016	768,240	Purchase	4,265,012	0.42
				19.08.2016	41,920	Purchase	4,306,932	0.43
				02.09.2016	200,000	Purchase	4,506,932	0.45
				23.09.2016	567,756	Purchase	5,074,688	0.51
				28.10.2016	254,007	Purchase	5,328,695	0.53
				23.12.2016	295,834	Purchase	5,624,529	0.56
				06.01.2017	18,864	Purchase	5,643,393	0.56
				13.01.2017	40,086	Purchase	5,683,479	0.57
				20.01.2017	18,864	Purchase	5,702,343	0.57
				27.01.2017	75,704	Purchase	5,778,047	0.58
				03.02.2017	321,773	Purchase	6,099,820	0.61
				17.02.2017	15,720	Purchase	6,115,540	0.61
				24.03.2017	36,495	Purchase	6,152,035	0.61
				31.03.2017	35,684	Purchase	6,187,719	0.62
		<b>6,187,719</b>	<b>0.62</b>	<b>31.03.2017</b>			<b>6,187,719</b>	<b>0.62</b>
6.	Anil Kumar Goel	5,470,000	0.54	01.04.2016			5,470,000	0.54
				30.06.2016	413	Purchase	5,470,413	0.54
				29.06.2016	9,587	Purchase	5,480,000	0.55
				02.09.2016	20,000	Purchase	5,500,000	0.55
		<b>5,500,000</b>	<b>0.55</b>	<b>31.03.2017</b>			<b>5,500,000</b>	<b>0.55</b>
7.	Quantum (M) Limited*	Nil	0.00	01.04.2016			Nil	0.00
				16.09.2016	2,380,000	Purchase	2,380,000	0.24
				18.11.2016	2,183,387	Purchase	4,563,387	0.45
		<b>4,563,387</b>	<b>0.45</b>	<b>31.03.2017</b>			<b>4,563,387</b>	<b>0.45</b>
8.	Vanguard Total International Stock Index Fund*	4,022,510	0.40	01.04.2016			4,022,510	0.40
				27.05.2016	15,830	Purchase	4,038,340	0.40
				03.06.2016	12,763	Purchase	4,051,103	0.40
				10.06.2016	100,201	Purchase	4,151,304	0.41
				17.06.2016	118,130	Purchase	4,269,434	0.42
				09.12.2016	293,851	Purchase	4,563,285	0.45
		<b>4,563,285</b>	<b>0.45</b>	<b>31.03.2017</b>			<b>4,563,285</b>	<b>0.45</b>
9.	AB FCP I - Emerging Markets Growth Portfolio*	Nil	0.00	01.04.2016			Nil	0.00
				23.09.2016	812,813	Purchase	812,813	0.08
				30.09.2016	1,012,956	Purchase	1,825,769	0.18

Sr. No.	Shareholder Names For each of the top ten Shareholders	Shareholding at the beginning (01-04-16) / end of the year (31-03-17)		Date <sup>@</sup>	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				07.10.2016	40,411	Purchase	1,866,180	0.19
				11.11.2016	443,000	Purchase	2,309,180	0.23
				02.12.2016	279,267	Purchase	2,588,447	0.26
				09.12.2016	501,347	Purchase	3,089,794	0.31
				16.12.2016	835,770	Purchase	3,925,564	0.39
				23.12.2016	614,696	Purchase	4,540,260	0.45
		<b>4,540,260</b>	<b>0.45</b>	<b>31.03.2017</b>			<b>4,540,260</b>	<b>0.45</b>
10.	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Midcap Fund *	Nil	0.00	01.04.2016			Nil	0.00
				09.09.2016	3,684,891	Purchase	3,684,891	0.37
				30.12.2016	87,000	Purchase	3,771,891	0.38
				24.02.2017	450,000	Purchase	4,221,891	0.42
				03.03.2017	297,000	Purchase	4,518,891	0.45
		<b>4,518,891</b>	<b>0.45</b>	<b>31.03.2017</b>			<b>4,518,891</b>	<b>0.45</b>
11.	ICICI Prudential Midcap Fund#	5,428,320	0.54	01.04.2016			5,428,320	0.54
				22.04.2016	-1,162,990	Sale	4,265,330	0.42
				29.04.2016	-1,406,412	Sale	2,858,918	0.28
		<b>2,858,918</b>	<b>0.28</b>	<b>31.03.2017</b>			<b>2,858,918</b>	<b>0.28</b>
12.	HSBC India Opportunities Fund#	6,857,120	0.68	01.04.2016			6,857,120	0.68
				08.04.2016	-74,000	Sale	6,783,120	0.68
				15.04.2016	-50,000	Sale	6,733,120	0.67
				22.04.2016	-50,000	Sale	6,683,120	0.67
				29.04.2016	-439,611	Sale	6,243,509	0.62
				06.05.2016	-170,389	Sale	6,073,120	0.60
				20.05.2016	-500,000	Sale	5,573,120	0.55
				27.05.2016	-19,000	Sale	5,554,120	0.55
				30.06.2016	-78,507	Sale	5,475,613	0.55
				01.07.2016	-171,000	Sale	5,304,613	0.53
				15.07.2016	-715,000	Sale	4,589,613	0.46
				22.07.2016	-150,000	Sale	4,439,613	0.44
				05.08.2016	-350,000	Sale	4,089,613	0.41
				16.09.2016	-400,000	Sale	3,689,613	0.37
				23.09.2016	-250,000	Sale	3,439,613	0.33
				30.09.2016	-150,000	Sale	3,289,613	0.32
				23.12.2016	-600,000	Sale	2,689,613	0.27
				27.01.2017	-50,000	Sale	2,639,613	0.26
				03.02.2017	-225,000	Sale	2,414,613	0.24
				10.03.2017	-275,000	Sale	2,139,613	0.21
				17.03.2017	-60,000	Sale	2,079,613	0.21
				24.03.2017	-150,000	Sale	1,929,613	0.19
		<b>1,929,613</b>	<b>0.19</b>	<b>31.03.2017</b>			<b>1,929,613</b>	<b>0.19</b>
13.	California Public Employees' Retirement System#	6,307,570	0.63	01.04.2016			6,307,570	0.63
				15.07.2016	6,144	Purchase	6,313,714	0.63
				19.08.2016	6,256	Purchase	6,319,970	0.63
				26.08.2016	-831,578	Sale	5,488,392	0.55
				02.09.2016	-4,603,222	Sale	885,170	0.09

Sr. No.	Shareholder Names For each of the top ten Shareholders	Shareholding at the beginning (01-04-16) / end of the year (31-03-17)		Date <sup>®</sup>	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				23.09.2016	79,296	Purchase	964,466	0.10
				30.09.2016	-119,523	Sale	844,943	0.08
				21.10.2016	12,139	Purchase	857,082	0.09
				23.12.2016	-275,707	Sale	581,375	0.06
				24.03.2017	181,397	Purchase	762,772	0.08
		<b>762,772</b>	<b>0.08</b>	<b>31.03.2017</b>			<b>762,772</b>	<b>0.08</b>
14.	Goldman Sachs India Fund Limited <sup>#</sup>	20,466,450	2.04	01.04.2016			20,466,450	2.04
				17.06.2016	-120,547	Sale	20,345,903	2.03
				24.06.2016	-1,510,826	Sale	18,835,077	1.87
				30.06.2016	-690,341	Sale	18,144,736	1.81
				01.07.2016	-95,724	Sale	18,049,012	1.80
				08.07.2016	-441,058	Sale	17,607,954	1.75
				15.07.2016	-392,192	Sale	17,215,762	1.71
				22.07.2016	-1,070,303	Sale	16,145,459	1.61
				26.08.2016	-436,514	Sale	15,708,945	1.56
				02.09.2016	-15,708,945	Sale	Nil	0.00
		<b>Nil</b>	<b>0.00</b>	<b>31.03.2017</b>			<b>Nil</b>	<b>0.00</b>
15.	Vimal Sagarmal Jain <sup>#</sup>	7,524,000	0.75	01.04.2016			7,524,000	0.75
				30.06.2016	-471,951	Sale	7,050,249	0.70
				01.07.2016	-425,688	Sale	6,626,361	0.66
				08.07.2016	-470,361	Sale	6,156,000	0.61
				15.07.2016	-149,113	Sale	6,006,887	0.60
				22.07.2016	-315,308	Sale	5,691,579	0.57
				29.07.2016	-2,544,581	Sale	3,146,998	0.31
				05.08.2016	-265,428	Sale	2,881,570	0.29
				12.08.2016	-541,570	Sale	2,340,000	0.23
				26.08.2016	-1,800,000	Sale	540,000	0.05
				02.09.2016	-540,000	Sale	Nil	0.00
		<b>Nil</b>	<b>0.00</b>	<b>31.03.2017</b>			<b>Nil</b>	<b>0.00</b>
16.	Macquarie Emerging Markets Asian Trading Pte. Limited <sup>#</sup>	5,697,940	0.57	01.04.2016			5,697,940	0.57
				22.07.2016	696,436	Purchase	6,394,376	0.64
				29.07.2016	1,084,164	Purchase	7,478,540	0.74
				05.08.2016	-1,780,600	Sale	5,697,940	0.57
				12.08.2016	537,300	Purchase	6,235,240	0.62
				19.08.2016	270,000	Purchase	6,505,240	0.65
				26.08.2016	-950,000	Sale	5,555,240	0.55
				02.09.2016	-5,555,240	Sale	Nil	0.00
		<b>Nil</b>	<b>0.00</b>	<b>31.03.2017</b>			<b>Nil</b>	<b>0.00</b>

<sup>#</sup> Ceased to be in the list of Top 10 shareholders as on 31-03-2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01-04-2016.

<sup>\*</sup> Not in the list of Top 10 shareholders as on 01-04-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2017.

<sup>®</sup> Dates of weekly Beneficiary Position received from the Registrar and Share Transfer Agent. Exact date of change is not available.

**v. Shareholding of Directors and Key Managerial Personnel (KMP):**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year.	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Shareholding of Directors					
1.	Balkrishan Goenka (including holding of Balkrishan Goenka HUF and joint holding)				
	At the Beginning of Year	683,980	0.07	683,980	0.07
	At the end of year	683,980	0.07	683,980	0.07
2.	Ram Gopal Sharma				
	At the Beginning of Year	10	0.00	10	0.00
	At the end of year	10	0.00	10	0.00
3.	Arun Todarwal				
	At the Beginning of Year	0	0.00	0	0.00
	At the end of year	1,500	0.00	1,500	0.00
Shareholding of KMP					
4.	Rajesh Mandawewala – Managing Director				
	At the Beginning of Year	1,030	0.00	1,030	0.00
	At the end of year	1,030	0.00	1,030	0.00
5.	Ms. Dipali Goenka – CEO & Joint Managing Director (including joint holding)				
	At the Beginning of Year	750,400	0.07	750,400	0.07
	At the end of year	750,400	0.07	750,400	0.07
6.	Shashikant Thorat – Company Secretary				
	At the Beginning of Year	10	0.00	10	0.00
	At the end of year	10	0.00	10	0.00

Other Directors of the Company and Chief Financial Officer did not hold any share of the Company, any time during the year

**V. Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ Million

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	21,179.63	4,484.99	-	25,664.62
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	80.74	-	-	80.74
<b>Total (i + ii + iii)</b>	<b>21,260.37</b>	<b>4,484.99</b>	<b>-</b>	<b>25,745.36</b>
<b>Change in indebtedness during the financial year</b>				
● Addition	3,609.37	(1,834.97)	-	1,774.40
● (Reduction)	-	-	-	-
<b>Net change</b>	<b>3,609.37</b>	<b>(1,834.97)</b>	<b>-</b>	<b>1,774.40</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	24,734.87	2,648.79	-	27,383.66
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	134.87	1.23	-	136.10
<b>Total (i+ii+iii)</b>	<b>24,869.74</b>	<b>2,650.02</b>	<b>-</b>	<b>27,519.76</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Directors (MD), Whole-time Director (WTD) and/or Manager

₹ Million

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Rajesh Mandawewala	Ms. Dipali Goenka	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	17.00	15.00	32.00
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	0.40	-	0.40
	c) Profits in lieu of salary u/s. 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat equity	-	-	-
4	Commission			
	- As % of profit	41.45	41.45	82.90
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>58.85</b>	<b>56.45</b>	<b>115.30</b>
	Ceiling as per the Act	207.23	207.23	414.45

### B. Remuneration to other directors

₹ Million

Sr. No.	Particulars of Remuneration	Name of Directors					Total amount
		Apurba Kumar Dasgupta*	Arvind Kumar Singhal	Arun Todarwal	Pradeep Poddar#	Ram Gopal Sharma	
1.	Independent Directors						
	• Fee for attending board/ committee meetings and general meetings	0.09	0.23	0.78	0.10	0.88	2.08
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.09</b>	<b>0.23</b>	<b>0.78</b>	<b>0.10</b>	<b>0.88</b>	<b>2.08</b>
2.	Other Non-Executive Directors	Ms. Padma Betai	Balkrishan Goenka				
	• Fee for attending board/ committee and general meetings	0.16	-				0.16
	• Commission	-	41.45				41.45
	• Others, please specify (Advisory Fees)	-	-				-
	<b>Total (2)</b>	<b>0.16</b>	<b>41.45</b>				<b>41.61</b>
	<b>Total (B) = (1 + 2)</b>						<b>43.69</b>

\*Resigned w.e.f. 01-07-2016

#Appointed w.e.f. 15-09-2016

**C. Total Managerial Remuneration**

	₹ Million
Total Managerial Remuneration (A+B)	158.99
Overall Ceiling as per the Act	455.90

**D. Remuneration to key Managerial Personnel other than MD/ Manager/ WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	25.55	3.85	29.40
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary u/s. 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit			
	- Others, specify			
5	Others, please specify	-	-	-
	<b>Total</b>	<b>25.55</b>	<b>3.85</b>	<b>29.40</b>

**VII. Penalties / Punishment / Compounding Of Offences under Companies Act, 2013: Nil**

For and on behalf of the Board of Directors

Date: April 25, 2017

Place: Mumbai

**Balkrishan Goenka**

Chairman

DIN 00270175



## Annexure - 6

### Conservation of energy, technology absorption and foreign exchange earnings and outgo

- (i) The steps taken or impact on conservation of energy:

The Company is continuously engaged in the process of energy conservation through continuous improvements in operational and maintenance practice.

Following measures have been taken by different units of the Company:

- Installed Hydro pneumatic system on Soft Water pumping system.
- Energy saving studies were carried out. TFO Machine from delta to Star Unit.
- Installed Invertors on Ring Frame machine.
- Turbine compressor was installed. Compressed air generated using waste heat.
- Saving of Steam by Pressure drop reduction through steam header.
- Installation of high efficiency pump.
- Centralisation of pumping system.
- Waste collection system installed. Suction pressure optimised.
- Exhaust fan motor speed controlled by drive thereby saved energy.
- 11 KW motor of CRP hot water transfer pump replaced with 7.5 KW motor.
- Energy efficient Compressor cooling Tower pumps installed in place of low efficiency pumps.
- Fuel Change over of Boiler.
- Speed of humidification plants fans optimised.
- Improvement in efficiency of softening plant Pumping system.

- Improvement in efficiency of HBD Centralised Pumping system.
- Optimisation of blower speed by VFD by installation.
- Installed Duplex Blowers of 7.5 KW Drive.
- Installed SAF VFD machines of 37 KW.
- Installed Open end preparatory H Plant SA/RAF drive-18.5 KW
- Installed Chemical Supply pump pad dry, PTR and Motex VFD.
- Saving of steam by increasing recovery of hot water.
- Water conservation Using CRP vapour condensate and cooling Water.
- LED light installation in place of conventional lights.
- Steam Line modified for pressure drop reduction.
- Ultra Backwash water reused.
- Steam saving by modification in manufacturing process to optimise distribution load.

Energy saving:

	Units (in millions)	₹ million
Vapi Plant	5.49	20.72
Anjar Plant	38.93	154.75

- (ii) the steps taken by the Company for utilising alternate sources of energy:

Your Company's Anjar plant has installed a Bio-Gas Plant to generate biogas from all biodegradable wastes like biological sludge, garden, kitchen and canteen waste.

- (iii) the capital investment on energy conservation equipments: NIL

### Technology Absorption

- (i) The efforts made towards technology absorption:

The Company is developing products across categories viz. Towels, Sheets, Rugs, Carpets, TOB and Utility Bedding. The Company has international as well as domestic tie-ups for research and in addition the Company works with vendors and other associates to create innovative solutions.

In FY 2016-17, the Company filed 4 new Patent Applications in India. In USA the Company filed 3 Continuation Patent Applications. In total, Welspun's 26 unique technologies are filed in various part of the Globe resulting into 67 Patent Applications. Till the end of the FY 2016-17, out of 67 Applications 12 patents were awarded in various countries.

Welspun also protected it's unique design by filing 5 new designs in FY 2016-17. With this Welspun Design Portfolio stands at 11. Till the end of the FY 2016-17, out of 11 Applications 4 Designs were awarded in various countries.

This has been possible because of the robust patent infrastructure developed by the Company.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

Developed a premium range of products to attract new business and customers and maintain leadership through innovation in market. It has resulted in the improvement of quality of the products and reduced operation cost. Upgradation of products to new requirements has been possible because of R&D done in your Company on a continuous basis. It helps your Company in providing customers with wide range of products to select and create a brand image for better penetration in market.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

- (iv) Expenditure on R&D:

	₹ million
Capital	99.39
Recurring	297.93
Total	397.32
Total R&D expenditure as a percentage of total turnover	0.76

### Foreign Exchange and Earnings Outgo:

Refer to Notes No. 40, 42 and 43 of the audited financial statements for details.

For and on behalf of the Board of Directors

**Balkrishan Goenka**

Chairman

DIN 00270175

Date: April 25, 2017

Place: Mumbai

## Annexure - 7

### Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:  
  
The Company is not only committed for doing Corporate Social Responsibility but it aims at creating Corporate Social Value. The CSR vision is enshrined in the 3E's i.e.:  
 i) Education;  
 ii) Empowerment of women; and  
 iii) Environment & Health.  
  
 These 3E's are implemented through:
  - The programmes organised by the Trust formed by the Group;
  - Tie-ups with Non-Governmental Organisations/ Developmental Agencies/ Institutions; and
  - Facilitating Government initiatives.
 The Company's CSR Policy is disclosed on the website of the Company, a web-link of which is as under:  
[http://www.welspunindia.com/policy/csr\\_policy.pdf](http://www.welspunindia.com/policy/csr_policy.pdf)
2. The Composition of the CSR Committee:  
  
The Committee comprises of 3 non-executive directors as on date of this Report viz.  
 1) Mr. Ramgopal Sharma – Independent Director as the Chairman; 2) Mr. Rajesh Mandawewala - Member; and 3) Ms. Dipali Goenka Member, Mr. Shashikant Thorat - Company Secretary acts as the Secretary to the Committee.
3. Average net profit of the Company for last three financial years: ₹ 5,426.15 million.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 108.52 million.
5. Details of CSR spent during the financial year:
  - a) Total amount to be spent for the financial year: ₹ 108.52 million
  - b) Amount unspent, if any: ₹ 33.68 million

c. Manner in which the amount spent / committed during the financial year is detailed below:

Sr No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (Location)	Amount Outlay (Budget) project or programmes wise (₹ in millions)	Amount spent on the projects or programmes (Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads)	Cumulative exp. up to the reporting period	Amount spent : Direct or through implementing agency
1	Development of Primary School at Versamedi Village / Para Teacher Programme /Adult literacy & Scholarship Programme / Construction of Vedshala & Promoting Study of Vedas	Promoting Education	Anjar, Gujarat	25.42	Direct Expenditure		
2	Construction of toilets under government approved CSR scheme	Sanitation	Anjar, Gujarat/ Vapi, Gujarat	26.44	Direct Expenditure		
3	Construction of bus stands, providing street lights, etc. for public in villages / Setting up of RO Water Plant at villages	Empowerment of socially backward	Anjar, Gujarat/ Vapi, Gujarat	4.32	Direct Expenditure		
4	Tree Plantation and Environment awareness programme / Setting up of waste water reuse and bio gas plant	Environmental sustainability	Anjar, Gujarat	3.02	Direct Expenditure	74.84	Through implementing agency - Welspun Foundation for Health and Knowledge
5	Establishing skill centre project	Enhancing vocational skills	Anjar, Gujarat	6.43	Direct Expenditure		
6	Conducting medical camps and preventive health awareness programmes at villages	Healthcare, preventive health care	Anjar, Gujarat	1.97	Direct Expenditure		
7	Promoting girls for national level swimming / Donation to girls hostel, CSR centre activities	Empowering women	Anjar, Gujarat/ Vapi, Gujarat / Mumbai, Maharashtra	7.24	Direct Expenditure		
<b>Total Direct Expenditure</b>							<b>74.84</b>
Staff salaries and overheads							3.59
<b>Grand Total</b>							<b>78.43</b>

It is hereby confirmed by and on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

One of the CSR projects was development of G R Goenka Institute of Vocational Studies ("GRGIVS"). Development of GRGIVS needs long-term planning and hence, only a small amount, out of total amount required for setting up of GRGIVS, could be spent during the FY 2016-17. Accordingly, the Company was able to spend ₹ 78.43 million only during the FY 2016-17. Setting up of GRGIVS is expected to be completed within next 2 years.

**Ram Gopal Sharma**

Chairman of CSR Committee  
DIN: 00026514

**Rajesh Mandawewala**

Managing Director  
DIN: 00007179

Date: April 25, 2017

Place: Mumbai

# Corporate Governance Report

## I. Philosophy on Corporate Governance:

The Board believes that Corporate Governance is about maximizing shareholder value sustainably. The Board of Directors of the Company acts as a trustee and assumes fiduciary responsibility of protecting the interests of the Company, its members and other stakeholders. The Board supports the broad principles of Corporate Governance and believes that sound corporate governance is critical to enhancing and retaining investor trust. In order to attain the highest-level good Corporate Governance practice, Board lays strong emphasis on transparency, accountability and integrity.

## II. Board of Directors:

The Company's Board comprises of mix of executive and non-executive directors with considerable experience and expertise across a range of fields such as finance, accounts, legal and general management and business strategy.

The composition and category of directors and relevant details relating to them are given below:

Name of the Director	Category	Board Meetings Attended during the Year 2016-17	Attendance at the Last AGM	No. of other Directorship			Member / Chairman in No. of Board/ Committees including other Companies®	Number of Shares held
				Pub.	Pvt.	Other Body Corporate		
(01) Balkrishan Goenka	C, P, NE	5/6	No	8	3	17	2M	683,980
(02) Rajesh Mandawewala Managing Director	P, E	6/6	No	8	3	14	4M	1,030
(03) Ms. Dipali Goenka CEO & Joint Managing Director	P, E	4/6	No	8	3	4	-	750,400
(04) Ms. Padma Betai	NE, NI, L	5/6	No	1	-	-	-	-
(05) Apurba Kumar Dasgupta#	NE, I	1/1	No			#		
(06) Pradeep Poddar#	NE, I	3/4	No	3	-	-	1C	-
(07) Ram Gopal Sharma	NE, I	6/6	No	8	1	-	6C, 3M	10
(08) Arvind Kumar Singhal	NE, I	6/6	No	4	6	2	2M	-
(09) Arun Tadarwal	NE, I	6/6	Yes	9	2	-	5C, 5M	1,500

# Apurba Kumar Dasgupta has resigned from the Board of the Company with effect from July 01, 2016 and hence, details of his directorships and membership of Committees are not given.

# Pradeep Poddar has been appointed as Independent Director of the Company w.e.f. September 15, 2016.

® Chairmanship/Membership of Audit Committee, Share Transfer, Investors' Grievance and Stakeholders' Relationship Committee considered.

Abbreviations:

C = Chairman, E = Executive Director, I = Independent, L = Lenders, M=Member, NE = Non-Executive Director, NI = Non Independent, P = Promoter & Promoter Group

During FY 2016-17, six meetings of the Board of Directors were held on the following dates: April 25, 2016, July 26, 2016, September 15, 2016, November 15, 2016, January 31, 2017 and March 23, 2017.

Ms. Dipali Goenka is spouse of Mr. Balkrishan Goenka. None of the other directors are related to any other director on the Board.

Audit Committee are as contained under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI Regulations, 2015") and Section 177 of the Companies Act, 2013.

The Committee comprises of 2 (Two) Independent Directors and 1 (One) Executive Director. The Committee met 17 times during the year. The composition of the Committee and attendance of the members is given hereunder:

## III. Audit Committee:

Terms of Reference: The terms of reference stipulated by the Board of Directors to the

Name of the Member	Member/ Chairman	Number of Meetings Attended
Ram Gopal Sharma	Chairman	17/17
Arun Tadarwal	Member	17/17
Rajesh Mandawewala <sup>@</sup>	Member	0/14
Apurba Kumar Dasgupta <sup>#</sup>	Member	3/3

<sup>@</sup>Appointed w.e.f. July 19, 2016

<sup>#</sup>Resigned w.e.f. July 01, 2016

The Company Secretary of the Company, Mr. Shashikant Thorat acts as the Secretary of the Committee.

All the recommendations made by the Audit Committee were accepted/approved by the Board.

#### IV. Nomination and Remuneration Committee:

Terms of reference: To recommend appointment of, and remuneration to, Managerial Personnel and review thereof from time to time.

The Committee comprises of 2 (Two) Independent Directors and 1 (One) Non-Executive Director. The Committee met 4 times during the year. The Composition of Committee and attendance of the members is given hereunder:

Name of the Member	Member/ Chairman	Number of Meetings Attended
Ram Gopal Sharma	Chairman	4/4
Arun Tadarwal	Member	4/4
Balkrishan Goenka <sup>@</sup>	Member	0/3
Apurba Kumar Dasgupta <sup>#</sup>	Member	1/1

<sup>@</sup>Appointed w.e.f. July 19, 2016

<sup>#</sup>Resigned w.e.f. July 01, 2016

The Company Secretary of the Company, Mr. Shashikant Thorat acts as the Secretary of the Committee.

**Board evaluation:** The evaluation process was led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance vis-à-vis the plans, meeting challenging situations, performing leadership role within and effective functioning of the Board. The evaluation process invited through IT enabled platform graded responses to a structured questionnaire for each aspect of evaluation viz. time spent by each of the directors, accomplishment

of specific responsibilities and expertise, conflict of interest, integrity of the Director, active participation and contribution during discussions.

#### Nomination and Remuneration Policy:

The Company follows a policy on remuneration of directors and senior management employees and the salient features thereof are as under:

#### Appointment of Directors:

- While identifying persons who may be appointed as a director(s), the Committee shall consider business of the Company, strength, weakness, opportunity and threats to Company's business, existing composition of the board of directors, diversity, skills, expertise of existing directors and, background, skills, expertise, reputation and qualification possessed by the person being considered, specific requirements under the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws as applicable.
- While identifying persons who may be appointed as independent directors, the Committee shall review their qualifications and suitability to ensure that such candidates will be able to function as directors 'Independently' and void of any conflict of interest, obligations, pressure from other Board members, KMPs, senior management and other persons associated with the Company.

#### Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel:

- The Non-Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 100,000 per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- The Non-Executive Directors shall not be eligible for any remuneration/commission, unless specifically approved by the Board of Directors on recommendation of the Nomination and Remuneration Committee

and by the shareholders. There are no pecuniary transactions entered by the Non-Executive Directors with the Company.

The remuneration to Executive Directors, Key Managerial Personnel and Senior Management Personnel at the time of appointment shall be mutually agreed. The Committee shall consider industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability challenges specific to the Company and such other matters as the Committee may deem fit. The remuneration must motivate individuals to achieve benchmarks which must be aligned to the vision of the Company. The

management shall periodically find out the remuneration scale prevalent in the industry/peer group to the extent possible to assess if there is a need for revision in remuneration for retaining the talent. The Non-Executive Directors may be paid commission after complying with required provisions of the Act. Besides, the Committee shall take into consideration performance, of the concerned executive as well as the Company, the growth of business, profitability, Company's business plan and critical role played/ initiatives taken while considering pay hike/increment to the concerned executives.

#### Directors Remuneration:

Sr. No.	Particulars	Balkrishan Goenka Non-Executive Chairman	Rajesh Mandawewala Managing Director	Ms. Dipali Goenka CEO & Joint Managing Director
1.	Salary	-	₹ 17.00 Million	₹ 15.00 Million
2.	Commission	1% of the profit	1% of the profit	1% of the profit
3.	Service Contract/Term of Approval	April 1, 2016 to March 31, 2021	April 1, 2014 to March 31, 2017*	April 1, 2016 to March 31, 2021
4.	Notice Period	NIL	3 months	3 months
5.	Severance Fees	NIL	NIL	NIL
6.	Stock Options	NIL	NIL	NIL

\* Service Contract renewed for 5 years w.e.f. April 01, 2017

Apart from above and except for related party transactions appearing in the financial statements, there is no other pecuniary relationship or transactions of the non-executive directors vis-a-vis the listed entity.

## V. The Stakeholders' Relationship, Share Transfer and Investors' Grievance Committee:

The Stakeholders' Relationship, Share Transfer and Investors' Grievance Committee is in accordance with the Section 178 of the Act and Regulation 20 of the SEBI Regulations, 2015 required to examine complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends and to review the functioning of the investors grievance redressal system.

The Committee comprises of 3 (Three) members and the Chairman of the Committee is an Independent Director. The Committee met 4 times during the year. The composition of the Committee is given hereunder:

Name of the Member	Member/ Chairman	Number of Meetings Attended
Ram Gopal Sharma®	Chairman	3/3
Balkrishan Goenka	Member	4/4
Rajesh Mandawewala	Member	4/4
Apurba Kumar Dasgupta#	Chairman	1/1

®Appointed w.e.f. July 19, 2016

#Resigned w.e.f. July 01, 2016

The Company Secretary of the Company, Mr. Shashikant Thorat acts as the Secretary of the Committee.

Number of Shareholders complaints/requests received during the year:

During the year under review, total 101 shareholders complaints were received. Break-up and number of complaints received under different category is given hereunder:



Sr. No.	Nature of Grievances	Nos
1	Non-receipt of Share Certificate	41
2	Non-receipt of Dividend	40
3	Non-receipt of Annual Report	2
4	Non-receipt of Rejected DRF	1
5	Non-receipt of Exchange Certificate	4
6	Non-receipt of Bonus Certificate	1
7	Non-receipt of Replacement/Split/ Consolidated/Duplicate share certificate	6
8	Others	6
<b>Total</b>		<b>101</b>

All the complaints/requests received during the year under report were resolved within the stipulated time to the satisfaction of the

investors/shareholders and no complaints were pending as on March 31, 2017. All the securities received for transfer/transmission were transferred /transmitted and no transfer was pending as at March 31, 2017.

## VI. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee is formed in accordance with Section 135 of the Act.

**Terms of reference:** To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Act and rules made thereunder.

**Composition of the Committee:** The Committee comprises of 3 (Three) members. The Chairman of the Committee is an Independent Director.

Name of the Member	Member/ Chairman	Meetings Attended
Ram Gopal Sharma	Chairman	Yes
Rajesh Mandawewala	Member	Yes
Ms. Dipali Goenka	Member	Yes

The Company Secretary of the Company, Mr. Shashikant Thorat acts as the Secretary of the Committee.

## VII. General Body Meetings:

The details of General Meetings held and the special resolutions passed in the last three years are given hereunder:

Meeting	Day & Date of the Meeting	Time	Place	Special Resolutions passed
29 <sup>th</sup> Annual General Meeting	Thursday, September 25, 2014	10.45 a.m.	G.R. Goenka Memorial, Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110	<ul style="list-style-type: none"> <li>Appointment of Mr. Arvind Kumar Singhal as a director, liable to retire by rotation.</li> <li>Appointment of independent directors.</li> <li>Authorising keeping of Register and index of Members separately for each class of equity and preference shares, register of debenture holders; and register of any other security holders at any other place in India outside the registered office of the Company.</li> <li>Alteration of Articles of Association of the Company to align the same with the requirements under the Companies Act, 2013.</li> <li>Approving remuneration payable to Cost Auditors.</li> <li>Authorising purchase of equity shares in JV company held by JV partner.</li> <li>Approving transactions with the related parties.</li> <li>Approving revision in remuneration of Executive Director.</li> <li>Approving revision in remuneration payable to directors' relatives.</li> </ul>

Meeting	Day & Date of the Meeting	Time	Place	Special Resolutions passed
30 <sup>th</sup> Annual General Meeting	Monday, August 31, 2015	3.00 p.m.	Same as above	<ul style="list-style-type: none"> <li>Approval of Borrowing by issuing securities on private placement basis.</li> </ul>
31 <sup>st</sup> Annual General Meeting	Monday, July 27, 2016	11.30 a.m.	Same as above	<ul style="list-style-type: none"> <li>Confirmation of Mr. Arvind Kumar Singhal as an Independent Director.</li> <li>Payment of Commission to Mr. Balkrishan Goenka.</li> <li>Ratification of remuneration payable to Cost Auditors.</li> <li>Re-appointment of Ms. Dipali Goenka as Joint Managing Director.</li> </ul>

## VIII. Disclosure:

### a. Related Party Transactions:

For related party transactions, refer Note Note 29 of Notes to Accounts annexed to the Financial Statements. The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of the SEBI Regulations, 2015 is hosted on the Company's website and a web link thereto is as under:

[http://www.welspunindia.com/policy/related\\_party\\_transaction\\_policy.pdf](http://www.welspunindia.com/policy/related_party_transaction_policy.pdf)

### b. No penalties, strictures where imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

### c. Code of Conduct

The Company has framed the Code of Conduct for Board members and senior management personnel. A copy of the Code has been hosted on the Company's website and a web link thereto is as under: [http://www.welspunindia.com/policy/code\\_conduct.pdf](http://www.welspunindia.com/policy/code_conduct.pdf). All Board members and senior management personnel have affirmed compliance of the same.

A declaration signed by the Chief Executive Officer & Joint Managing Director of the Company with respect to Compliance of Code of Conduct is given below:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel,

affirmation that they have complied with the Code of Conduct for the financial year 2016-17.

### Dipali Goenka

CEO & Joint Managing Director

### d. Whistleblower Policy and Vigil Mechanism:

Refer Point No. 20 of the Directors' Report.

### e. Policy for determining 'material' subsidiaries:

The Company's policy on determining material subsidiaries as required under SEBI Regulations, 2015 with the Stock Exchanges is hosted on the Company's website and a web link thereto is as under: [http://www.welspunindia.com/policy/material\\_subsidary\\_policy.pdf](http://www.welspunindia.com/policy/material_subsidary_policy.pdf)

### f. Corporate Governance Compliance:

The Company is in compliance with the mandatory requirements mentioned under Regulation 27 of SEBI Regulations, 2015 to the extent applicable and in addition the Company at its discretion adopted requirements mentioned at (C) - "Modified Opinion(s) in Audit Report", (D) - "Separate posts of chairperson and chief executive officer"; and (E) - "Reporting of Internal Auditor" of Part E of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is in compliance with Corporate Governance requirements as specified in Regulation 17 to 29 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Regulations, 2015.

**g. Disclosure related to familiarisation programme imparted to independent directors:**

Refer Point No. 10 of the Director's Report.

## IX. Means of Communication:

The quarterly, half-yearly and yearly financial results of the Company are sent out to the Stock Exchanges immediately after they are approved by the Board. The Company published its un-audited/audited financial results in Kutch Mitra (Gujarati edition), and Financial Express (English Edition).

These results are simultaneously hosted on the website of the Company at <http://www.welspunindia.com/investor-corner.php>. The official press release and the presentations made to institutional investors or to the analyst are also available on the website of the Company.

## X. General Shareholder Information:

- 1. Annual General Meeting** be held on Wednesday, September 20, 2017 at 12.00 p.m. at the Registered Office of the Company at "Welspun City", Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370 110.

- 2. Financial Year** of the Company is April 1 of a year to March 31 of the following year.

- 3. Date of Book Closure:** Monday, June 26, 2017 to Wednesday, June 28, 2017 (both days inclusive).

- 4. Dividend payment date:** September 21, 2017 - September 25, 2017.

- 5. Listing on Stock Exchanges:** The Equity Shares of your Company are listed on:
  - (i) The National Stock Exchange of India Limited (NSE)  
Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
  - (ii) Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

The Annual listing fees for the FY 2017-18 have been paid to BSE and NSE.

### 6. Stock Code/Symbol for equity shares:

Bombay Stock Exchange : 514162 Limited  
The National Stock Exchange of India : WELSPUNIND; Series: EQ Limited  
ISIN No. (For dematerialised shares) : INE192B01031

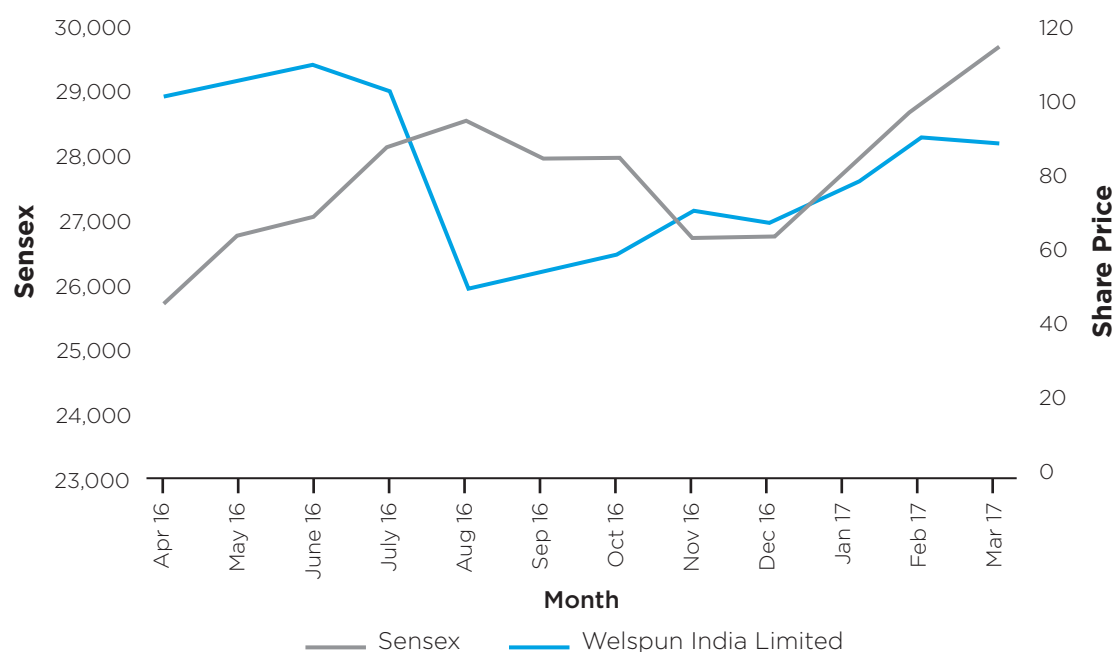
**7. Stock Market price data, high and low price of equity shares on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are as under:**

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2016	104.90	87.70	104.75	87.55
May-2016	104.90	90.85	104.95	90.75
June-2016	119.90	98.75	119.90	99.00
July-2016	113.50	99.00	113.70	98.05
August-2016	108.05	46.35	108.10	46.05
September-2016	61.60	49.20	61.50	49.25
October-2016	59.85	52.90	59.70	52.80
November-2016	70.85	54.80	70.60	54.90
December-2016	73.00	60.30	72.95	60.40
January-2017	80.50	66.00	80.50	66.00
February-2017	98.00	73.30	97.90	73.30
March-2017	91.45	79.95	91.25	79.55

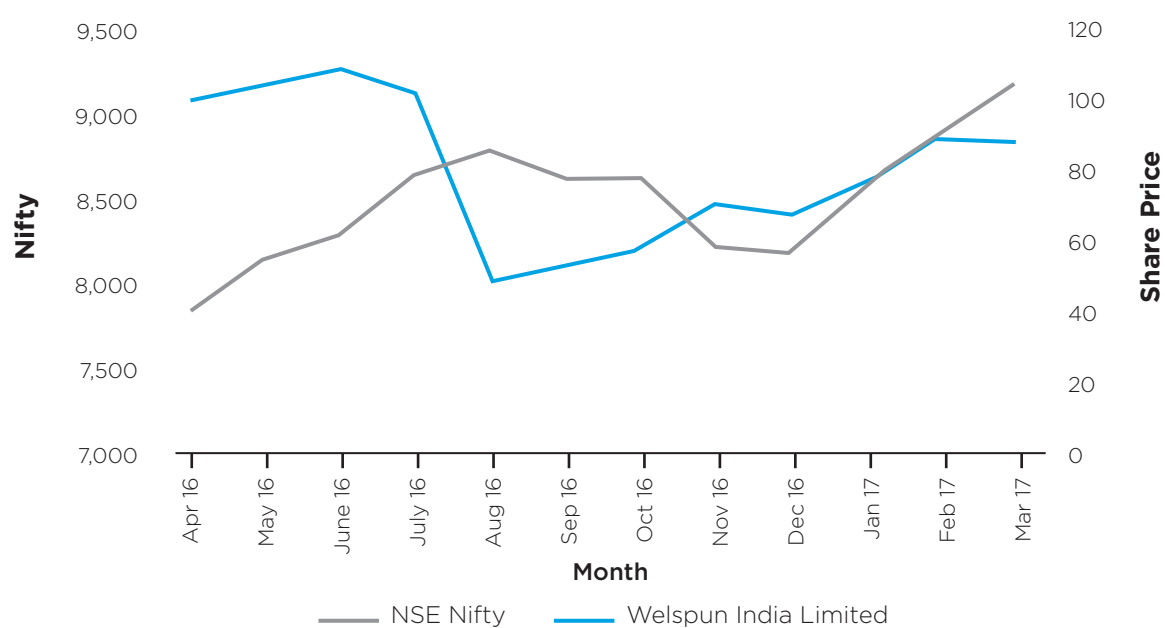
**8. Performance in comparison to broad-based indices i.e. BSE - Sensex and NSE - S&P Nifty is as under:**

Month	BSE Index Closing price of		NSE Closing price of	
	(Sensex)	Share (₹)	(S&P Nifty)	Share (₹)
April-2016	25,606	100.05	7,849	99.95
May-2016	26,667	104.10	8,160	104.25
June-2016	26,999	108.55	8,287	108.90
July-2016	28,051	102.15	8,638	102.35
August-2016	28,452	48.85	8,786	48.70
September-2016	27,865	52.40	8,611	52.50
October-2016	27,930	57.95	8,625	58.00
November-2016	26,652	69.80	8,224	69.65
December-2016	26,626	66.75	8,185	66.85
January-2017	27,655	76.20	8,561	76.20
February-2017	28,743	88.90	8,879	89.15
March-2017	29,620	87.55	9,173	87.75

## BSE & WELSPUN INDIA LIMITED



## NSE & WELSPUN INDIA LIMITED



- 9. Registrar and Transfer Agent:** Registrar and Transfer Agent of the Company handles the share transfer work and 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-101, 247 Park, L.B.S. Marg, Vikhroli (West),  
 Mumbai – 400 083

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Tele. No.: +91-22-49186270  
 Fax No.: +91-22-49186060

- 10. Share Transfer System:** The Company's Registrar and Transfer Agent registers shares received from the shareholders for transfer in physical form within 15 days from the receipt of the documents, if the same are found in order. Transfer documents under objection are returned within two weeks.

**11. Distribution of Shareholding:**

Shareholding Pattern as on March 31, 2017:

Number of Shares	No. of shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares held
Upto – 500	37,998	58.82%	5,984,124	0.60%
501-1,000	12,419	19.22%	10,466,656	1.04%
1,001-2,000	7,265	11.25%	10,900,030	1.08%
2,001-3,000	2,573	3.98%	6,404,901	0.64%
3,001-4,000	1,064	1.65%	3,773,711	0.38%
4,001-5,000	828	1.28%	3,896,051	0.39%
5,001-10,000	1,231	1.91%	8,998,138	0.90%
10,001 and above	1,228	1.90%	954,301,539	94.98%
<b>Total</b>	<b>64,606</b>	<b>100.00%</b>	<b>1,004,725,150</b>	<b>100.00%</b>

**12. Dematerialisation of shares and liquidity:**

As on March 31, 2017, 99.43% equity shares have been dematerialised and have reasonable liquidity on the BSE and the NSE.

specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46.

**13. Outstanding Employee Stock Options, conversion date and likely impact on equity share capital: NIL**

**17. Plant locations of the Company:**

(i) Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110

**14. Disclosure of Shares held in suspense account under Clause F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Refer to Point No. 7 of the Directors' Report.

(ii) Survey No. 76, Village Morai, Vapi, District Valsad, Gujarat – 396 191

**15. Commodity price risk or foreign exchange risk and hedging activities:**

Refer to Management Discussion & Analysis' Section of this Report.

**18. Address for correspondence:**

The Company Secretary,  
 Welspun India Limited  
 7th Floor, Welspun House,  
 Kamala City,  
 Senapati Bapat Marg, Lower Parel,  
 Mumbai – 400 013.  
 Tel: +91-22-66136000; +91-22-24908000,  
 Fax: +91-22-24908020 /21  
 E-mail: [CompanySecretary\\_WIL@welspun.com](mailto:CompanySecretary_WIL@welspun.com)

- 16.** The Company is in compliance with corporate governance requirements

## Certificate of Practicing Company Secretary on Corporate Governance Report

To,  
The Members

### **WELSPUN INDIA LIMITED**

I have examined the compliance of conditions of Corporate Governance by Welspun India Limited for the year ended March 31, 2017, as stipulated in SEBI Regulation, 2015 ("Regulations") in particular the Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2) and para C and D of Schedule V of Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My 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.

Based on my examination of relevant records and according to the information and explanation provided to me by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations during the year ended March 31, 2017.

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

Date: April 25, 2017  
Place: Mumbai

**Uday Sohoni**  
Practicing Company Secretary  
ACS 29359  
CP 10916



# Independent Auditors' Report

To The Members of Welspun India Limited

## Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of Welspun India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

# Independent Auditors' Report

To The Members of Welspun India Limited

India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

9. We draw attention to the following matters relating to the traceability issue:
  - a. Note 24 (a) to the standalone financial statements regarding the exceptional item accounted during the quarter ended September 30, 2016 aggregating ₹ 4,605.60 million, towards provisions/liabilities for return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses, which aggregates ₹ 1,076.60 million as at March 31, 2017 after certain agreements/payments till the year end. The Company has reassessed this outstanding provision/liability as at March 31, 2017 towards the aforesaid issue, and based on the present state of information and knowledge available with the Company, no significant additional provision is considered necessary by the Management. The amounts at which the various aforesaid provisions/liabilities will eventually be resolved may be different based on future events and final payments/agreements reached with respective parties.
  - b. Note 24 (b) to the standalone financial statements regarding four putative class action suits filed in USA against the Company and its subsidiary, Welspun USA Inc., by certain consumers who purchased the products manufactured by the Company. In December 2016, these putative class actions suits were consolidated in one of the courts in USA and are proceeding as a single putative class action. A consolidated amended complaint was filed for the action during the quarter ended March 31, 2017 and, pursuant to stipulation of the parties and the court's scheduling order, the parties have agreed to conduct mediation in a time-bound manner. As per the disclosure made by the Company to the relevant

stock exchanges in India vide letter dated September 20, 2016 and subsequent representations to us, we understand that none of the actions has been certified for class action treatment by the courts, which is required under United States law before an action may proceed on a class basis. We also understand that while the amount in each putative class action matter is alleged to exceed \$ 5 million, the complaints do not seek a specified amount of damages. Accordingly, as stated in the Note, any liability that may arise in the event of an adverse result or outcome is unascertainable at this stage.

Our opinion is not qualified in respect of matters stated in paragraphs 9 (a) and 9 (b) above.

## Other Matter

10. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 25, 2016 and April 29, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

# Independent Auditors' Report

To The Members of Welspun India Limited

12. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements. Refer Note 30.
    - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at March 31, 2017.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
    - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 6 (e).

For **Price Waterhouse Chartered Accountants LLP**  
 Firm Registration Number: 012754N/500016

**Mehul Desai**

Partner

Membership Number 103211

Mumbai

April 25, 2017

# Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Welspun India Limited on the standalone financial statements for the year ended March 31, 2017

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Welspun India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use,

## Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Welspun India Limited on the standalone financial statements for the year ended March 31, 2017

or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/500016

### Mehul Desai

Partner

Membership Number 103211

Mumbai

April 25, 2017

## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Welspun India Limited on the standalone financial statements as of and for the year ended March 31, 2017

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.</p> <p>(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.</p> <p>(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.</p> | <p>v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.</p>                                                                                                                                                                                                                                                                                             |
| <p>ii. The physical verification of inventory excluding stocks with third parties and stocks in transit have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.</p>                                                                                                                                                | <p>vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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.</p> |
| <p>iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.</p>                                                                                                                                                                                                             | <p>vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.</p>                                    |
| <p>iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.</p>                                                                                                                                                                                                                                                                          | <p>(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs and cess which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise and value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:</p>                                                             |



## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Welspun India Limited on the standalone financial statements as of and for the year ended March 31, 2017

Name of the statute	Nature of dues	Amount (₹ In million)*	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax demand including interest	47.86	AY 2005-06 to AY 2011-12	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax Demand	4.44	AY 2013-14	Assessing Officer
Gujarat Sales Tax Act, 1969	Sales Tax including penalty and interest	5.84	2000-01, 2003-04 and 2004-05	Joint Commissioner of Sales Tax (Appeals - 2), Vadodara
Central Excise Act, 1944	Excise Duty	17.07	September 2005 to July 2006	Joint Secretary, Ministry of Finance, Department of Revenue
Central Sales Tax Act, 1958	Central Sales Tax including penalty and interest	2.37	2006-07 to 2007-08	Joint Commissioner of Commercial Taxes, Rajkot
Gujarat Value Added Tax, 2003	Value added Tax including penalty and interest	21.05	2006-07 to 2007-08	Joint Commissioner of Commercial Taxes, Rajkot
Central Excise Act, 1944	CENVAT including penalty	185.41**	2007-08	Appellant Tribunal, Ahmedabad
Central Excise Act, 1944	CENVAT including penalty	1.29	March 2005	Joint Commissioner of Commercial Taxes, Rajkot
Central Excise Act, 1944	CENVAT	0.58	2008-2010 and 2010-2011	CESTAT, Ahmedabad
Central Excise Act, 1944	CENVAT	10.07	2004	CESTAT, Ahmedabad
Central Excise Act, 1944	CENVAT	0.99	2012	Commissioner Appeal, Daman.
Central Excise Act, 1944	CENVAT including penalty	2.48	2002-03 to 2005-06	Commissioner Appeals, Valsad Commissionerate.
Maharashtra Value Added Tax Act, 2002	Value added Tax including interest and penalty	11.43	2005-06	Deputy Commissioner (Sales Tax)
Central Sales Tax Act, 1958	Central Sales Tax including penalty and interest	7.52	2005-06	Deputy Commissioner (Sales Tax)

\* Net of amount paid under protest.

\*\*Stay order has been obtained.

- viii. 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 loans or borrowings to any financial institution or bank. The Company does not have any loans from Government. Further, the Company has not issued any debenture.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Welspun India Limited on the standalone financial statements as of and for the year ended March 31, 2017

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/500016

**Mehul Desai**

Partner

Membership Number 103211

Mumbai

April 25, 2017

# Balance Sheet

As at March 31, 2017

₹ million

	Note	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	3	29,974.16	26,384.66	18,955.76
Capital work-in-progress	3	479.22	1,810.95	1,533.50
Intangible assets	4	116.43	101.95	31.12
Equity investment in subsidiaries	5	5,423.33	5,306.78	5,244.00
<b>Financial Assets</b>				
- Investments	6 (a)	1,808.13	1,532.79	1,150.85
- Loans	6 (b)	0.66	1.46	35.36
- Other financial assets	6 (c)	200.55	212.43	256.55
Other non-current assets	7	314.46	834.47	1,054.73
<b>Total Non-current assets</b>		<b>38,316.94</b>	<b>36,185.49</b>	<b>28,261.87</b>
<b>Current Assets</b>				
Inventories	8	8,980.97	8,116.35	7,816.80
<b>Financial assets</b>				
- Investments	6 (a)	1,018.18	77.25	920.27
- Trade receivables	6 (d)	7,397.80	3,625.12	3,866.03
- Cash and cash equivalents	6 (e)	730.10	481.94	1,450.60
- Bank balances other than cash and cash equivalents above	6 (f)	313.94	135.56	1,215.64
- Loans	6 (b)	2.48	4.21	5.74
- Other financial assets	6 (c)	80.60	66.68	1,248.55
Other current assets	7	5,636.58	4,926.99	3,731.57
<b>Total Current Assets</b>		<b>24,160.65</b>	<b>17,434.10</b>	<b>20,255.20</b>
<b>Total Assets</b>		<b>62,477.59</b>	<b>53,619.59</b>	<b>48,517.07</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital	9 (a)	1,004.73	1,004.73	1,004.60
<b>Other Equity</b>				
- Reserves and surplus	9 (b)	20,988.53	17,969.83	13,888.69
- Other reserves	9 (c)	16.82	22.02	22.18
<b>Total Equity</b>		<b>22,010.08</b>	<b>18,996.58</b>	<b>14,915.47</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
- Borrowings	10 (a)	19,244.47	15,894.83	12,786.03
- Other financial liabilities	10 (b)	0.51	4.51	5.11
Non-current tax liabilities	11	1,452.35	1,271.34	1,027.24
Employee benefit obligations	13	51.67	-	-
Deferred tax liabilities (Net)	14	1,652.50	1,327.55	838.95
Other non-current liabilities	15	773.62	586.77	749.42
<b>Total Non-current Liabilities</b>		<b>23,175.12</b>	<b>19,085.00</b>	<b>15,406.75</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
- Borrowings	10 (a)	7,128.74	8,969.34	9,916.99
- Trade payables	10 (c)	6,194.58	3,626.36	2,521.78
- Other financial liabilities	10 (b)	1,827.77	1,863.55	4,950.31
Provisions	12	850.46	-	-
Employee Benefit Obligations	13	453.26	588.37	452.57
Other Current Liabilities	15	837.58	490.39	353.20
<b>Total current liabilities</b>		<b>17,292.39</b>	<b>15,538.01</b>	<b>18,194.85</b>
<b>Total liabilities</b>		<b>40,467.51</b>	<b>34,623.01</b>	<b>33,601.60</b>
<b>Total Equity and Liabilities</b>		<b>62,477.59</b>	<b>53,619.59</b>	<b>48,517.07</b>

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

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**  
Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishnan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altat Jiwani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Statement of Profit and Loss

For The Year Ended March 31, 2017

₹ million

	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>REVENUE FROM OPERATIONS</b>	16	52,608.11	46,716.42
Other operating income	17	4,607.71	2,525.93
Other Income	18	719.30	1,183.67
<b>Total Income</b>		<b>57,935.12</b>	<b>50,426.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	19 (a)	27,519.36	21,743.50
Purchases of stock-in-trade		554.09	247.32
Changes in inventory of finished goods, work-in-progress and stock-in-trade	19 (b)	(1,120.06)	17.84
Excise duty		822.47	392.23
Employee benefits expense	20	4,643.56	3,904.15
Depreciation and amortization expense	21	4,663.24	3,257.51
Other expenses	22	11,101.97	10,263.06
Finance costs	23	871.86	1,539.22
<b>Total Expenses</b>		<b>49,056.49</b>	<b>41,364.83</b>
<b>Profit before exceptional items and tax</b>		<b>8,878.63</b>	<b>9,061.19</b>
Exceptional Items	24	4,605.56	-
<b>Profit before tax</b>		<b>4,273.07</b>	<b>9,061.19</b>
<b>Income Tax Expense</b>	25		
- Current Tax (Includes ₹ Nil, March 31, 2016 : ₹ 52.27 million) short provision for tax in earlier years		889.84	2,090.70
- Deferred Tax [Net of Minimum Alternate Tax Credit availed ₹ 196.81 million (March 31, 2016 : Nil)]		317.72	487.30
<b>Total Income Tax Expense</b>		<b>1,207.56</b>	<b>2,578.00</b>
<b>Profit for the year</b>		<b>3,065.51</b>	<b>6,483.19</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	9 (c)	(5.20)	(0.16)
Remeasurement of post employment benefit obligation	20	20.89	3.76
Income tax relating to these items	25	(7.23)	(1.30)
Other comprehensive income for the year, net of tax		8.46	2.30
<b>Total Comprehensive Income for the year</b>		<b>3,073.97</b>	<b>6,485.49</b>
<b>Earnings Per Share (₹) [Nominal value per share : ₹ 1 (March 31, 2016 : ₹ 1)]</b>	33		
- Basic		3.05	6.45
- Diluted		3.05	6.45

The above statement of profit and loss should be read in conjunction with the accompanying notes.  
This is the Statement of Profit and Loss referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**  
Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishnan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altaf Jiwani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Statement of Changes in Equity

For The Year Ended March 31, 2017

## a. Equity Share Capital

Particulars	Note	Amount ₹ million
<b>Balance as at April 1, 2015</b>		<b>1,004.60</b>
Changes in equity share capital during the year	9 (a)	0.13
<b>Balance as at March 31, 2016</b>		<b>1,004.73</b>
Changes in equity share capital during the year	9 (a)	-
<b>Balance as at March 31, 2017</b>		<b>1,004.73</b>

## b. Other Equity

	Notes	Reserves and Surplus					Total Other Equity
		Capital Redemption Reserve	Capital Reserve	Securities Premium Account	General Reserve	Retained earnings	
<b>Balance as at April 1, 2015</b>		<b>478.38</b>	<b>1,474.72</b>	<b>3,237.80</b>	<b>711.39</b>	<b>7,986.40</b>	<b>13,910.87</b>
Profit for the year	9 (b), 9 (c)	-	-	-	-	6,483.19	6,483.19
Other Comprehensive Income						-	-
<b>Total Comprehensive Income for the year</b>						(0.16)	2.30
<b>Transactions with owners in their capacity as owners</b>						<b>6,485.65</b>	<b>6,485.49</b>
Issue of equity shares	9 (b)	-	-	0.32	-	-	0.32
Dividends paid	28 (b)	-	-	-	2,009.39	-	2,009.39
Dividend distribution tax paid	28 (b)	-	-	-	-	395.44	395.44
<b>Balance as at March 31, 2016</b>		<b>478.38</b>	<b>1,474.72</b>	<b>3,238.12</b>	<b>711.39</b>	<b>12,067.22</b>	<b>17,991.85</b>
<b>Balance as at April 1, 2016</b>		<b>478.38</b>	<b>1,474.72</b>	<b>3,238.12</b>	<b>711.39</b>	<b>12,067.22</b>	<b>17,991.85</b>
Profit for the year	9 (b), 9 (c)	-	-	-	-	3,065.51	3,065.51
Other Comprehensive Income						13.66	8.46
<b>Total Comprehensive Income for the year</b>						<b>(5.20)</b>	<b>8.46</b>
<b>Transactions with owners in their capacity as owners</b>						<b>3,079.17</b>	<b>3,073.97</b>
Dividends paid	28 (b)	-	-	-	-	50.24	50.24
Dividend distribution tax paid	28 (b)	-	-	-	-	10.23	10.23
<b>Balance as at March 31, 2017</b>		<b>478.38</b>	<b>1,474.72</b>	<b>3,238.12</b>	<b>711.39</b>	<b>15,085.92</b>	<b>21,005.35</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.  
This is the statement of changes in equity referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N5000016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishnan Goenka**  
Chairman  
DIN 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN 00007179

**Dipali Goenka**  
CEO and JT: MD  
DIN 00007199

**Altaf Jiwani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Cash Flow Statement

For The Year Ended March 31, 2017

₹ million

	Year Ended March 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax		4,273.07	9,061.19
Adjustments for :			
Depreciation and amortisation expenses	4,663.24		3,257.51
Amortisation of government grants	(625.07)		(352.52)
Unrealised foreign exchange differences	63.09		(1.81)
Loss / (Gain) on disposal of property, plant and equipment	1.63		46.97
Changes in fair value of financial assets at fair value through profit or loss	(24.63)		(211.43)
Unwinding of discount on security deposits	(5.52)		(10.14)
Loss / (Gain) on sale of investments (net)	(134.50)		(14.54)
Dividend income classified as investing cash flows	(0.33)		(69.90)
Provision for doubtful loans and advances	1.34		7.18
Debts/ advances written off	-		0.61
Interest income classified as investing cash flows	(334.75)		(267.27)
Finance expenses	871.86		1,539.22
		<b>4,476.36</b>	<b>3,923.88</b>
<b>Operating Profit Before Working Capital Changes</b>		<b>8,749.43</b>	<b>12,985.07</b>
Adjustments for changes in working capital :			
(Increase) / Decrease in trade receivables	(3,765.38)		240.30
Increase / (decrease) in trade payables	2,652.11		1,217.11
Increase / (decrease) in provisions	850.46		-
Increase / (decrease) in employee benefit obligations	(62.55)		139.56
Increase in other current liabilities	347.19		137.19
Increase/ (decrease) in other non current liabilities	(187.60)		(117.39)
(Increase) in inventories	(864.62)		(299.55)
(Increase) / decrease in other financial assets	6.90		989.99
(Increase)/decrease in other non-current assets	12.36		2.68
(Increase)/decrease in other current assets	(512.62)		(732.62)
		<b>(1,523.75)</b>	<b>1,577.27</b>
<b>Cash Flow Generated from Operations</b>		<b>7,225.68</b>	<b>14,562.34</b>
Income tax paid		(708.82)	(1,846.60)
<b>Net Cash Inflow from Operating Activities</b>		<b>6,516.86</b>	<b>12,715.74</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment, capital work-in-progress and intangible assets		(6,733.52)	(10,461.82)
Sale of property, plant and equipment		35.00	43.98
Receipt from capital subsidy		533.04	73.81
Realisation/ (investment) in fixed deposit and margin money (net)		(167.18)	1,132.01
Repayment from employees and related parties		2.53	35.43
Sales/ (Purchase) of Investment (Net)		(1,062.34)	686.89
Equity investment in subsidiaries		(129.05)	(62.88)
Dividend received		0.33	69.90
Interest received		317.22	474.07
<b>Net Cash outflow from Investing Activities</b>		<b>(7,203.97)</b>	<b>(8,008.61)</b>

# Cash Flow Statement

For The Year Ended March 31, 2017

	₹ million		
	Year Ended March 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		-	0.45
Proceeds from borrowings (Net)		1,542.72	(1,534.63)
Dividend paid		(50.24)	(1,996.37)
Tax on dividend paid		(10.23)	(395.44)
Interest paid		(546.98)	(1,749.80)
<b>Net Cash inflow / (outflow) from Financing Activities</b>		<b>935.27</b>	<b>(5,675.79)</b>
<b>Net (decrease) / increase in Cash and Cash Equivalents (A + B + C)</b>		<b>248.16</b>	<b>(968.66)</b>
Cash and Cash Equivalents at the beginning of the year		481.94	1,450.60
Cash and Cash Equivalents at the end of the year		730.10	481.94
<b>Net (decrease) / increase in Cash and Cash Equivalents</b>		<b>248.16</b>	<b>(968.66)</b>
<b>Cash and cash equivalents comprise of:</b>			
Cash on Hand		0.61	0.52
Bank balances			
- In current accounts		619.46	476.55
- Fixed deposits with maturity less than 3 months		110.03	4.87
<b>Total</b>		<b>730.10</b>	<b>481.94</b>

**Note:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The above statement of cash flows should be read in conjunction with the accompanying notes.

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

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**

Firm Registration No: 012754N/ N500016

**Mehul Desai**  
 Partner  
 Membership No. 103211

**Balkrishan Goenka**  
 Chairman  
 DIN: 00270175

**Rajesh Mandawewala**  
 Managing Director  
 DIN : 00007179

**Dipali Goenka**  
 CEO and Jt. MD  
 DIN: 00007199

**Altaf Jiwani**  
 Chief Financial Officer

**Shashikant Thorat**  
 Company Secretary

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

# Notes

To the Financial Statements for the year ended March 31, 2017

## General Information

**Welspun India Limited** (herein referred to as "WIL" or "the Company") is public limited company incorporated and domiciled in India. The address of its registered office is "Welspun City", Village Versamedi, Tal. Anjar, Dist. Kutch, Gujarat - 370110, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a leading manufacturer of wide range of home textile products, mainly terry towels, bed linen products and rugs.

The financial statements were authorized for issue by the board of directors on April 25, 2017.

## Note 1: Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1.1 Basis of preparation of financial statements

#### a) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements are the first financial statements of the Company under Ind AS. Refer

Note 45 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### b) Historical cost convention

The financial statements have been prepared on an accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities that is measured at fair value as stated in subsequent policies.

### 1.2 Foreign currency translation

#### a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses or other income, as applicable.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### 1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added tax and amounts collected on behalf of third parties.

The Company recognizes revenue from sale of goods when:



# Notes

To the Financial Statements for the year ended March 31, 2017

- (a) the Company has transferred to the buyer the significant risk and reward of ownership of goods
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold
- (c) the amount of revenue can be reliably measured
- (d) it is probable that future economic benefits associated with the transaction will flow to the Company
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## 1.4 Other Income

Income on Status holder Incentive Scrip is recognized when the license (purchased at discounted price) is actually utilized against statutory liability arising towards purchase of Plant and Machinery.

## 1.5 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either under "other operating income" or are deducted in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to profit or loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Export Benefits: In case of sale made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme, Merchandise Export Incentive 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, Merchandise Export Incentive Scheme and Focus Market Scheme are recognised on shipment of direct exports.

## 1.6 Income Tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

### Current income tax

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities

# Notes

To the Financial Statements for the year ended March 31, 2017

and Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred tax asset if it is probable that MAT credit will reverse in the foreseeable future and taxable profit will be available against which the deferred tax asset can be utilised.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to Statement of Profit and Loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity.

## 1.7 Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Company's underlying financial performance.

## 1.8 Leases

### As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation

# Notes

To the Financial Statements for the year ended March 31, 2017

to compensate for the lessor's expected inflationary cost increases.

## As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## 1.9 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those

amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

## Transition to Ind AS

Upon first time adoption of Ind AS, the Company has elected not to restate business combinations which occurred prior to the transition date i.e. April 1, 2015.

## 1.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the

# Notes

To the Financial Statements for the year ended March 31, 2017

cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## Depreciation methods, estimated useful lives and residual value

Freehold land is not depreciated. Leasehold improvements are amortised over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

(₹ million)	
Assets	Estimated Useful Life (years)
Office Equipment	5
Furniture and fixtures	10
Computer	3
Vehicles	5
Electrical installation	10
Factory Building	28
Residential and other Buildings	58

Plant and Machinery (except electrical installation) is depreciated on written down value method over the useful life ranging between 7.5 years to 18 years.

The useful lives have been determined based on technical evaluation done by the management's expert which is equal to or lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income, as applicable.

## 1.11 Intangible assets

Intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

## Amortisation methods and periods

Intangible assets comprise of computer software which is amortized on a straight-line basis over its expected useful life over a period of five years.

## Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 1.12 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying

# Notes

To the Financial Statements for the year ended March 31, 2017

amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 1.13 Inventories

### Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases on weighted average basis. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 1.14 Investment in Subsidiaries:

Investment in subsidiaries are carried at cost in the separate financial statements.

### Investment in compound financial instruments issued by subsidiary:

Company considers issuance of non-market rate redeemable preference shares by subsidiary as compound instrument comprising a loan with market terms and a capital injection and hence treat the difference between the cash paid and fair value on initial recognition as an addition to the investment in the subsidiary and presented

separately as 'Equity component of Preference shares' under 'Investment in subsidiaries'. Equity component is not subsequently remeasured.

## Transition to Ind AS

The Company has elected to measure its investments in subsidiaries at its previous GAAP carrying values which shall be the deemed cost as at the date of transition.

## 1.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial Assets

### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction

# Notes

To the Financial Statements for the year ended March 31, 2017

costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

## a. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other expenses or other incomes, as applicable. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other expenses or other incomes, as applicable in the period in which it arises. Interest income from these financial assets is included in other income.

## b. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## (iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note No. 27 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be



# Notes

To the Financial Statements for the year ended March 31, 2017

recognised from initial recognition of the receivables.

## (iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## (v) Income recognition

### a. Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## b. Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## (vi) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within current liabilities in statement of financial position and which are considered as integral part of company's cash management policy.

## (vii) Trade receivable

Trade receivable are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## Financial liabilities

### (i) Measurement:

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease



# Notes

To the Financial Statements for the year ended March 31, 2017

agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

## (ii) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## (iii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish

all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## (iv) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

## Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

## Derivatives and hedging activities

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

- i. Derivatives that are not designated as hedges

# Notes

To the Financial Statements for the year ended March 31, 2017

The Company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

## Embedded Derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

## Embedded foreign currency derivatives:

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- (i) the functional currency of any substantial party to that contract,
- (ii) the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- (iii) a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## 1.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## 1.17 Employee benefits

### a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### b) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services

# Notes

To the Financial Statements for the year ended March 31, 2017

provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## c) Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund and superannuation Fund

## Defined Benefit Plans

### Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the

defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

## Defined contribution plans

Provident Fund, Employee State Insurance Corporation (ESIC), Pension Fund and other Social Security Funds

The Contribution towards provident fund, ESIC, pension fund and Social Security Funds 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.

## d) Share-based payments

Share-based compensation benefits are provided to employees under "Employee Stock Option Plan".

# Notes

To the Financial Statements for the year ended March 31, 2017

Employees of the Company receive remuneration in the form of share-based payments as per the eligibility criteria. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

## e) Bonus Plan

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 1.18 Provisions and contingent liabilities

- a) Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used

to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

- b) 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.
- c) Contingent Assets are disclosed, where an inflow of economic benefits is probable.

## 1.19 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 1.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 1.21 Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial

# Notes

To the Financial Statements for the year ended March 31, 2017

year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Note 33).

## Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 1.22 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions with two decimal as per the requirement of Schedule III, unless otherwise stated.

## 1.23 New standards/ amendments to existing standards issued but not yet adopted

Following are the amendments to existing standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Company:

### Amendments to Ind AS 7, 'Statement of cash flows' on disclosure initiative:

The amendment to Ind AS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes (i.e. changes in fair values), Changes resulting from acquisitions and disposals and effect of foreign exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

### Amendments to Ind AS 102, 'Share-based Payment':

The amendment to Ind AS 102 clarifies the measurement basis for cash settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in Ind AS 102 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

The Company intends to adopt the amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

### Critical estimates and judgements

#### i) Estimation of current tax expense and deferred tax

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant

# Notes

To the Financial Statements for the year ended March 31, 2017

judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 25).

## **Recognition of deferred tax assets/ liabilities**

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts (Refer Note 14).

### **ii) Estimation of Provisions & Contingent Liabilities.**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision (Refer Note 30).

### **iii) Estimated useful life of Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For the relative size of the Company's property, plant and equipment and intangible assets (Refer Notes 3 and 4).

### **iv) Estimation of Provision for Inventory**

The Company writes down inventories to net realisable value based on an estimate of

the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed. Refer Note 8 for details of inventory and provisions.

### **v) Estimation of Impairment for equity Investments in Subsidiaries**

To test the impairment of equity investment in one of subsidiaries, market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments. Changes in the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

### **vi) Estimation of Defined Benefit Obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer Note 20 for the details of the assumptions used in estimating the defined benefit obligation.



# Notes

To the Financial Statements for the year ended March 31, 2017

## vii) Estimation of grant income

The company has accrued income for Government grant related to fixed assets, in the ratio of related expenses, based on eligibility amount. Estimates are involved in calculation of grant income where the eligibility amount is not confirmed by the government but application is made and the Company is complying all terms & conditions for eligibility. There were no material deviations in the past when company booked income based on estimates awaiting eligibility amount from Government.

## viii) Estimated fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end

of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 26.

## ix) Exceptional items

Exceptional items are expense items recorded in the year in which they have been determined by management as being material by their size or incidence and are presented separately within the results of the Company. The determination of which items are disclosed as exceptional items will affect the presentation of profit for the year and requires a degree of judgement. Details relating to exceptional items reported during the year are set out in Note 24.



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To the Financial Statements for the year ended March 31, 2017

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To the Financial Statements for the year ended March 31, 2017

## Note 3 - Property, Plant and Equipment

	Freshhold Land	Buildings	Plant and Machinery	Vehicles	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Computers	Total	Capital Work in Progress
<b>Year ended March 31, 2016</b>										
<b>Gross carrying amount</b>										
Deemed cost as at April 1, 2015	217.73	4,412.88	14,047.57	29.09	46.66	154.95	15.14	31.74	18,955.76	1,533.50
Additions	1.26	2.77	423.03	8.36	12.62	51.12	-	20.43	519.59	10,594.53
Disposals	-	(16.42)	(148.33)	(0.50)	(0.55)	(4.79)	-	(10.93)	(181.52)	-
Transfers	3719	1,591.38	8,642.96	-	2779	5.06	-	12.70	10,317.08	(10,317.08)
<b>Closing gross carrying amount</b>	<b>256.18</b>	<b>5,990.61</b>	<b>22,965.23</b>	<b>36.95</b>	<b>86.52</b>	<b>206.34</b>	<b>15.14</b>	<b>53.94</b>	<b>29,610.91</b>	<b>1,810.95</b>
<b>Accumulated Depreciation</b>										
Depreciation charge during the year	-	163.93	3,000.13	9.76	15.04	36.74	5.23	12.17	3,243.00	-
Disposals	-	(0.26)	(5.06)	(0.33)	(0.10)	(1.53)	-	(9.47)	(16.75)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>163.67</b>	<b>2,995.07</b>	<b>9.43</b>	<b>14.94</b>	<b>35.21</b>	<b>5.23</b>	<b>2.70</b>	<b>3,226.25</b>	<b>-</b>
<b>Net Carrying amount</b>	<b>256.18</b>	<b>5,826.94</b>	<b>19,970.16</b>	<b>27.52</b>	<b>71.58</b>	<b>171.13</b>	<b>9.91</b>	<b>51.24</b>	<b>26,384.66</b>	<b>1,810.95</b>
<b>Year ended March 31, 2017</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	256.18	5,990.61	22,965.23	36.95	86.52	206.34	15.14	53.94	29,610.91	1,810.95
Additions	206.41	133.44	-	16.17	14.25	15.82	-	5.13	391.22	6,534.21
Disposals	-	-	(151.38)	(4.07)	(0.72)	(1.38)	-	-	(157.55)	-
Transfers	-	1,393.05	6,253.63	-	61.52	79.97	-	77.77	7,865.94	(7,865.94)
<b>Closing gross carrying amount</b>	<b>462.59</b>	<b>7,517.10</b>	<b>29,067.48</b>	<b>49.05</b>	<b>161.57</b>	<b>300.75</b>	<b>15.14</b>	<b>136.84</b>	<b>37,710.52</b>	<b>479.22</b>
<b>Accumulated depreciation</b>										
Opening accumulated depreciation	-	163.67	2,995.07	9.43	14.94	35.21	5.23	2.70	3,226.25	-
Depreciation charge during the year	-	214.12	4,320.30	11.37	25.92	34.21	5.23	19.89	4,631.04	-
Disposals	-	-	(115.76)	(3.22)	(0.60)	(1.35)	-	-	(120.93)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>377.79</b>	<b>7,199.61</b>	<b>17.58</b>	<b>40.26</b>	<b>68.07</b>	<b>10.46</b>	<b>22.59</b>	<b>7,736.36</b>	<b>-</b>
<b>Net carrying amount</b>	<b>462.59</b>	<b>7,139.31</b>	<b>21,867.87</b>	<b>31.47</b>	<b>121.31</b>	<b>232.68</b>	<b>4.68</b>	<b>114.25</b>	<b>29,974.16</b>	<b>479.22</b>

Notes :

- Property, plant and equipment pledged as security - Refer to note 10(a) for information on property, plant and equipment pledged as security by the Company.
- Contractual obligations - Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Capital work-in-progress - Capital work-in-progress mainly comprises of new plant and machinery for spinning process being constructed in India.
- Additions to fixed assets during the year include capital expenditure of ₹ 99.39 million (Previous Year : ₹ 404.76 million) incurred on in-house Research and Development activities [Refer Note 38 ]

(v) The Company has given certain assets on operating lease, details of which are given below:

Particulars	March 31, 2017		March 31, 2016	
	Buildings	Plant and Machinery	Buildings	Plant and Machinery
Gross Block	1.21	35.18	1.21	35.18
Accumulated Depreciation	0.30	32.56	0.28	32.35
Net Block	0.91	2.62	0.93	2.83
Depreciation for the year	0.02	0.21	0.02	0.25

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## Note 4 - Intangible assets

		(₹ million)
	Computer Software	Total
<b>Year ended March 31, 2016</b>		
<b>Gross carrying amount</b>		
Deemed cost as at April 1, 2015	31.12	31.12
Additions	85.34	85.34
<b>Closing gross carrying amount</b>	<b>116.46</b>	<b>116.46</b>
<b>Accumulated amortisation</b>		
Amortisation charge during the year	14.51	14.51
<b>Closing accumulated amortisation</b>	<b>14.51</b>	<b>14.51</b>
<b>Net Carrying amount</b>	<b>101.95</b>	<b>101.95</b>
<b>Year ended March 31, 2017</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	116.46	116.46
Additions	46.68	46.68
<b>Closing gross carrying amount</b>	<b>163.14</b>	<b>163.14</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	14.51	14.51
Amortisation charge during the year	32.20	32.20
<b>Closing accumulated amortisation</b>	<b>46.71</b>	<b>46.71</b>
<b>Net carrying amount</b>	<b>116.43</b>	<b>116.43</b>

## Note 5 : Non-current equity investment in subsidiaries

			(₹ million)
	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
<b>Unquoted</b>			
10,000 (March 31, 2016 : 10,000, April 1, 2015 : 10,000) Equity Shares of ₹10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10	0.10
10,000 (March 31, 2016 : 10,000, April 1, 2015 : 10,000 ) Equity Shares of ₹10 each fully paid up of Anjar Integrated Textile Park Developers Private Limited	0.10	0.10	0.10
50,700 (March 31, 2016 : 50,700, April 1, 2015 : 50,700) Equity Shares of ₹10 each fully paid up of Welspun Anjar SEZ Limited	2,200.00	2,200.00	2,200.00
23,065,503 (March 31, 2016 : 23,065,503, April 1, 2015 : 23,065,503) Equity Shares of ₹10 each fully paid up of Welspun Global Brands Limited	1,281.34	1,281.34	1,281.34
22,744,215 (March 31, 2016 : 20,084,998, April 1, 2015 : 20,084,998) Equity Shares of ₹10 each fully paid up of Welspun Captive Power Generation Limited	256.06	200.85	200.85
668,706 (March 31, 2016 : 668,706, April 1, 2015 : 668,706) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.	146.88	146.88	146.88
1,500 (March 31, 2016 : 1,500, April 1, 2015 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	29.73	29.73	29.73
5,500,000 (March 31, 2016 : 5,500,000, April 1, 2015 : 5,500,000) Equity Shares of ₹10 each fully paid up of Welspun Zucchi Textiles Limited	92.13	92.13	92.13

# Notes

To the Financial Statements for the year ended March 31, 2017

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
709,800	(March 31, 2016: Nil, April 1, 2015: Nil) Equity Shares of ₹10 each fully paid up of Welspun Flooring Limited	7.10	-	-
		<b>4,013.44</b>	<b>3,951.13</b>	<b>3,951.13</b>
<b>Equity Component of investment in preference shares of subsidiaries</b>				
	Welspun Anjar SEZ Limited	117.02	62.78	-
	Welspun Global Brands Limited	1,000.46	1,000.46	1,000.46
	Welspun Captive Power Generation Limited	292.41	292.41	292.41
		<b>1,409.89</b>	<b>1,355.65</b>	<b>1,292.87</b>
<b>Total</b>		<b>5,423.33</b>	<b>5,306.78</b>	<b>5,244.00</b>

## Note 6 : Financial assets

### 6 (a) : Non-current investment

#### Investment in equity shares (fully paid up)

##### a) Quoted - Equity investment at FVOCI

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
283,500	(March 31, 2016 : 283,500, April 1, 2015 : 283,500) Equity Shares of ₹ 10 each of AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	22.42	27.63	27.78
80	(March 31, 2016 : 80, April 1, 2015 : 80) Equity Shares of ₹ 1 each of Khaitan Chemicals and Fertilizers Limited	*	*	*
b) Unquoted - Equity investment at FVPL				
100	(March 31, 2016 : 100, April 1, 2015 : 100) Equity Shares of ₹ 10 each of Welspun Steel Limited (Formerly known as Welspun Power and Steel Limited)	*	*	*
-	(March 31, 2016 : 5, April 1, 2015 : Nil) Equity Shares of ₹ 10 each of WS Trading and Holding Private Limited	-	*	-
5	(March 31, 2016 : 5, April 1, 2015 : Nil) Equity Shares of ₹ 10 each of WS Alloy Holding Private Limited	*	*	-
<b>Total (equity instruments)</b>		<b>22.42</b>	<b>27.63</b>	<b>27.78</b>
<b>Investment in preference shares (fully paid)</b>				
<b>Unquoted - Preference shares at amortised cost</b>				
13,464,800	(March 31, 2016 : 13,464,800, April 1, 2015 : 13,464,800) 0% Redeemable Cumulative Preference Shares of ₹10 each of Welspun Global Brands Limited	96.00	88.22	81.08
1,389,575	(March 31, 2016 : 1,389,575, April 1, 2015 : 1,389,575) 0% Redeemable Preference Shares of ₹10 each of Welspun Global Brands Limited	677.08	623.16	573.53
<b>Unquoted - Preference shares at FVPL</b>				
1,000,000	(March 31, 2016 : 1,000,000, April 1, 2015 : 1,000,000) 1% Redeemable Cumulative Preference Shares of ₹10 each of Welspun Global Brands Limited	5.09	4.68	4.49
75,818,663	(March 31, 2016 : 66,956,672, April 1, 2015 : 66,956,672) 10% Non-cumulative Redeemable Preference Shares of ₹10 each of Welspun Captive Power Generation Limited**	757.92	669.31	461.07
34,657,000	(March 31, 2016 : 17,937,000, April 1, 2015 : Nil) 7% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10 each of Welspun Anjar SEZ Limited	247.56	116.59	-
<b>Total (preferene shares)</b>		<b>1,783.65</b>	<b>1,501.96</b>	<b>1,120.17</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
<b>Others - FVPL</b>				
	Investment - Indiafirst SM	0.66	1.80	1.80
	Investment - SBI Life Insurance	0.60	0.60	0.50
	Investment - Canara HSBC	0.80	0.80	0.60
<b>Total (others)</b>		<b>2.06</b>	<b>3.20</b>	<b>2.90</b>
<b>Total</b>		<b>1,808.13</b>	<b>1,532.79</b>	<b>1,150.85</b>
	Aggregate amount of quoted investments and market value thereof	22.42	27.63	27.78
	Aggregate amount of unquoted investments	1,785.71	1,505.16	1,123.07
	Aggregate amount of impairment in the value of Investments	-	-	-

\* Amount is below the rounding norms adopted by the Company

\*\* 6% up to March 31, 2015

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
<b>6 (a) : Current investments</b>				
<b>Investment in bonds at FVPL (quoted)</b>				
12	(March 31, 2016 : Nil, April 1, 2015 : Nil) 11.60% Bank of Maharashtra Perpetual Bonds of Face Value of ₹1,000,000 each	12.00	-	-
4,700	(March 31, 2016 : Nil, April 1, 2015 : Nil) 8.68% Infrastructure Leasing & Financial Services Option-III 06/12/2023 Bonds of Face Value of ₹1,000 each	4.70	-	-
1	(March 31, 2016 : Nil, April 1, 2015 : Nil) 11.09% IDBI Bank Limited (Series I) Perpetual Bonds of Face Value of ₹1,000,000 each	1.00	-	-
11	(March 31, 2016 : Nil, April 1, 2015 : Nil) 9.51% Corporation Bank Limited Perpetual Bonds of Face Value of ₹1,000,000 each	10.90	-	-
25,000	(March 31, 2016 : Nil, April 1, 2015 : Nil) 9.25% Dewan Housing Finance Corporation Limited 09/09/2023 Bonds of Face Value of ₹1,000 each	25.00	-	-
10	(March 31, 2016 : Nil, April 1, 2015 : Nil) 8.75% Bajaj Finance Limited 14/08/2026 Bonds of Face Value of ₹1,000,000 each	10.21	-	-
56	(March 31, 2016 : Nil, April 1, 2015 : Nil) 0% Andhra Pradesh Expressway Limited 15/10/2025 Bonds of Face Value of ₹1,000,000 each	98.50	-	-
12	(March 31, 2016 : Nil, April 1, 2015 : Nil) 11.70% Uco Bank Limited Bonds of Face Value of ₹1,000,000 each	12.00	-	-
28	(March 31, 2016 : Nil, April 1, 2015 : Nil) 9.50% Yes Bank Limited 23/12/2021 Bonds of Face Value of ₹1,000,000 each	28.00	-	-
850,000	(March 31, 2016 : Nil, April 1, 2015 : Nil) 7.63% West Bengal State Electricity Distribution Company 15/02/2027 Bonds of Face Value of ₹100 each	87.80	-	-

# Notes

To the Financial Statements for the year ended March 31, 2017

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
14	(March 31, 2016 : Nil, April 1, 2015 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2027 Bonds of Face Value of ₹1,000,000 each	14.00	-	-
298	(March 31, 2016 : Nil, April 1, 2015 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 13/02/2026 Bonds of Face Value of ₹1,000,000 each	298.20	-	-
36,000	(March 31, 2016 : Nil, April 1, 2015 : Nil) 9.40% Reliance Home Finance Limited 03/01/2032 Bonds of Face Value of ₹1,000 each	37.30	-	-
-	(March 31, 2016 : Nil, April 1, 2015 : 10) 8.06% Rural Electrification Corporation Limited 31/05/2023 Bonds of Face Value of ₹ 1,000,000 each	-	-	10.88
-	(March 31, 2016 : Nil, April 1, 2015 : 1,660) 9.90% Industrial Finance Corporation of India Limited 05/11/2027 Bonds of Face Value of ₹ 25,000 each	-	-	45.41
80	(March 31, 2016 : Nil, April 1, 2015 : 1,720) 9.90% Industrial Finance Corporation of India Limited 05/11/2037 Bonds of Face Value of ₹ 25,000 each	2.00	-	45.76
-	(March 31, 2016 : Nil, April 1, 2015 : 8) 7.93% Power Grid Corporation of India Limited 20/05/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	9.16
26	(March 31, 2016 : Nil, April 1, 2015 : 19) 9.48% Oriental Bank of Commerce Perpetual Bonds of Face Value of ₹ 1,000,000 each	26.00	-	19.31
-	(March 31, 2016 : Nil, April 1, 2015 : 41) 9.55% Canara Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	41.73
-	(March 31, 2016 : Nil, April 1, 2015 : 50) 8.65% Rajasthan Rajya Vidyut Utpadan Nigam Limited 05/01/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	50.99
-	(March 31, 2016 : Nil, April 1, 2015 : 60) 8.74% Rajasthan Rajya Vidyut Utpadan Nigam Limited 26/03/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	59.29
100	(March 31, 2016 : Nil, April 1, 2015 : 101) 10.40% Vijaya Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	100.50	-	101.31
-	(March 31, 2016 : Nil, April 1, 2015 : 25) 9.84% Air India 27/09/2026 Bonds of Face Value of ₹ 1,000,000 each	-	-	28.80
-	(March 31, 2016 : Nil, April 1, 2015 : 74) 10.00% Indian Overseas Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	75.40
-	(March 31, 2016 : Nil, April 1, 2015 : 243) 10.75% IDBI Bank Limited Omni (2014 -15 - Series II) Tier I Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	271.10
-	(March 31, 2016 : Nil, April 1, 2015 : 500,000) 8.27% GOI 09/06/2020 Bonds of Face Value of ₹ 100 each	-	-	52.15
-	(March 31, 2016 : Nil, April 1, 2015 : 500,000) 8.60% GOI 2028 Bonds of Face Value of ₹ 100 each	-	-	54.72
-	(March 31, 2016 : 500,000, April 1, 2015 : 500,000) 8.30% GOI 2042 Bonds of Face Value of ₹ 100 each	-	57.10	54.26
<b>Investment in mutual funds at FVPL (quoted)</b>				
-	(March 31, 2016 : 1,880,636.031, April 1, 2015 : Nil) L & T Flexi Bond Fund - Dividend	-	20.15	-
1,114,488	(March 31, 2016 : Nil, April 1, 2015 : Nil) ICICI Mutual Fund P1571 Money Market Fund - Growth	250.07	-	-
<b>Total</b>		<b>1,018.18</b>	<b>77.25</b>	<b>920.27</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

		(₹ million)		
		As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
	Aggregate amount of quoted investments and market value thereof	1,018.18	77.25	920.27
	Aggregate amount of impairment in the value of Investments	-	-	-
<b>6 (b) : Non-current loans</b>				
<b>Loans to related parties (unsecured)</b>				
Considered good				
	- Welspun Anjar SEZ Limited	-	-	33.87
Considered doubtful				
	- Besa Developers and Infrastructure Private Limited	15.56	15.56	15.56
	Less : Allowance for Doubtful Loans	15.56	15.56	15.56
		-	-	-
	Loan to employees	0.66	1.46	1.49
	<b>Total</b>	<b>0.66</b>	<b>1.46</b>	<b>35.36</b>
<b>6 (b) : Current loans</b>				
	Loan to employees	2.48	4.21	5.74
	<b>Total</b>	<b>2.48</b>	<b>4.21</b>	<b>5.74</b>
<b>6 (c) : Other non-current financial assets</b>				
Security Deposits to Related Parties				
	- Welspun Realty Private Limited	33.55	49.28	56.60
	- Mertz Estates Limited (Formerly known as Mertz Securities Limited)	-	-	8.00
	Security Deposits to Others	110.70	84.66	76.65
Advances Recoverable in Cash				
	- Considered Good	10.00	10.00	10.00
	- Considered Doubtful	33.50	33.50	33.50
		43.50	43.50	43.50
	Less : Allowance for Doubtful Advances	33.50	33.50	33.50
		10.00	10.00	10.00
	Fixed deposits with Banks with maturity period more than twelve months	42.41	55.29	94.98
	Margin Money Deposit Accounts	2.76	4.01	3.23
	Interest Accrued on Fixed Deposits	1.13	9.19	7.09
	<b>Total</b>	<b>200.55</b>	<b>212.43</b>	<b>256.55</b>
<b>6 (c) : Other current financial assets</b>				
Security Deposits to Related Parties				
	- Welspun Realty Private Limited	7.80	-	-
	Security Deposits to Others	0.11	9.15	0.18
Advances to Related Parties				
	- Welspun Global Brands Limited	-	-	2.11
	- Welspun Captive Power Generation Limited	-	7.25	1.57
	- Welspun Corp Limited	-	0.36	-
	- AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	-	-	0.03
	- Welspun Enterprises Limited	0.11	0.14	-
	- Anjar Integrated Textile Park Developers Private Limited	0.50	0.50	0.50
	- CHT Holdings Limited	7.56	13.38	8.65
	- Welspun USA Inc.	15.76	20.54	5.39
	- Welspun Home Textiles UK Limited	-	-	8.32
	- Welspun UK Limited	-	-	0.22

# Notes

To the Financial Statements for the year ended March 31, 2017

		(₹ million)	
	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	2.68	-
Interest Accrued on Bonds/ Certificate of Deposits	19.64	1.03	25.41
Bond Application Money Pending Allotment	-	-	1,000.00
Interest Accrued on Fixed Deposits	18.63	11.65	196.17
Insurance Claim Receivable*	10.49	-	-
<b>Total</b>	<b>80.60</b>	<b>66.68</b>	<b>1,248.55</b>

\* Relates to Plant and Machinery break down during the year 2016-17  
The Plant and Machinery was insured under an Industrial All Risk (IAR) Insurance policy.

<b>6 (d) : Trade receivables</b>			
Trade receivables	102.95	46.03	48.72
Receivables from related parties [Refer Note 29 (ii)]	7,305.51	3,582.04	3,820.26
Less : Allowance for Doubtful Debts	(10.66)	(2.95)	(2.95)
<b>Total receivables</b>	<b>7,397.80</b>	<b>3,625.12</b>	<b>3,866.03</b>
Current portion	7,397.80	3,625.12	3,866.03
Non-current portion	-	-	-
<b>Break-up of security details</b>			
Secured, considered good	-	-	-
Unsecured, considered good	7,397.80	3,625.12	3,866.03
Doubtful	10.66	2.95	2.95
<b>Total</b>	<b>7,408.46</b>	<b>3,628.07</b>	<b>3,868.98</b>
Allowance for doubtful debts	10.66	2.95	2.95
<b>Total trade receivables</b>	<b>7,397.80</b>	<b>3,625.12</b>	<b>3,866.03</b>
<b>6 (e) : Cash and cash equivalents</b>			
Balances with banks			
- In current accounts	619.46	476.55	1,351.18
Fixed deposits with Banks with maturity period of less than three months	110.03	4.87	98.33
Cash on Hand	0.61	0.52	1.09
<b>Total</b>	<b>730.10</b>	<b>481.94</b>	<b>1,450.60</b>

## Disclosure on specified bank notes (SBNs) :

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G. S. R. 308 (E) dated March 30, 2017 on details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

The denomination wise details of SBNs and other notes as per the notification is given below:

			(₹ million)
Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	3.77	0.06	3.83
(+) Permitted receipts	-	4.17	4.17
(-) Permitted payments	-	(2.48)	(2.48)
(-) Amount deposited in Banks	(3.77)	(0.01)	(3.78)
Closing cash in hand as on December 30, 2016	-	1.74	1.74

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407 (E) dated the 8th November, 2016.



# Notes

To the Financial Statements for the year ended March 31, 2017

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(₹ million)			
<b>6 (f) : Bank balances other than cash and cash equivalents</b>			
Other Bank balances			
- Fixed deposits [Refer note (a) below]	297.98	116.67	1,209.77
- Unpaid dividend account [Refer note (b) below]	15.96	18.89	5.87
<b>Total</b>	<b>313.94</b>	<b>135.56</b>	<b>1,215.64</b>

Notes:

(a) Fixed Deposits of ₹ 110 million (March 31, 2016 : ₹ 44.45 million, April 1, 2015 : ₹ 1,144.90 million ) are earmarked for repayment of Current Maturities of Long Term Borrowings.

(b) These are restricted bank balances. The restrictions are on account of balances held in unpaid dividend bank accounts.

## Note 7 : Other Non-Current Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(₹ million)			
Equity Share Application pending allotment			
- Welspun Flooring Limited	3.20	0.10	-
- Welspun Anjar SEZ Limited	9.40	-	-
Capital Advances to Related Parties			
- Wel-treat Enviro Management Organisation Limited	75.00	75.00	75.00
- Welspun Enterprises Limited	-	-	4.19
- Welspun Anjar SEZ Limited	-	-	2.00
Capital Advances to Others	119.23	638.04	842.35
- Balances with Customs, Excise, Sales Tax and other Government Authorities			
- Considered Good	103.86	103.86	102.98
- Considered Doubtful	56.57	55.23	48.05
	<b>160.43</b>	<b>159.09</b>	<b>151.03</b>
Less : Provision for Doubtful Balances	56.57	55.23	48.05
	<b>103.86</b>	<b>103.86</b>	<b>102.98</b>
Statusholder Incentive Scrips in Hand	3.77	17.47	28.21
<b>Total</b>	<b>314.46</b>	<b>834.47</b>	<b>1,054.73</b>

## Note 7 : Other Current Assets

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(₹ million)			
Technology Upgradation Fund Credit Receivable	600.68	870.20	639.56
Interest Receivable under Subvention Scheme	7.79	7.98	-
Others			
Balances with Customs, Excise, Sales Tax and other Government Authorities			
- Considered Good	3,927.00	3,254.81	2,549.22
- Considered Doubtful	12.50	12.50	-
	<b>3,939.50</b>	<b>3,267.31</b>	<b>2,549.22</b>
Less : Allowance for Doubtful Balances	12.50	12.50	-
	<b>3,927.00</b>	<b>3,254.81</b>	<b>2,549.22</b>
Prepaid Expenses	111.62	137.89	124.74

# Notes

To the Financial Statements for the year ended March 31, 2017

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Advances to Related Parties			
- Welspun Captive Power Generation Limited	403.39	-	-
- Welspun Zucchi Textiles Limited	0.84	-	-
Advance to Vendors	582.21	653.19	416.26
Advance to Employees	3.05	2.92	1.79
<b>Total</b>	<b>5,636.58</b>	<b>4,926.99</b>	<b>3,731.57</b>

(₹ million)

## Note 8 : Inventories

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Raw Materials (Includes in transit ₹ 75.94 million; March 31, 2016 : ₹ 24.38 million, April 1, 2015 : ₹ 47.80 million)	3,243.86	3,346.65	3,324.84
Work-in-Progress	4,250.06	3,026.19	3,174.71
Finished Goods	829.19	934.58	797.02
Traded Goods	1.58	-	6.88
Packing Materials	226.27	246.83	187.60
Stores, Spares, Dyes and Chemicals	430.01	562.10	325.75
<b>Total</b>	<b>8,980.97</b>	<b>8,116.35</b>	<b>7,816.80</b>

(₹ million)

## Note 9 : Equity share capital and other equity

### 9 (a) : Equity share capital

#### Authorised equity share capital

	Number of Shares	Amount (₹ million)
<b>As at April 1, 2015</b>	155,500,000	1,555.00
Increase during the year (Refer note below)	1,399,500,000	-
<b>As at March 31, 2016</b>	1,555,000,000	1,555.00
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>1,555,000,000</b>	<b>1,555.00</b>

Equity shares of ₹ 1 each (March 31, 2016 : ₹ 1 each, April 1, 2015 : ₹ 10 each)

#### Movements in equity share capital

	Number of Shares	Amount (₹ million)
As at April 1, 2015	100,459,915	1,004.60
Shares issued to Employees under Employee Stock Option Scheme (Refer Note 32)	12,600	0.13
Sub-division of equity shares having face value of ₹ 10 per share into ten equity shares having face value of ₹ 1 per share (Refer note below)	904,252,635	-
<b>As at March 31, 2016</b>	<b>1,004,725,150</b>	<b>1,004.73</b>
<b>As at March 31, 2017</b>	<b>1,004,725,150</b>	<b>1,004.73</b>

Equity Shares of ₹ 1 each (March 31, 2016 : ₹ 1 each fully paid up, April 1, 2015 : ₹ 10 each fully paid up)

#### Note :

The Board of Directors of the Company at its meeting held on February 2, 2016 has approved the sub-division of equity shares of the Company having a face value of ₹ 10 per share into 10 equity shares having a face value of ₹ 1 each. This has been approved by the shareholders at their meeting held on March 4, 2016.

# Notes

To the Financial Statements for the year ended March 31, 2017

## (i) Shares held by holding company and subsidiary of holding company (Holding company as defined in Ind AS-24 : "Related Party Disclosure")

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	Amount (₹ million)	Number of Shares	Amount (₹ million)	Number of Shares	Amount (₹ million)
<b>Equity Shares :</b>						
Prasert Multiventure Private Limited (PMPL) (with effect from March 30, 2017) (Refer note below)	679,078,913	679.08	-	-	-	-
Krishiraj Trading Limited (KTL) (up to September 27, 2016) (Refer note below)	-	-	505,098,770	505.10	50,509,877	505.10
Welspun Infra Developers Limited (Formerly known as Welspun Infra Developers Private Limited) (a 78.66% subsidiary of Goldenarch Estate Private limited which in turn is a 94.37% subsidiary of Krishiraj Trading Limited) (up to September 27, 2016)	-	-	27,497,730	27.50	2,749,773	27.50
	<b>679,078,913</b>	<b>679.08</b>	<b>532,596,500</b>	<b>532.60</b>	<b>53,259,650</b>	<b>532.60</b>

**Note :** Change in holding company during the year

1. MGN Agro Properties Private Limited (up to March 29, 2017)
2. Krishiraj Trading Limited (KTL) (up to September 27, 2016)

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Equity Shares :</b>						
Prasert Multiventure Private Limited	679,078,913	67.59	-	-	-	-
Welspun Mercantile Limited	-	-	112,465,760	11.20	11,246,576	11.20
Welspun Wintex Limited	-	-	84,252,910	8.39	8,425,291	8.39
Krishiraj Trading Limited	-	-	505,098,770	50.28	50,509,877	50.28

## (iii) Rights, preferences and restrictions attached to equity shares

### Equity Shares:

The company has one class of equity shares having a par value of ₹ 1 per share (March 31, 2016 : ₹ 1, March 31, 2015 : ₹ 10) 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.

## (iv) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2017)

10,475,496 equity shares of ₹ 10 each fully paid were issued in January 2013 to the erstwhile shareholders of Welspun Global Brands Limited (Formerly known as Welspun Retail Limited) pursuant to the composite scheme of arrangement between Welspun Global Brands Limited, the Company and Welspun Retail Limited without payment being received in cash.

# Notes

To the Financial Statements for the year ended March 31, 2017

## (v) Shares reserved for issue under options

Information relating to Welspun India Limited Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period is set out in note 32.

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
<b>Note 9 (b) : Reserves and surplus</b>			
Capital Redemption Reserve (Refer Note (a) below)	478.38	478.38	478.38
Capital Reserve (Refer Note (b) below)	1,474.72	1,474.72	1,474.72
Securities Premium Account (Refer Note (c) below)	3,238.12	3,238.12	3,237.80
General Reserve (Refer Note (d) below)	711.39	711.39	711.39
Retained earnings	15,085.92	12,067.22	7,986.40
<b>Total</b>	<b>20,988.53</b>	<b>17,969.83</b>	<b>13,888.69</b>
<b>Capital Redemption Reserve</b>			
Balance as at the beginning of the year	478.38	478.38	
Add : Additions during the year	-	-	
Balance as at the end of the year	<b>478.38</b>	<b>478.38</b>	
<b>Capital Reserve</b>			
Balance as at the beginning of the year	1,474.72	1,474.72	
Add : Additions during the year	-	-	
Balance as at the end of the year	<b>1,474.72</b>	<b>1,474.72</b>	
<b>Securities Premium Account</b>			
Balance as at the beginning of the year	3,238.12	3,237.80	
Add : Additions during the year	-	0.32	
Balance as at the end of the year	<b>3,238.12</b>	<b>3,238.12</b>	
<b>General Reserve</b>			
Balance as at the beginning of the year	711.39	711.39	
Add : Additions during the year	-	-	
Balance as at the end of the year	<b>711.39</b>	<b>711.39</b>	
<b>Retained earnings</b>			
Balance as at the beginning of the year	12,067.22	7,986.40	
Add : Profit for the year	3,065.51	6,483.19	
	<b>15,132.73</b>	<b>14,469.59</b>	
<b>Less - Dividends</b>			
Interim dividend on Equity Shares for the year	-	1,255.91	
Dividend distribution tax on Interim dividend on Equity Shares	-	242.05	
Final dividend on Equity Shares	50.24	753.45	
Dividend distribution tax on Final dividend on Equity Shares	10.23	153.38	
Final Dividend on Equity Shares for Previous Year on incremental shares	-	0.03	
Dividend distribution tax on final dividend on incremental shares	-	0.01	
<b>Items of other comprehensive income recognised directly in retained earnings</b>			
Remeasurements of post-employment benefit obligation, net of tax	(13.66)	(2.46)	
Balance as at the end of the year	<b>15,085.92</b>	<b>12,067.22</b>	
<b>Total</b>	<b>20,988.53</b>	<b>17,969.83</b>	
<b>Note 9 (c) : Other Reserve</b>			
<b>FVOCI - Equity investments</b>			
Balance as at the beginning of the year	22.02	22.18	
Add : Change in fair value of FVOCI equity instrument (Refer Note (e) below)	(5.20)	(0.16)	
Balance as at the end of the year	<b>16.82</b>	<b>22.02</b>	<b>22.18</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note: Nature and purpose of reserves and surplus and other reserves

### (a) Capital Redemption Reserve

Capital Redemption Reserve is created 1) when preference shares are redeemed out of profits of the Company, a sum equal to the nominal amount of the shares to be redeemed has to be transferred to this reserve and 2) when company purchases its own shares out of free reserves, a sum equal to the nominal value of shares so purchased has to be transferred to this reserve. This reserve may be used for paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

### (b) Capital Reserve

Out of total, Capital Reserve of ₹ 1,426.54 million related to Gujarat high court approved composite scheme of arrangement between group companies. Balance ₹ 48.18 million was accrued on Forfeiture of Share warrants. Capital reserve is not available for distribution.

### (c) Securities premium Account

Securities premium Account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### (d) General Reserve

General Reserve is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the Company's securities. It was created by transfer of amounts out of distributable profits.

### (e) FVOCI equity investments

The management has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The management transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Note 10 : Financial Liabilities

### 10 (a) : Non-Current Borrowings

				(₹ million)		
Sr. No.	Particulars	Maturity Date	Terms of Repayment	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
<b>1</b>	<b>Secured Loans:</b>					
	<b>Measured at amortised cost:</b>					
<b>(A)</b>	<b>Debentures</b>					
	10.40% Redeemable Non-convertible Debentures. The Company was in the process of creating security against these debentures by way of first pari passu charge on the fixed assets of the Company. However, the same have been redeemed on May 19, 2015.	Last instalment due in March 2018.	Redeemable at the end of 3 years from the date of allotment (March 31, 2015)	-	-	1,000.28
<b>(B)</b>	<b>Term Loans</b>					
<b>(i)</b>	<b>- From Banks</b>					
(a)	Rupee term loan 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.	Last instalment due in April 2019.	Repayable in 30 quarterly instalments commencing from January 2012.	1,022.36	1,234.50	1,365.38

## Notes

To the Financial Statements for the year ended March 31, 2017

						(₹ million)
Sr. No.	Particulars	Maturity Date	Terms of Repayment	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
(b)	Rupee term loan 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.	Last instalment due in March 2020.	Repayable in 28 quarterly instalments commencing from June 2013	538.06	608.39	628.44
(c)	Rupee term loan 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.	Last instalment due in December 2021.	Repayable in 32 quarterly instalments commencing from April 2014	213.98	222.66	229.82
(d)	Rupee term loan 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.	Last instalment due in September 2021.	Repayable in 28 quarterly instalments commencing from December 2014	3,087.55	3,357.43	3,542.22
(e)	Rupee term loan 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.	Last instalment due in October 2021.	Repayable in 28 quarterly instalments commencing from January 2015	1,003.19	1,078.37	1,133.67
(f)	Rupee term loan 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. FCNR (B) Dollar loan amounting to ₹ 239.77 million as on March 31, 2015 has been converted into Rupee loan during the year.	Last instalment due in March 2021.	Rupee term loan repayable in 28 quarterly instalments commencing from June 2014. FCNR Dollar loan was repayable in 28 quarterly instalments commencing from March 2015	208.21	230.29	239.77
(g)	Rupee term loan 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.	Last instalment due in June 2023.	Repayable in 30 quarterly instalments commencing from January 2016.	7,956.65	7,546.26	4,048.04
(h)	Rupee term loan 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.	Last instalment due in September 2024.	Repayable in 31 quarterly instalments commencing from March 2017	3,226.63	2,392.96	62.59
(i)	Rupee term loan 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.	Last instalment due in May 2025.	Repayable in 30 quarterly instalments commencing from February 2018	715.89	46.40	-
(j)	Rupee term loan 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	Last instalment due in June 2025.	Repayable in 31 quarterly instalments commencing from March 2018	2,417.27	12.13	-
(k)	Rupee term loan 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.	Last instalment was due in January 2016.	Repayable in 28 quarterly instalments commencing from April 2009	-	-	3,802.04
(l)	Rupee term loan 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.	Last instalment was due in January 2016.	Repayable in 28 quarterly instalments commencing from April 2009	-	-	262.65

# Notes

To the Financial Statements for the year ended March 31, 2017

(₹ million)						
Sr. No.	Particulars	Maturity Date	Terms of Repayment	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
(ii)	<b>- From Financial Institutions</b>					
(a)	Rupee term loan from financial institution 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.	Last instalment due in December 2020. The Company has repaid whole amount of loan on May 28, 2015.	Repayable in 20 quarterly instalments commencing from March 2016	-	-	900.00
<b>2</b>	<b>Unsecured Loans :</b>					
	<b>Loans from Others</b>					
(a)	Loan from Hewlett Packard India Financial Services Private Limited	Last instalment due in August 2017.	Repayable in 59 monthly instalments beginning from October 2012.	-	6.32	10.73
(b)	Loan from Banks	Due date May 20, 2016.	Bullet payment on the due date.	-	40.31	119.21
	<b>Total Non-current borrowings</b>			<b>20,389.79</b>	<b>16,776.02</b>	<b>17,344.84</b>
	Less : Current maturities of long-term debt (included in Note 10 (b) )			1,010.45	800.45	4,498.13
	Less : Interest accrued but not due (included in Note 10 (b))			134.87	80.74	60.68
	<b>Non-current borrowings (as per balance sheet)</b>			<b>19,244.47</b>	<b>15,894.83</b>	<b>12,786.03</b>

\* The rate of interest on the Non-current borrowings in the table above are in the range of 10.75 % to 11.37% (March 31, 2016 : 10.60% to 11.75% and March 31, 2015 : 10.40% to 12.75%). These loans are eligible for Central and State Government Interest Subsidies/ Rebates.

## Note 10 (a) : Current borrowings

(₹ million)			
	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Secured :			
Measured at amortised cost			
- Working Capital Loans from Banks [Refer Note (i) below]	4,479.95	4,489.34	5,608.85
Unsecured :			
Measured at amortised cost			
- Working Capital Loans from Banks	314.98	43.15	272.10
- Supplier financing [Refer Note (ii) below]	2,335.04	3,448.31	2,556.36
- Commercial Paper [Refer Note (iii) below]	-	988.54	1,479.68
<b>Total current borrowings</b>	<b>7,129.97</b>	<b>8,969.34</b>	<b>9,916.99</b>
Less : Interest accrued but not due [included in Note 10 (b)]	1.23	-	-
<b>Total</b>	<b>7,128.74</b>	<b>8,969.34</b>	<b>9,916.99</b>

### Notes :

- (i) The working capital loans, which includes cash credit and packing credit from banks, are secured by hypothecation of raw materials, stock-in-process, finished goods, semi finished goods, stores, spares and book debts and other current financial assets of the Company and second charge on entire fixed assets of the Company.



# Notes

To the Financial Statements for the year ended March 31, 2017

- (ii) The bills of the vendors evidencing supply of material are discounted on presentation and the vendors are directly paid by the banks and the Company bears the discounting charge upfront. Later on the due date (depending on the tenor of financing), the Company pays the discounting bank the principal amount. This financing is unsecured and therefore there is no hypothecation against stock or debtors
- (iii) Commercial paper is an unsecured short term debt instrument issued by the Company generally for 90 days to meet the regular working capital requirements.

## Note 10 (b) : Other Non-Current Financial Liabilities

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
Security Deposits	0.51	4.51	5.11
<b>Total</b>	<b>0.51</b>	<b>4.51</b>	<b>5.11</b>

## Note 10 (b) : Other Current Financial Liabilities

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
Current Maturities of Long Term Debt			
- Rupee Term Loans from Banks [Refer Note (b) below and Note 10(a)]	1,009.12	795.46	4,471.21
- From Financial Institutions [Refer Note 10 (a)]	-	-	22.50
- From Others [Refer Note 10 (a)]	1.33	4.99	4.42
Interest Accrued but not due on Borrowings	136.10	80.74	60.68
Security Deposits	98.77	120.24	39.93
Creditors for Capital Purchases	490.07	770.27	318.24
Derivatives not designated as hedges			
- Foreign exchange forward cover	15.87	-	7.55
Temporary Overdraft with Scheduled Banks	-	3.46	0.01
Unpaid dividends [Refer Note (a) below]	15.96	18.89	5.87
Other Payables	60.55	69.50	19.90
<b>Total</b>	<b>1,827.77</b>	<b>1,863.55</b>	<b>4,950.31</b>

### Notes :

“(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.”

\*\* Section 125 of the Companies Act, 2013 which corresponds to Section 205C of the Companies Act, 1956 has not yet been enforced.

(b) Fixed Deposits of ₹ 110 million (March 31, 2016 : ₹ 44.45 million, April 1, 2015 : ₹ 1,144.90 million ) are earmarked for repayment of the above Current Maturities of Long Term Loans.

## Note 10 (C) : Trade Payables

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
- Total Outstanding Dues of Micro Enterprises and Small Enterprises [Refer Note 37]	81.35	61.42	39.88
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises			
- Acceptances	74.60	-	-
- Others	6,038.63	3,564.94	2,481.90
<b>Total</b>	<b>6,194.58</b>	<b>3,626.36</b>	<b>2,521.78</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 11 : Non-current tax liabilities

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
Taxation	1,452.35	1,271.34	1,027.24
(Net of Advance Tax and Tax Deducted at Sources ₹ 5,456.77 million, March 31, 2016 : ₹ 4,747.94 million, April 1, 2015 : ₹ 2,901.34 million)			
<b>Total</b>	<b>1,452.35</b>	<b>1,271.34</b>	<b>1,027.24</b>

## Note 12 : Current provisions

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
- Provision for exceptional items (Refer Note below)	850.46	-	-
<b>Total</b>	<b>850.46</b>	<b>-</b>	<b>-</b>

Particulars	Provision for exceptional items
<b>As at April 1, 2015</b>	-
<b>Charged/ (credited) to profit or loss</b>	-
<b>As at March 31, 2016</b>	-
<b>Charged/ (credited) to profit or loss</b>	-
- provisions recognised	4,605.56
<b>Provisions utilised during the year</b>	3,755.10
<b>As at March 31, 2017</b>	<b>850.46</b>

**Note :** Above provision is towards return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses relating to the traceability issue as more elaborated in Note 24 "Exceptional Items".

## Note 13 : Non-current employee benefit obligations

	As At March 31, 2017	As At March 31, 2016	(₹ million) As At April 1, 2015
Employee Benefits Payable*	51.67	-	-
<b>Total</b>	<b>51.67</b>	<b>-</b>	<b>-</b>
* Includes bonus			
<b>Note 13 : Current employee benefit obligations</b>			
Provision for Compensated Absences (Refer Note 20)	127.32	93.28	88.03
Provision for Gratuity (Refer Note 20)	15.49	-	-
Employee Benefits Payable**	310.45	495.09	364.54
<b>Total</b>	<b>453.26</b>	<b>588.37</b>	<b>452.57</b>

\*\* Includes salary, wages, bonus, leave travel allowance and director commission

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 14 : Deferred tax liabilities (Net)

The balance comprises temporary differences attributable to:

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(₹ million)			
Deferred Tax Liabilities arising on account :			
- Property, plant, equipment and Intangible Assets	2,090.49	1,741.60	1,209.44
- Government Grants	28.21	-	-
- Others	-	1.21	6.15
Deferred Tax Asset arising on account of :			
- Minimum Alternate Tax Credit Entitlement	196.81	-	-
- Provision for Doubtful Debts/ Advances	40.25	37.11	34.01
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	54.55	46.36	21.34
- Provision for Employee Benefits	49.42	32.28	29.92
- Expenses inadmissible under Section 40(a) of the Income Tax Act, 1961	23.20	31.50	0.65
- Unabsorbed Depreciation under the Income Tax Act, 1961	98.85	98.85	-
- Government Grants	-	169.16	290.72
- Others	3.12	-	-
<b>Total</b>	<b>1,652.50</b>	<b>1,327.55</b>	<b>838.95</b>

### Movement in deferred tax liabilities

Particulars	Property, plant and equipment	Defined Benefit Obligation	Government grants	MAT Credit entitlement	Provisions	Other items	Total
<b>April 1, 2015</b>	<b>1,209.44</b>	<b>(29.92)</b>	<b>(290.72)</b>	<b>-</b>	<b>(55.35)</b>	<b>5.50</b>	<b>838.95</b>
(Charged) / Credited :							
Profit and Loss	(532.16)	2.36	(121.56)	-	28.12	135.94	(487.30)
Other Comprehensive Income	-	-	-	-	-	(1.30)	(1.30)
<b>March 31, 2016</b>	<b>1,741.60</b>	<b>(32.28)</b>	<b>(169.16)</b>	<b>-</b>	<b>(83.47)</b>	<b>(129.14)</b>	<b>1,327.55</b>
(Charged) / Credited :							
Profit and Loss	(348.89)	17.14	(197.37)	196.81	11.33	3.26	(317.72)
Other Comprehensive Income	-	-	-	-	-	(7.23)	(7.23)
<b>March 31, 2017</b>	<b>2,090.49</b>	<b>(49.42)</b>	<b>28.21</b>	<b>(196.81)</b>	<b>(94.80)</b>	<b>(125.17)</b>	<b>1,652.50</b>

## Note 15 : Other Non-Current Liabilities

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
(₹ million)			
Deferred Income (Refer Note below)	773.62	586.77	749.42
<b>Total</b>	<b>773.62</b>	<b>586.77</b>	<b>749.42</b>

### Note 15 : Other Current Liabilities

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Advances from Customers	44.82	22.63	36.78
Statutory dues (including Provident Fund and Tax deducted at Source)	370.39	232.59	197.35
Deferred Income (Refer Note below)	422.37	235.17	119.07
<b>Total</b>	<b>837.58</b>	<b>490.39</b>	<b>353.20</b>

#### Note :

Deferred income relates to government grant for the purchase of property, plant and equipment and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 16 : Revenue from operations

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Sale of Products		
Finished Goods (including excise duty)	52,339.40	46,449.53
Traded Goods	268.71	266.89
<b>Total</b>	<b>52,608.11</b>	<b>46,716.42</b>

## Note 17 : Other operating income

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Sale of Scrap	719.18	599.64
Job Work and Processing Charges	0.04	0.82
Government Grant:		
Vat incentive [Refer Note (a) below]	2,866.59	1,153.92
Export Benefits [Refer Note (b) below]	1,021.90	771.55
<b>Total</b>	<b>4,607.71</b>	<b>2,525.93</b>

**(a) Value Added Tax (VAT) Concession:** Reimbursement of VAT collected on end product/intermediate product to the extent of the eligible capital investments in plant and machinery for the specified period as per the Scheme.

**(b) Merchandise Export Incentive Scheme (MEIS):** Company is entitled for reward under MEIS computed at specified rates on FOB value of exports to specified countries.

## Note 18 : Other income

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Dividend income from investments		
From subsidiaries	-	66.96
From others	0.33	2.94
Interest income from financial assets measured at amortised cost		
On Fixed Deposits	18.90	63.50
On Loans given to related parties and others	-	5.86
On Preference shares	61.70	56.78
Interest income from financial assets measured at fair value through profit or loss		
On Bonds	201.77	122.43
Interest income on Others	9.24	18.70
Interest income on income tax refund	43.14	-
Unwinding of discount on security deposits	5.52	10.14
Net gain on financial assets measured at fair value through profit or loss	24.63	211.43
Rent	22.23	23.71
Profit on Redemption/ Sale of Units in Mutual Funds	107.14	41.08
Profit on Sale of Bonds/ Certificate of Deposits	27.36	-
Profit on Cancellation of Forward/ Swap Contracts	-	2.68
Income on Statutoryholder Incentive Scrips	130.52	441.70
Service Charges	6.40	6.40
Commission on Corporate Guarantees Issued	16.79	34.66
Miscellaneous	43.63	74.70
<b>Total</b>	<b>719.30</b>	<b>1,183.67</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 19 (a) : Cost of Materials Consumed

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Raw material consumed		
Opening inventory	3,346.65	3,324.84
Add: Purchases (net)	24,912.21	19,635.09
Less : Inventory at the end of the year	3,243.86	3,346.65
	<b>25,015.00</b>	<b>19,613.28</b>
Packing material consumed		
Opening inventory	246.83	187.60
Add : Purchases (net)	2,483.80	2,189.45
Less : Inventory at the end of the year	226.27	246.83
	<b>2,504.36</b>	<b>2,130.22</b>
<b>Total</b>	<b>27,519.36</b>	<b>21,743.50</b>

## Note 19 (b) : Changes in inventory of finished goods, work-in-progress and stock-in-trade

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
<b>(Increase)/ decrease in Stocks</b>		
Stock at the end of the year :		
Finished Goods	829.19	934.58
Work-in-Progress	4,250.06	3,026.19
Stock-in-trade	1.58	-
Total A	<b>5,080.83</b>	<b>3,960.77</b>
Less : Stock at the beginning of the year :		
Finished Goods	934.58	797.02
Work-in-Progress	3,026.19	3,174.71
Stock-in-trade	-	6.88
Total B	<b>3,960.77</b>	<b>3,978.61</b>
<b>(Increase) / decrease in Stocks (A-B)</b>	<b>(1,120.06)</b>	<b>17.84</b>

## Note 20 : Employee benefits expense

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Salaries, Wages, Allowances and Other Benefits	3,873.03	3,189.12
Gratuity and ex-gratia	175.36	76.42
Contribution to Provident and Other Funds	306.35	252.47
Managerial Remuneration	156.84	284.21
Staff and Labour Welfare	131.98	101.93
<b>Total</b>	<b>4,643.56</b>	<b>3,904.15</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

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

## I) Defined Contribution Plans

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:		
- Employers' Contribution to Provident Fund*	115.33	92.18
- Employers' Contribution to Employees' State Insurance *	36.14	30.58
- Employers' Contribution to Employees' Pension Scheme*	153.52	128.07
- Employers' Contribution to Superannuation Scheme*	1.36	1.64
	<b>306.35</b>	<b>252.47</b>

\* Included in Contribution to Provident and Other Funds

## II) Defined Benefit Plan

### Contribution to Gratuity Fund (Funded Defined Benefit Plan)

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.

### Risk exposure

These defined benefit plans expose the Company to actuarial risk such as longevity risks, interest rate risks, market (investment) risks.

## a) Major Assumptions

	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
			% p.a.
Discount Rate	7.26	8.04	7.99
Salary Escalation Rate @	7.50% p.a. for the next 2 years, 6.50 for the next 3 years & 5% p.a. thereafter, starting from the 6th year	8.00% p.a. for the next 5 years, 6.00% p.a. thereafter, starting from the 6th year	8.00% p.a. for the next 5 years, 6.00% p.a. thereafter, starting from the 6th year
Rate of Employee Turnover	For service 0 years and below 38%, for service 1-2 years 10%, for service 3-4 years 7% and 5% thereafter	For ages 44 years and below 5% p.a., for ages 45 years and above 3% p. a.	For ages 44 years and below 5% p.a., for ages 45 years and above 3% p. a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

# Notes

To the Financial Statements for the year ended March 31, 2017

## b) Change in the Present Value of Obligation

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Opening Present Value of Obligation	257.27	203.03
Current Service Cost	74.88	59.60
Interest Cost	20.68	16.22
Total amount recognised in profit or loss	95.56	75.82
<b>Remeasurements</b>		
(Gain)/Loss from change in demographic assumptions	5.18	-
(Gain)/Loss from change in financial assumptions	(8.97)	(1.34)
Experience (Gains)/Losses	(14.14)	(4.36)
<b>Total amount recognised in other comprehensive income</b>	<b>(17.93)</b>	<b>(5.70)</b>
Benefit/ Exgratia paid	(26.55)	(15.88)
<b>Closing Present Value of Obligation</b>	<b>308.35</b>	<b>257.27</b>

## c) Change in Fair Value of Plan Assets

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Opening Fair Value of Plan Assets	257.87	204.27
Interest Income	20.73	16.32
Total amount recognised in profit or loss	20.73	16.32
<b>Remeasurements</b>		
Return on Plan Assets, Excluding Interest Income	2.95	(1.94)
<b>Total amount recognised in other comprehensive income</b>	<b>2.95</b>	<b>(1.94)</b>
Contributions	32.15	51.60
Benefits paid	(20.84)	(12.38)
<b>Closing Fair Value of Plan Assets</b>	<b>292.86</b>	<b>257.87</b>

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

	(₹ million)		
	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Present Value of Funded Obligation	308.35	257.27	203.03
Fair Value of Plan Assets	292.86	257.87	204.27
Funded Status ( Surplus/(Deficit))	(15.49)	0.60	1.24

## e) Amount recognised in the Balance sheet

	(₹ million)		
	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Present value of Obligation	(308.35)	(257.27)	(203.03)
Fair Value of Plan Assets	292.86	257.87	204.27
Funded Status ((Surplus/ (Deficit))	(15.49)	0.60	1.24
Expense recognised in statement of profit or loss	-	0.60	1.24
Net (liability)/ Asset Recognised in the Balance Sheet	(15.49)	-	-



# Notes

To the Financial Statements for the year ended March 31, 2017

## f) Expenses Recognised in the Statement of Profit and Loss

	As At March 31, 2017	As At March 31, 2016
(₹ million)		
Current Service Cost	74.89	59.60
Interest Cost	20.68	16.22
Interest Income	(20.73)	(16.32)
<b>Total Expenses recognized in the statement of profit and loss*</b>	<b>74.84</b>	<b>59.50</b>

\*Included in Employee Benefits Expense

## g) Expenses recognized in the Other Comprehensive Income

	As At March 31, 2017	As At March 31, 2016
(₹ million)		
Re-measurement		
Actuarial (Gains)/Losses on Obligation For the year	(17.94)	(5.70)
Return on Plan Assets, Excluding amounts included in Interest Income	(2.95)	1.94
<b>Net (Income)/Expenses for the Period Recognized in OCI</b>	<b>(20.89)</b>	<b>(3.76)</b>

## h) Sensitivity Analysis

	As At March 31, 2017	As At March 31, 2016
(₹ million)		
Projected Benefit Obligation on Current Assumptions	308.35	257.27
Delta Effect of +1% Change in Rate of Discounting	(26.63)	(24.48)
Delta Effect of -1% Change in Rate of Discounting	31.51	29.23
Delta Effect of +1% Change in Rate of Salary Increase	31.68	29.33
Delta Effect of -1% Change in Rate of Salary Increase	(27.20)	(24.96)
Delta Effect of +1% Change in Rate of Employee Turnover	6.17	5.25
Delta Effect of -1% Change in Rate of Employee Turnover	(7.17)	(6.15)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## i) The major categories of plans assets are as follows:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	(₹ million)	%	(₹ million)	%	(₹ million)	%
Insurer Managed funds	292.86	100.00	257.87	100.00	204.27	100.00

## j) Defined benefit liability and employer contributions

The Company monitors funding levels on an annual basis and the current agreed contribution rate is 12% of the basic salaries. The Company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly. Further funding is done only for employees more than 5 years in the firm, for less than 5 years employees are paid separately.

# Notes

To the Financial Statements for the year ended March 31, 2017

Expected contributions to post-employment benefit plans for the year ending March 31, 2018 are ₹ 96.74 million.

The weighted average duration of the defined benefit obligation is 11 years (2016 -12 years, 2015 - 12 years). The expected maturity analysis of undiscounted gratuity is as follows:

					(₹ million)
Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
<b>March 31, 2017</b>					
Defined benefit obligation (gratuity)	24.51	21.95	69.87	115.65	231.98
<b>Total</b>	<b>24.51</b>	<b>21.95</b>	<b>69.87</b>	<b>115.65</b>	<b>231.98</b>
<b>March 31, 2016</b>					
Defined benefit obligation (gratuity)	17.82	14.97	50.90	99.18	182.87
<b>Total</b>	<b>17.82</b>	<b>14.97</b>	<b>50.90</b>	<b>99.18</b>	<b>182.87</b>
<b>April 1, 2015</b>					
Defined benefit obligation (gratuity)	13.78	12.61	37.87	79.37	143.63
<b>Total</b>	<b>13.78</b>	<b>12.61</b>	<b>37.87</b>	<b>79.37</b>	<b>143.63</b>

## III) Other Employee Benefit

The liability for compensated absences as at year end is ₹ 127.32 million (March 31, 2016 : ₹ 93.28 million, March 31, 2015 : ₹ 88.03 million).

## Note 21 : Depreciation and amortization expense

		(₹ million)
	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment	4,631.04	3,243.00
Amortisation of intangible assets	32.20	14.51
<b>Total depreciation and amortization expense</b>	<b>4,663.24</b>	<b>3,257.51</b>

## Note 22 : Other Expenses

		(₹ million)
	As At March 31, 2017	As At March 31, 2016
Stores and Spares Consumed	875.91	797.85
Dyes and Chemicals Consumed	2,796.64	2,377.23
Contract Labour Charges	523.76	686.20
Job Work Expenses	1,119.66	941.08
Power, Fuel and Water Charges	3,746.72	3,793.37
Repairs and Maintenance:		
Plant and Machinery	137.94	160.22
Factory Building	68.13	53.77
Others	210.37	222.43
Brokerage and Commission	3.43	3.72
Freight, Forwarding and Coolie Charges	214.31	178.34
Directors' Sitting Fees	2.59	2.35
Rent (Refer Note 35)	86.85	79.50
Rates and Taxes	27.58	33.08
Printing and Stationery	8.18	9.42
Travelling and Conveyance	150.43	124.32
Legal and Professional Charges	526.42	180.67

# Notes

To the Financial Statements for the year ended March 31, 2017

	(₹ million)	
	As At March 31, 2017	As At March 31, 2016
Security Expenses	42.42	33.01
Insurance	107.78	90.65
Communication	44.00	23.81
Postage and Courier	9.55	9.84
Loss on Sale/ Discarding of Fixed Assets (Net)	1.63	46.97
Loss on Sale of Bonds/ Certificate of Deposits	-	26.54
Provision for Doubtful Debts	7.71	-
Provision for Doubtful Loans and Advances	1.34	7.18
Exchange Loss (Net)	10.62	90.35
Bad Debts/ Advances written off	-	0.61
Loss on Cancellation of Forward/ Swap Contracts	53.05	-
Design and Development Expenses	37.26	22.15
Advertising and Sales Promotion	57.72	81.01
Donations	1.07	9.08
Corporate Social Responsibility Expenses [Refer Note 22 (b) below]	81.83	61.01
Payments to auditors [Refer Note 22 (a) below]	10.77	9.01
Miscellaneous	136.30	108.29
<b>Total Other Expenses</b>	<b>11,101.97</b>	<b>10,263.06</b>
<b>Note :</b>		
<b>Expenses capitalised as a part of Capital Work-in-progress</b>		
Employee Costs	32.25	13.93
Other Expenses	0.40	3.31
<b>Total</b>	<b>32.65</b>	<b>17.24</b>

## Note 22 (a) : Details of Payments to auditors

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Payments to auditors</b>		
<b>As auditor:</b>		
Audit fee	7.98	6.58
Tax audit fee	0.48	0.48
<b>In Other capacities</b>		
Certification fees	2.01	1.85
Re-imbursement of expenses	0.30	0.10
<b>Total payments to auditors</b>	<b>10.77</b>	<b>9.01</b>

## Note 22 (b) : Corporate Social Responsibility Expenses

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Contribution to trust	81.83	61.01
<b>Total</b>	<b>81.83</b>	<b>61.01</b>
Amount required to be spent as per section 135 of the act	108.52	57.31
<b>Amount spent during the year on</b>		
On purpose other than Construction/ acquisition of an asset	81.83	61.01
	<b>81.83</b>	<b>61.01</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 23 : Finance costs

		(₹ million)
	Year ended March 31, 2017	Year ended March 31, 2016
Interest and finance charges on financial liabilities not at fair value through profit or loss (net of interest subsidy of ₹ 2,032.81 million, Previous Year : ₹1,076.86 million)	50.79	667.06
- Short term borrowings	694.48	717.68
- Interest on Debentures	-	9.57
- Interest to Others	13.17	5.53
Discounting and Bank Charges	113.42	139.38
	<b>871.86</b>	<b>1,539.22</b>

## Note 24 : Exceptional Items

- (a) During the quarter ended September 30, 2016, the Company had made provision aggregating ₹ 4,605.60 million towards return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses relating to the traceability issue. After certain agreements during the period, the Company has reassessed the outstanding provision/ liability as at March 31, 2017 towards the aforesaid issue, and based on the present state of information and knowledge available with the Company, no significant additional provision is considered necessary.
- (b) All four putative class action suits filed during the previous quarters in USA against the Company and its subsidiary Welspun USA by certain consumers who purchased the products manufactured by the Company were consolidated in one of the courts during the quarter ended December 31, 2016 and are proceeding as a single putative class action. During the quarter ended March 31, 2017 a consolidated amended complaint was filed for the action. Pursuant to the stipulation of the parties and the court's scheduling order, the parties have agreed to conduct a time bound mediation. No formal response to the complaint will be due pending this mediation. These actions are in a preliminary stage and it cannot be determined at present whether it will be permitted to proceed as a class action. The monetary impact that may arise upon the final outcome of the law suit in the event of any adverse result or outcome is currently un-ascertainable.

## Note 25 : Income tax expense

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

		(₹ million)
	Year ended March 31, 2017	Year ended March 31, 2016
<b>(a) Income tax expense</b>		
Current Tax		
Current Tax on profits for the year.	889.84	2,038.43
Adjustment for current tax of prior periods	-	52.27
<b>Total current tax expense</b>	<b>889.84</b>	<b>2,090.70</b>
Deferred Tax		
Decrease (Increase) in deferred tax assets	(50.94)	(38.62)
(Decrease) Increase in deferred tax liabilities	375.89	527.22
<b>Total deferred tax expense</b>	<b>324.95</b>	<b>488.60</b>
<b>Income tax expense</b>	<b>1,214.79</b>	<b>2,579.30</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year before income tax expense	4,288.76	9,064.79
<b>Tax at the Indian tax rate @ 34.61%</b>	<b>1,484.34</b>	<b>3,137.32</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Donation	0.19	1.57
Corporate social responsibility expenditure	14.16	10.56
Investment Allowance	(295.25)	(441.88)
Dividend Income	(0.11)	(24.19)
Research and Development Expenditure	(137.51)	(117.99)
Other Items	148.97	(38.36)
Adjustment for current tax of prior periods	-	<b>52.27</b>
<b>Income tax expense</b>	<b>1,214.79</b>	<b>2,579.30</b>

## Note 26 : Fair value measurements

### Financial instruments by category

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>									
<b>Investments</b>									
- Equity instruments	-	22.42	-	-	27.63	-	-	27.78	-
- Preference shares	1,010.57	-	773.08	790.58	-	711.38	465.56	-	654.61
- Bonds and debentures	768.12	-	-	57.10	-	-	920.27	-	-
- Mutual funds	250.07	-	-	20.15	-	-	-	-	-
- Others	2.06	-	-	3.20	-	-	2.90	-	-
Trade receivables	-	-	7,397.80	-	-	3,625.12	-	-	3,866.03
Loans	-	-	3.14	-	-	5.67	-	-	41.10
Cash and cash equivalents	-	-	730.10	-	-	481.94	-	-	1,450.60
Bank balance other than Cash and cash equivalents	-	-	313.94	-	-	135.56	-	-	1,215.64
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	-	-	2.68	-	-	-	-	-
Security deposits	-	-	152.16	-	-	143.09	-	-	141.43
Fixed deposit with bank	-	-	45.17	-	-	59.30	-	-	98.21
Interest accrued on fixed deposit, bonds and certificates	-	-	39.40	-	-	21.87	-	-	228.67
Bond application money pending allotment	-	-	-	-	-	-	-	-	1,000.00
Others financial assets	-	-	44.42	-	-	52.17	-	-	36.79
<b>Total financial assets</b>	<b>2,030.82</b>	<b>22.42</b>	<b>9,499.21</b>	<b>873.71</b>	<b>27.63</b>	<b>5,236.10</b>	<b>1,388.73</b>	<b>27.78</b>	<b>8,733.08</b>
<b>Financial liabilities</b>									
Borrowings	-	-	27,519.76	-	-	25,745.36	-	-	27,261.83
Trade payables	-	-	6,194.58	-	-	3,626.36	-	-	2,521.78
Security Deposits	-	-	99.28	-	-	124.75	-	-	45.04
Creditors for Capital Purchases	-	-	490.07	-	-	770.27	-	-	318.24
Foreign exchange forward cover	15.87	-	-	-	-	-	7.55	-	-
Other financial liabilities	-	-	76.51	-	-	91.85	-	-	25.78
<b>Total financial liabilities</b>	<b>15.87</b>	<b>-</b>	<b>34,380.20</b>	<b>-</b>	<b>-</b>	<b>30,358.59</b>	<b>7.55</b>	<b>-</b>	<b>30,172.67</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

					(₹ million)
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At March 31, 2017</b>					
<b>Financial assets :</b>					
<b>Financial Investments at FVPL</b>					
Preference Shares	6 (a)	-	-	1,010.57	1,010.57
Investment-Others	6 (a)		2.06	-	2.06
Listed Bonds and Government Securities	6 (a)	768.12	-	-	768.12
Mutual funds - Dividend plan	6 (a)	250.07	-	-	250.07
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	6 (a)	22.42	-	-	22.42
<b>Total financial assets</b>		<b>1,040.61</b>	<b>2.06</b>	<b>1,010.57</b>	<b>2,053.24</b>
<b>Financial liabilities</b>					
<b>Derivatives not designated as hedges</b>					
Foreign exchange forward cover at FVPL	10 (b)	-	15.87	-	15.87
<b>Total financial liabilities</b>		<b>-</b>	<b>15.87</b>	<b>-</b>	<b>15.87</b>

					(₹ million)
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At March 31, 2017</b>					
<b>Financial assets</b>					
Investments					
Preference shares	6 (a)	-	-	725.11	725.11
Loans	6 (b)	-	0.96	-	0.96
Security deposits for more than 12 months	6 (c)	-	-	153.21	153.21
Fixed deposits with Banks with maturity period more than twelve months	6 (c)	-	46.52	-	46.52
Advances Recoverable in Cash	6 (c)	-	-	10.20	10.20
Interest Accrued on Deposits	6 (c)	-	1.16	-	1.16
<b>Total financial assets</b>		<b>-</b>	<b>48.64</b>	<b>888.52</b>	<b>937.16</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	27,519.76	-	27,519.76
Security deposits for more than 12 months	10 (b)	-	-	0.60	0.60
<b>Total financial liabilities</b>		<b>-</b>	<b>27,519.76</b>	<b>0.60</b>	<b>27,520.36</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2016</b>					
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference Shares	6 (a)	-		790.58	790.58
Investment-Others	6 (a)	-	3.20	-	3.20
Listed Bonds and Government Securities	6 (a)	57.10	-	-	57.10
Mutual funds - Dividend plan	6 (a)	20.15	-	-	20.15
<b>Derivatives not designated as hedges</b>					
Foreign exchange forward cover at FVPL	6 (c)	-	2.68	-	2.68
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	6 (a)	27.63	-	-	27.63
<b>Total financial assets</b>		<b>104.88</b>	<b>5.88</b>	<b>790.58</b>	<b>901.34</b>

(₹ million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2016</b>					
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference shares	6 (a)	-	-	635.37	635.37
Loans	6 (b)	-	1.86	-	1.86
Security deposits	6 (c)	-	-	145.19	145.19
Fixed deposits with Banks with maturity period more than twelve months	6 (c)	-	61.20	-	61.20
Advances Recoverable in Cash	6 (c)	-	-	10.40	10.40
Interest Accrued on Deposits	6 (c)	-	9.79	-	9.79
<b>Total financial assets</b>		<b>-</b>	<b>72.85</b>	<b>790.96</b>	<b>863.81</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	25,745.36	-	25,745.36
Security deposits for more than 12 months	10 (b)	-	-	5.08	5.08
<b>Total financial liabilities</b>		<b>-</b>	<b>25,745.36</b>	<b>5.08</b>	<b>25,750.44</b>

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At April 1, 2015</b>					
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference Shares	6 (a)	-	-	465.56	465.56
Investment-Others	6 (a)	-	2.90	-	2.90
Listed Bonds and Government Securities	6 (a)	920.27	-	-	920.27
Financial Investments at FVOCI					
Listed Equity Investment	6 (a)	27.78	-	-	27.78
<b>Total financial assets</b>		<b>948.05</b>	<b>2.90</b>	<b>465.56</b>	<b>1,416.51</b>
<b>Financial liabilities</b>					
Derivatives not designated as hedges					
Foreign exchange forward cover at FVPL	10 (b)	-	7.55	-	7.55
<b>Total financial liabilities</b>		<b>-</b>	<b>7.55</b>	<b>-</b>	<b>7.55</b>



# Notes

To the Financial Statements for the year ended March 31, 2017

(₹ million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
<b>At April 1, 2015</b>					
<b>Financial assets</b>					
Preference shares	6 (a)	-	-	648.04	648.04
Loans	6 (b)	-	39.54	-	39.54
Security deposits	6 (c)	-	-	144.15	144.15
Fixed deposits with Banks with maturity period more than twelve months	6 (c)	-	99.41	-	99.41
Interest Accrued on Deposits	6 (c)	-	7.59	-	7.59
Advances Recoverable in Cash	6 (c)	-	-	10.37	10.37
<b>Total financial assets</b>		-	<b>146.54</b>	<b>802.56</b>	<b>949.10</b>
<b>Financial Liabilities</b>					
Borrowing	10 (a)	-	27,261.83	-	27,261.83
Security deposits more than 12 months	10 (b)	-	-	5.51	5.51
<b>Total financial liabilities</b>		-	<b>27,261.83</b>	<b>5.51</b>	<b>27,267.34</b>

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:-

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as traded bonds, debentures, government securities and commercial papers) is determined using Fixed Income Money Market and Derivatives Association of India (FIMMDA) inputs and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted preference shares and security deposits included in level 3.

There are no internal transfers of financial assets and financial liabilities between Level 1, Level 2 and Level 3 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

## (ii) Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted preference shares, where the fair values have been determined based on present values where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

# Notes

To the Financial Statements for the year ended March 31, 2017

## (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2017 and March 31, 2016:

		(₹ million)
Particulars		Preference shares
<b>As at April 1, 2015</b>		<b>465.56</b>
Acquisitions		116.59
Gains/losses recognised in profit or loss		208.43
<b>As at March 31, 2016</b>		<b>790.58</b>
Acquisitions		201.72
Gains/losses recognised in profit or loss		18.27
<b>As at March 31, 2017</b>		<b>1,010.57</b>

## (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted

	Fair Value (₹ million)			"Significant unobservable inputs"	Probability-weighted range			Sensitivity
	March 31, 2017	March 31, 2016	April 01, 2015		March 31, 2017	March 31, 2016	April 01, 2015	
Preference Shares	1,010.57	790.58	465.56	Discount Rate	9% to 10%	9% to 10%	8.75% to 10%	<p>March 31, 2017 : Increase in discount factor by 50 basis points (bps) would decrease fair value by ₹ 48.60 million and decrease in discount rate by 50 bps would increase fair value by ₹ 43.90 million.</p> <p>March 31, 2016 : Increase in discount factor by 50 basis points (bps) would decrease face value by ₹ 37.70 million and decrease in discount rate by 50 bps would increase face value by ₹ 41.60 million.</p> <p>April 1, 2015 : Increase in discount factor by 50 basis points (bps) would decrease face value by ₹ 22.50 million and decrease in discount rate by 50 bps would increase face value by ₹ 24.90 million.</p>

## (v) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

Discussions of valuation processes and results are held between the CFO, and the valuation team at least once every three months, in line with the Company's quarterly reporting periods.

The main level 3 inputs for preference shares used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

## Notes

To the Financial Statements for the year ended March 31, 2017

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management team.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

### (vi) Fair value of Financial assets and liabilities measured at amortised cost

(₹ million)

	March 31, 2017		March 31, 2016		April 01, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Investments						
- Preference Shares	773.08	725.11	711.38	635.37	654.61	648.04
Loans	0.66	0.96	1.46	1.86	35.36	39.54
Security deposits	152.16	153.21	143.09	145.19	141.43	144.15
Fixed deposits with Banks with maturity period more than twelve months	45.17	46.52	59.30	61.20	98.21	99.41
Advance in cash	10.00	10.20	10.00	10.40	10.00	10.37
Interest Accrued on Deposits	1.13	1.16	9.19	9.79	7.09	7.59
<b>Total</b>	<b>982.20</b>	<b>937.16</b>	<b>934.42</b>	<b>863.81</b>	<b>946.70</b>	<b>949.10</b>
<b>Financial liabilities</b>						
Borrowings	27,519.76	27,519.76	25,745.36	25,745.36	27,261.83	27,261.83
Security deposits more than 12 months	0.51	0.60	4.51	5.08	5.11	5.51
<b>Total</b>	<b>27,520.27</b>	<b>27,520.36</b>	<b>25,749.87</b>	<b>25,750.44</b>	<b>27,266.94</b>	<b>27,267.34</b>

The carrying amount of trade receivable, current loans, current portion of interest accrued on fixed deposit, bonds and certificates, cash and cash equivalents, bank balances other than cash and cash equivalents, trade payable, capital creditors, current security deposits (liability) and other current financial liabilities are considered to be approximately same as their value, due to their short-term nature.

The fair value for loans, security deposits, advance recoverable in cash, fixed deposit with bank, interest accrued on fixed deposit and investments in preference shares is calculated based on cash flows discounted using a current lending rates. Further, security deposits, advance recoverable in cash and investments in preference share are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair value for long term security deposits are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair value in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The carrying amount of long term borrowings is approximately equal to it's fair value since the borrowings are at floating rate of interest. Also, the carrying amount of short term borrowing is considered to be approximately same as it's fair value due to it's short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 27 - Financial Risk Management

The Company's activities are exposed to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward Foreign Exchange Contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in Bonds	Sensitivity analysis	Portfolio diversification

The Company's risk management is carried out by a central treasury department under policies approved by the Board of Directors. Company's treasury team identifies, evaluates and hedges financial risks in close cooperation with the Company's respective department heads. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(All amounts are in ₹millions, unless otherwise stated)

### (A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

#### (i) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank and financial institution, foreign exchange transactions and other financial instruments.

## Notes

To the Financial Statements for the year ended March 31, 2017

The Company determines default by considering the business environment in which the Company operates and other macro-economic factors. This definition of default is determined by considering the business environment in which the Company operates and other macro-economic factors. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business;
- ii) Actual or expected significant changes in the operating results of the counterparty;
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- iv) Significant increase in credit risk on other financial instruments of the same counterparty;
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

### Trade Receivable

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. The following table gives details in respect of percentage of revenue generated from the top ten customers.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from top ten customers	98.92%	98.74%

### Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, Derivative financial instruments, investments in government securities and bonds, and investments in mutual funds. The Company has diversified portfolio of investment with various number of counter-parties which have good credit ratings, good reputation, good past track records and reviews and hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

# Notes

To the Financial Statements for the year ended March 31, 2017

Expected credit loss for trade receivables under simplified approach:

	(₹ million)		
Ageing of Trade receivables	As at	As at	As at
Gross Carrying Amount	March 31, 2017	March 31, 2016	April 01, 2015
Less than 3 months	7,397.80	3,625.12	3,866.03

During the year and previous years, the Company made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

## (B) Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	(₹ million)		
As at	March 31, 2017	March 31, 2016	April 1, 2015
<b>Floating rate</b>			
Expiring within one year (packing credit, bank overdraft and other facilities)	4,693.85	3,768.36	2,117.35
Expiring beyond one year (Term Loans)	4,131.86	11,152.99	12,439.08
	<b>8,825.71</b>	<b>14,921.35</b>	<b>14,556.43</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

### (ii) Maturities of Financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

# Notes

To the Financial Statements for the year ended March 31, 2017

As at March 31, 2017

(₹ million)

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non-derivatives</b>							
Borrowings	7,994.45	861.04	2,208.01	6,729.06	13,548.21	3,368.69	34,709.46
Trade payables	6,121.72	72.85	-	-	-	-	6,194.57
Other financial liabilities	550.62	-	-	99.28	-	-	649.90
<b>Total non-derivative liabilities</b>	<b>14,666.79</b>	<b>933.89</b>	<b>2,208.01</b>	<b>6,828.34</b>	<b>13,548.21</b>	<b>3,368.69</b>	<b>41,553.93</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts	15.87	-	-	-	-	-	15.87
<b>Total derivative liabilities</b>	<b>15.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.87</b>

As at March 31, 2016

(₹ million)

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non-derivatives</b>							
Borrowings	9,592.64	627.61	1,374.64	4,874.26	11,888.74	4,268.06	32,625.95
Trade payables	3,626.36	-	-	-	-	-	3,626.36
Other financial liabilities	843.23	-	-	124.75	-	-	967.98
<b>Total non-derivative liabilities</b>	<b>14,062.23</b>	<b>627.61</b>	<b>1,374.64</b>	<b>4,999.01</b>	<b>11,888.74</b>	<b>4,268.06</b>	<b>37,220.29</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts	2.76	-	-	-	-	-	2.76
<b>Total derivative liabilities</b>	<b>2.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.76</b>

As at April 1, 2015

(₹ million)

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non-derivatives</b>							
Borrowings	11,332.01	1,679.46	3,175.16	4,333.12	9,792.13	2,761.13	33,073.01
Trade payables	2,521.79	-	-	-	-	-	2,521.79
Other financial liabilities	338.15	-	-	45.04	-	-	383.19
<b>Total non-derivative liabilities</b>	<b>14,191.95</b>	<b>1,679.46</b>	<b>3,175.16</b>	<b>4,378.16</b>	<b>9,792.13</b>	<b>2,761.13</b>	<b>35,977.99</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts	7.56	-	4.35	-	-	-	11.91
<b>Total derivative liabilities</b>	<b>7.56</b>	<b>-</b>	<b>4.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.91</b>



# Notes

To the Financial Statements for the year ended March 31, 2017

## (C) Market risk

### (i) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

### (a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period in India Rupees are as follows :

Foreign Currency	March 31, 2017			March 31, 2016			April 01, 2015		
	USD	EUR	Others*	USD	EUR	Others*	USD	EUR	Others*
<b>Financial Assets</b>									
Trade Receivables	45.67	-	7.56	20.54	-	13.38	179.16	-	17.19
<b>Net exposure to foreign currency risk (assets)</b>	<b>45.67</b>	<b>-</b>	<b>7.56</b>	<b>20.54</b>	<b>-</b>	<b>13.38</b>	<b>179.16</b>	<b>-</b>	<b>17.19</b>
<b>Financial liabilities</b>									
Borrowing	314.98	-	-	43.15	40.31	-	3,937.86	-	-
Trade payables	44.31	1.55	2.61	21.57	49.71	3.32	46.62	-	3.57
Other financial liabilities	6.47	151.78	8.12	19.73	41.70	6.82	34.72	105.58	6.67
<b>Derivative liabilities</b>									
Foreign exchange forward contracts	(172.23)	(163.43)	-	(68.00)	(285.53)	-	(135.72)	-	(192.54)
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>193.53</b>	<b>(10.10)</b>	<b>10.73</b>	<b>16.45</b>	<b>(153.81)</b>	<b>10.14</b>	<b>3,883.48</b>	<b>105.58</b>	<b>(182.30)</b>
<b>Net open exposures (assets-liabilities) - assets/(liabilities)</b>	<b>(147.86)</b>	<b>10.10</b>	<b>(3.17)</b>	<b>4.09</b>	<b>153.81</b>	<b>3.24</b>	<b>(3,704.32)</b>	<b>(105.58)</b>	<b>199.49</b>

\* Others consists of JPY, CHF & GBP

### (b) Foreign Currency Sensitivity

## Notes

To the Financial Statements for the year ended March 31, 2017

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and foreign forward exchange contracts.

(₹ million)		
	Impact on profit before tax	
	March 31, 2017	March 31, 2016
<b>USD sensitivity</b>		
USD - INR - Increase by 4% (March 31, 2016 - 4%)*	(5.91)	0.13
USD - INR - Decrease by 4% (March 31, 2016 - 4%)*	5.91	(0.13)
<b>EURO sensitivity</b>		
EURO - INR - Increase by 4% (March 31, 2016 - 4%)*	0.16	7.98
EURO - INR - Dncrease by 4% (March 31, 2016 - 4%)*	(0.16)	(7.98)
(EURO sensitivity also calculated for EURO/USD forward contracts outstanding as on 31 March,2016)		

\* Holding all other variables constant

### (ii) Cash flow and fair value interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

#### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ million)			
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016
Fixed rate borrowings	7,129.97	8,969.34	10,917.27
Floating rate borrowings	20,389.79	16,776.02	16,344.56
<b>Total borrowings</b>	<b>27,519.76</b>	<b>25,745.36</b>	<b>27,261.83</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Borrowings -Term Loan	11.05%	20,389.79	74%	11.23%	16,776.02	65%	11.86%	16,344.56	60%
Net exposure to cash flow interest rate risk	-	20,389.79	-	-	16,776.02	-	-	16,344.56	-

(₹ million)

## (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Increase by 25 basis points (March 31, 2016 - 50 basis points)*	50.97	83.88
Decrease by 25 basis points (March 31, 2016 - 50 basis points)*	(50.97)	(83.88)

(₹ million)

## (iii) Price risk

### (a) Exposure

The Company is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

### (b) Sensitivity

The table below summarises the impact of increases/decreases of 0.75% increase in price of Mutual Fund / Bond.

	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Increase in price 0.75% (March 31, 2016 - 0.75% )	7.64	0.58
Decrease in price 0.75% (March 31, 2016 - 0.75% )	(7.64)	(0.58)

(₹ million)

\* Holding all other variables constant

- (c) As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates ₹ 5.36 million (March 31, 2016 : ₹ 13.38 million) for receivables (net of provisions) and ₹ 166.50 million (March 31, 2016 : ₹ 10.14 million) for payables.

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 28 - Capital Management

### (a) Risk Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation and other long term borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises all components excluding other components of equity (which comprises the cash flow hedges, translation of foreign operations and available-for-sale financial investments).

The Company's strategy is to maintain a gearing ratio within 2:1. The gearing ratios were as follows:

The following table summarizes the capital of the Company:

	(₹ million)		
	March 31, 2017	March 31, 2016	April 01, 2015
Non-current borrowings	19,244.47	15,894.83	12,786.03
Current maturities of long term debt	1,010.45	800.45	4,498.13
Current borrowings	7,128.74	8,969.34	9,916.99
Less: cash and cash equivalent	730.10	481.94	1,450.60
Net debt	26,653.56	25,182.68	25,750.55
Total equity	22,010.08	18,996.58	14,915.47
Gearing ratio	1.21	1.33	1.73

### (i) Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

- the approved range for gearing ratio is 2 times to 2.57 times, and
- the ratio of Debt Service Coverge Ratio (DSCR) must be atleast 1.2 times.

The Company has complied with these covenants throughout the reporting period. As at 31 March 2017, the DSCR ratio was 3 times (March 31, 2016 : 4.70 times).

# Notes

To the Financial Statements for the year ended March 31, 2017

## (b) Dividend

	(₹ million)	
	March 31, 2017	March 31, 2016
<b>Equity Share</b>		
Final dividend for the year ended March 31, 2016 of ₹ 0.05 (March 31, 2015 of ₹ 7.50) per fully paid share (Dividend distribution tax for the year ended March 31, 2016 : ₹ 10.23 million, March 31, 2015 : ₹ 153.39 million)	50.24	753.48
"Interim dividend for the year ended March 31, 2017 of Nil (March 31, 2016 of ₹ 6.50) per fully paid share. (Dividend distribution tax for the year ended March 31, 2017 : Nil, March 31, 2016 : ₹ 242.05 million)"	-	1,255.91
<b>Dividend not recognised at the end of the reporting period</b>		
"In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 0.65 per fully paid equity share (March 31, 2016 of ₹ 0.05). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting."	653.07	50.24

## Note 29 - Related Party Disclosures

### (i) Relationships

#### (a) Control

Holding company	Krishiraj Trading Limited (KTL) (up to September 27, 2016) MGN Agro Properties Private Limited (up to March 29, 2017) Prasert Multiventure Private Limited (PMPL) (with effect from March 30, 2017)
Subsidiary companies	Besa Developers and Infrastructure Private Limited (BESA) Welspun Global Brands Limited (WGBL) Welspun Holdings Private Limited, Cyprus (WHPL) Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL) Welspun UK Limited (WUKL) (Held through CHTL) CHT Holdings Limited (CHTHL) (Held through WHTUKL) Welspun USA Inc., USA (WUSA) Welspun Decorative Hospitality LLC (WDHL) (upto June 8, 2015) Welspun Captive Power Generation Limited (WCPGL) Anjar Integrated Textile Park Developers Private Limited (AITPDPL) Welspun Anjar SEZ Limited (WASEZ) Welspun Mauritius Enterprises Limited (WMEL) Novelty Home Textiles SA de CV (NHTSC) (Held through WMEL) Christy Home Textiles Limited (CHTL) (Held through CHTHL) Christy 2004 Limited (CHT 2004) (Held through WUKL) Christy Welspun GmbH (CWG) (Held through WUKL) Christy UK Limited (CUKL) (Held through CHTL) ER Kingsley (Textiles) Limited (ERK) (Held through CHTL) Christy Lifestyle LLC, USA (CLL) Welspun Flooring Limited (WEFL) (with effect from March 1, 2016) Welspun Zucchi Textiles Limited (WZTL)

#### (ii) Terms and conditions:

- All transactions were made on normal commercial terms and conditions and at market rates.
- All outstanding balances are unsecured and repayable in cash.

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

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PARTICULARS	Holding company	Subsidiary companies														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										Balance Carried Forward	₹ millions
		KTL	BESA	WGBL	WUKL	CHTHL	WUSA	WHPL	WHTUKL	WCPGL	AITDPPL	WASEZ	WEFL	WZTL	Welspun Corp Limited	Welspun Steel Limited	Welspun Wintex Limited	Welspun Mercantile Limited	Welspun Developers Pvt Limited	Technopak Infra Limited	Syntex Limited	AYM Limited					
Investment Made during the year	-	-	-	-	-	-	-	-	-	-	-	16720	700	-	-	143.83	-	-	-	-	-	-	-	318.03	(179.37)		
Investment Cost Split during the year	-	-	-	-	-	-	-	-	-	-	-	(179.37)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Provision for Diminution in Value of Investments Written Back	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Redemption of Preference Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Commission on Corporate Guarantee Given	-	-	-	-	-	799	-	-	-	8.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.79		
Contributions made	-	-	-	-	-	(12.40)	(11.32)	-	-	(10.93)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34.65)		
Closing Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	2.40	-	-	-	-	-	-	-	-	-	12.40		
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	-	15.56	-	-	-	756	15.76	-	-	403.39	0.50	-	-	0.84	-	-	-	-	-	-	-	-	-	-	443.61		
Provision for diminution in value of Loans/ Advances	-	(15.56)	-	-	-	(13.38)	(20.54)	-	-	(7.25)	(0.50)	-	-	-	(0.36)	-	-	-	-	-	-	-	-	-	(57.59)		
Debtors (Net of Bills Discounted with Banks)	-	[15.56]	[2.11]	[0.22]	[8.65]	[5.39]	-	[8.32]	[1.57]	[0.50]	[0.50]	[35.87]	-	-	-	-	-	-	-	-	-	[0.03]	-	[78.22]	15.56		
Creditors	-	(15.56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15.56)		
Investments	-	0.10	3,059.97	-	-	-	-	-	-	(342.56)	-	-	-	(14.12)	0.03	-	-	-	-	-	-	-	-	-	(3,582.04)		
Corporate Guarantee Given	-	(0.10)	(2,997.86)	-	-	146.88	29.73	-	1,306.39	0.10	2,564.58	7.10	92.13	[21.01]	[0.94]	[21.87]	-	-	-	-	[0.06]	-	-	-	[3,820.26]		
Share Application Money Pending Allotment	-	-	(4,470.00)	-	-	(892.68)	-	-	(2,200.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,562.68)		
	-	-	[4470.00]	-	-	[864.58]	[2726.25]	-	[900.00]	-	-	9.40	3.20	-	-	-	-	-	-	-	-	-	-	-	[8,960.83]		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.60		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.10)		

Year 2015-16 figures are given in round brackets and Year 2014-15 in square brackets

\* Amount is inclusive of taxes

\*\* As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole the amount pertaining to KMPs are not included in the above table.

+ Dividend paid of Financial Year 2015-16

# Amount is below the rounding norms adopted by the Company



₹ millions

PARTICULARS	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														Relatives of Key Management Personnel			
	Balance Brought Forward	Welspun Realty Private Limited	Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited	Welspun Mertz Estates Limited
<b>Transactions during the year</b>																		
Loans, Advances and Deposits given	543.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	543.83
Repayment of Loans, Advances and Deposits given	(10.04)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.04)
Loan Advance & Deposits Received	(181.37)	(5.05)	(8.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(194.42)
Repayment Loans, Advances and Deposits received	0.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60
Purchase of Goods/ FPS Licenses	(0.60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.60)
Purchase of Services/ Expenses incurred	3,057.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,057.82
	(3,392.47)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,396.00)
Exceptional Expense (Claims)	320.92	17.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	338.86
Sale of Goods/ DEPB Licenses *	(139.37)	(8.64)	(2.43)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(153.99)
	2,292.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,292.75
Sale of Goods/ DEPB Licenses *	53,246.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,246.74
	(46,572.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(46,572.00)
Sale of Services/ Expenses incurred	20.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.02
Purchase of Fixed Assets / Capital Goods	(19.27)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19.46)
	321.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66.21
Interest Income	(460.73)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(491.66)
Dividend Received	(5.86)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.86)
Claims, Discount and Rebate	(66.96)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66.96)
Remuneration and Commission	(115.82)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(115.82)
Equity Dividend Paid +	36.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36.89
Interim Equity Dividend Paid ++	(546.99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(553.70)
Donation	(911.66)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(922.84)
Corporate Social Responsibility Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(700)
Share Application Money Paid	186.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186.80
Investment Made during the year	(321.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(321.0)
	318.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318.03
	(179.37)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(179.37)

PARTICULARS	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											Relatives of Key Management Personnel								₹ millions
	Balance Brought Forward	Welspun Realty Private Limited	Mertz Estates Limited	Enviro Management Organisation Limited	Well-treat Investment Management Limited	Methodical and Company Private Limited	Welspun Finance Limited	Welspun Foundation for Health and Knowledge	Welspun Enterprises and Holding Private Limited	WS Trading and Holding Private Limited	WS Alloy and Holding Private Limited	Rajesh Mandawewala	Dipali Goenka	Bakrishan Goenka	Radhika Goenka	Abhishek Mandawewala	Khushboo Mandawewala	Yash Mandawewala	Welspun India Limited Employee Gratuity Fund	
Investment Cost Split during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Diminution in Value of Investments Written Back	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of Preference Shares	(13.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)
Commission on Corporate Guarantee Given	16.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.79
	(34.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34.65)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.15	32.15
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(51.60)	(51.60)
Closing Balance																				
Loans, Advances and Deposits received	12.40	-	-	-	-	-	-	-	3.03	-	-	-	-	-	-	-	-	-	-	15.43
	(13.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.00)
	[12.40]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[12.40]
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	443.61	41.35	-	75.00	-	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	560.07
	(57.59)	(49.28)	-	(75.00)	-	-	-	-	(0.14)	-	-	-	-	-	-	-	-	-	-	(182.01)
	[78.22]	[56.60]	[8.00]	[75.00]	-	-	-	-	[4.19]	-	-	-	-	-	-	-	-	-	-	[222.01]
Provision for diminution in value of Loans/ Advances	15.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.56
	(15.56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15.56)
	[15.56]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[15.56]
Debtors (Net of Bills Discounted with Banks)	7,305.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,305.51
	(3,582.04)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,582.04)
	[3,820.26]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[3,820.26]
Creditors	1,279.74	-	0.00	-	-	-	-	-	1.01	-	-	41.48	41.48	41.48	-	-	-	-	-	1,405.19
	(616.60)	-	-	-	-	-	-	-	(4.78)	-	-	(83.96)	(83.96)	(83.96)	-	-	-	-	-	(873.26)
	[274.68]	-	-	-	-	-	-	-	[7.46]	-	-	[71.13]	[71.13]	[71.13]	-	-	-	-	-	[495.53]
Investments	7,229.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,229.40
	(6,836.37)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,836.37)
	[6,391.95]	-	-	-	-	-	-	-	(#)	(#)	-	-	-	-	-	-	-	-	-	[6,391.95]
Corporate Guarantee Given	7,426.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,426.42
	(7,562.68)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,562.68)
	[8,960.83]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[8,960.83]
Share Application Money Pending Allotment	12.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.60
	(0.10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.10)

Year 2015-16 figures are given in round brackets and Year 2014-15 in square brackets

\* Amount is inclusive of taxes

\*\* As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole the amount pertaining to KMPs are not included in the above table.

+ Dividend paid of Financial Year 2015-16

# Amount is below the rounding norms adopted by the Company

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 30 - Contingent Liabilities

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Excise, Customs and Service Tax Matters	310.90	330.79	341.24
Income Tax Matters	52.30	19.66	135.77
Stamp Duty Matter	4.46	4.46	4.46
Sales Tax	30.58	55.61	55.41
Claims against Company not acknowledged as debts	3.73	3.73	2.24

- (a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (b) The Company does not expect any reimbursements in respect of the above contingent liabilities.
- (c) Description of contingent liabilities.

### Excise, Customs, Service Tax and Sales Tax Matters

Welspun India Limited has ongoing disputes with Indian tax authorities mainly relating to availment of cenvat credit and input tax credit on certain items. As of March 31, 2017, Welspun India Limited has demands from various indirect tax authorities in Indian jurisdiction, which are being contested by the Company on appeal amounting to ₹ 341.48 million.

### Income Tax Matters

Welspun India Limited has ongoing disputes with Indian Income tax authorities relating to tax treatment of certain items. These mainly includes disallowed expenses, tax treatment of certain expenses claimed by the Company as deductions, and computation of, or eligibility of, certain tax incentives or allowances. As of March 31, 2017 Welspun India Limited has contingent liability in respect of demands from direct tax authorities in India which are amounting to ₹ 52.30 million.

## Note 31 - Capital and Other Commitments

### (a) Capital Commitments

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances)	393.30	2,853.94	3,655.21

### (b) Other Commitments

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
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. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Company is Nil as at March 31, 2017, ₹ 17.66 million as at March 31, 2016 (₹ 61.82 million as at March 31, 2015). Amount of Export Commitments on above.	-	141.28	500.20
Corporate Guarantees (Refer Note 34)	3,413.04	2,851.34	3,198.89
Commitment for purchase of power from Welspun Captive Power Generation Limited over the next three years.	8,830.00	7,137.02	7,700.48

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 32 - 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 ₹ 35.60 per equity share (closing market price as on June 30, 2009). 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	₹ 35.60 (Face Value ₹10)

Summary of Stock Options	March 31, 2016		March 31, 2015	
	No. of Stock Options	Weighted Average Exercise Price (₹)	No. of Stock options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning of the year	12,600	35.60	118,500	35.60
Options granted during the year	-	-	-	-
Options exercised during the year	12,600	35.60	98,900	35.60
Options cancelled/ lapsed during the year	-	-	7,000	35.60
Options outstanding at the end of the year	-	-	12,600	35.60
Options vested but not exercised at the year end	-	-	12,600	35.60

There are no options outstanding as at March 31, 2017.

The Company has availed the exemption provided by Ind AS 101 regarding share based payment transactions and accordingly has not applied Ind AS 102 - Share based payment to equity instruments that vested before date of transition to Ind AS (Refer Note 45).

## Note 33 - Earnings Per Share

Description	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit after Tax (A) (₹ in million)	3,065.51	6,483.19
Weighted average number of equity shares outstanding during the year (B)	1,004,725,150	1,004,725,150
Number of Shares for Diluted Earnings Per Share (C)	1,004,725,150	1,004,725,150
Basic earnings per share (A)/(B)	3.05	6.45
Diluted earnings per share (A)/(C)	3.05	6.45
Nominal value of an equity share (₹)	1.00	1.00

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 34

The Company has issued corporate guarantees aggregating ₹7,426.42 million as at the year end March 31, 2017 (March 31, 2016: ₹ 7,562.68 million and for March 31, 2015: ₹ 8,960.83 million) on behalf of Welspun Global Brands Limited (WGBL), Welspun Captive Power Generation Limited (WCPGL) and CHT Holdings Limited (CHTHL). Liability outstanding in the books of above-mentioned companies for which corporate guarantees have been issued aggregates ₹ 3,413.04 million as at March 31, 2017 (March 31, 2016: ₹ 2,851.34 million and as on March 31, 2015: ₹ 3,198.89 million).

## Note 35 - 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 ₹ 86.85 million (Previous Year: ₹ 79.50 million).

## Note 36

**Disclosure pursuant to the Regulation 34(3) read with Para A of Schedule V of SEBI listing Regulations, 2015.**

(₹ million)				
	Balance as at March 31, 2017	Maximum amount outstanding during the year ended March 31, 2017	Balance as at March 31, 2016	Maximum amount outstanding during the year ended March 31, 2016
i Loans and advances in the nature of loans to subsidiary (excluding interest accrued)				
- Besa Developers and Infrastructure Private Limited	15.56*	-	15.56*	-
- Welspun Anjar SEZ Limited	-	-	-**	142.10
ii Loans and advances in the nature of loans to associates	-	-	-	-
iii Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-	-	-
iv Investments by the Loanee in the shares of the Company as at March 31, 2017	-	-	-	-

\* Provision for doubtful loans and advance of ₹ 15.56 million (March 31, 2016: ₹ 15.56 million) has been made.

\*\* Converted into 14,210,000 7% Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10 each of Welspun Anjar SEZ Limited on March 31, 2016.

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note 37 - Disclosure for Micro and Small Enterprises:

Particulars	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	80.09	60.40	38.11
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.26	1.02	1.77
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	293.07	425.58	288.54
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.70	1.77	6.04
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.21	0.33	1.77
Further interest remaining due and payable for earlier years	-	-	-

The above information and that given in Note 10 (c) – “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.

## Note 38

Details of Research and Development expenses incurred during the year, debited under various heads of Statement of Profit and Loss are given below:

Particulars	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Material Consumption	204.75	177.22
Employee benefits expenses	88.55	76.58
Others	4.63	14.61
<b>Total</b>	<b>297.93</b>	<b>268.41</b>

Details of Capital Expenditure incurred during the year for Research and Development is given below:

Particulars	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Plant and Machinery	99.39	404.76
<b>Total</b>	<b>99.39</b>	<b>404.76</b>

## Note - 39 : CIF Value of Imports

Particulars	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Raw Materials	4,487.39	1,770.17
Stores & Spares and Dyes & Chemicals	439.35	485.63
Capital Goods	2,821.15	6,059.05
Packing Material	33.43	33.95
<b>Total</b>	<b>7,781.32</b>	<b>8,348.80</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Note - 40 : Expenditure in Foreign Currency

(₹ million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Travelling	9.96	9.38
Repairs and Maintenance	11.26	12.30
Legal and Professional Charges	26.74	17.32
Membership and Subscription	0.91	1.71
Advertisement and Sales Promotion	9.64	24.45
Claims, Discounts and Rebate	86.32	65.33
Exceptional Items (Refer Note 24)	3,224.80	-
Interest	8.97	-
Others	28.69	7.45
<b>Total</b>	<b>3,407.29</b>	<b>137.94</b>

## Note - 41 : Details of Consumption and Purchases

### (a) Details of Raw Materials and Packing Materials consumed

(₹ million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cotton Yarn	9,817.51	6,364.44
Cotton	7,971.75	6,318.56
Fabric	2,611.79	1,759.70
Others	469.94	425.48
Bed Linen Fabrics	3,202.33	3,819.51
Fiber	941.68	925.59
Packing Materials	2,504.36	2,130.22
<b>Total</b>	<b>27,519.36</b>	<b>21,743.50</b>

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

#### 1) Raw Materials and Packing Materials

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	%	₹ million	%	₹ million
Imported	10.76%	2,959.81	4.23%	920.17
Indigenous	89.24%	24,559.55	95.77%	20,823.33
<b>Total</b>	<b>100.00%</b>	<b>27,519.36</b>	<b>100.00%</b>	<b>21,743.50</b>

#### 2) Stores, Spares, Dyes and Chemicals

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	%	₹ million	%	₹ million
Imported	9.06%	332.68	11.34%	360.03
Indigenous	90.94%	3,339.87	88.66%	2,815.05
<b>Total</b>	<b>100.00%</b>	<b>3,672.55</b>	<b>100.00%</b>	<b>3,175.08</b>



# Notes

To the Financial Statements for the year ended March 31, 2017

## Note - 42 : Dividend remitted in foreign exchange

(₹ million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of non-resident shareholders	251	261
Number of shares on which dividend is remitted	200,380	242,152
Year to which dividend relates	2015-16	2014-15 & 2015-16
Amount remitted (₹ million)	0.01	0.41

## Note - 43 : Earnings in foreign currency

(₹ million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Exports on FOB basis	138.37	61.10
Commission on Corporate Guarantee	7.99	23.73
<b>Total</b>	<b>146.36</b>	<b>84.83</b>

## Note 44: Offsetting financial assets and financial liabilities

There are no financial assets or financial liabilities which are subject to offsetting as at March 31, 2017, March 31, 2016 and April 1, 2015 since, the entity neither has enforceable right or an intent to settle on net basis or to realise the asset and settle the liability simultaneously. Further, the Company has no enforceable master netting arrangements and other similar arrangements as at March 31, 2017, March 31, 2016 and April 1, 2015.

## Note 45 : First-time adoption of Ind AS

### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected The Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

##### A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

## Notes

To the Financial Statements for the year ended March 31, 2017

### **A.1.2 Deemed cost for Property, Plant and Equipment (PPE) and Intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

### **A.1.3 Deemed cost for Investments in subsidiaries**

The Company has elected to measure its investments in subsidiaries at its previous GAAP carrying values which shall be the deemed cost as at the date of transition.

### **A.1.4 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity investments of AYM Syntex Limited and Khaitan Chemicals and Fertilizers Limited.

### **A.1.5 Share-based payment transaction**

The Company has availed the exemption provided by Ind AS 101 regarding share based payment transactions and accordingly has not applied Ind AS 102 – Share based payment to equity instruments that vested before date of transition to Ind AS.

## **A.2 Ind AS mandatory exceptions**

### **A.2.1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Previous GAAP.

### **A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### **A.2.3 Impairment of financial assets**

Ind AS 101 requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS.

## **B. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements.

# Notes

To the Financial Statements for the year ended March 31, 2017

Welspun India Limited has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

## Reconciliation of equity as at date of transition (April 1, 2015)

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		18,955.76	-	18,955.76
Capital work-in-progress		1,533.50	-	1,533.50
Intangible assets		31.12	-	31.12
Equity investment in subsidiaries	1, 2	3,951.13	1,292.87	5,244.00
Financial assets				
- Investments	1, 2	2,212.30	(1,061.45)	1,150.85
- Loans		35.36	-	35.36
- Other financial assets	3	262.20	(5.65)	256.55
Other non-current assets		1,054.73		1,054.73
<b>Total non-current assets</b>		<b>28,036.10</b>	<b>225.77</b>	<b>28,261.87</b>
<b>Current assets</b>				
Inventories		7,816.80	-	7,816.80
Financial assets				
- Investments	1	896.08	24.19	920.27
- Trade receivables		3,866.03	-	3,866.03
- Cash and cash equivalents		1,450.60	-	1,450.60
- Bank balances other than cash and cash equivalents above		1,215.64	-	1,215.64
- Loans		5.74	-	5.74
- Other financial assets		1,248.55	-	1,248.55
Other current assets	3, 4	3,712.74	18.83	3,731.57
<b>Total current assets</b>		<b>20,212.18</b>	<b>43.02</b>	<b>20,255.20</b>
<b>Total assets</b>		<b>48,248.28</b>	<b>268.79</b>	<b>48,517.07</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		1,004.60	-	1,004.60
<b>Other equity</b>				
- Reserves and surplus	10	13,321.24	567.45	13,888.69
- Other reserves	1	-	22.18	22.18
<b>Total equity</b>		<b>14,325.84</b>	<b>589.63</b>	<b>14,915.47</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings		12,786.03	-	12,786.03
- Other financial liabilities		5.11	-	5.11
Non-current tax liabilities		1,027.24	-	1,027.24
Deferred tax liabilities (Net)	9	1,121.44	(282.49)	838.95
Other non-current liabilities	4	-	749.42	749.42
<b>Total non-current liabilities</b>		<b>14,939.82</b>	<b>466.93</b>	<b>15,406.75</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

(₹ million)

	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	12	7,360.63	2,556.36	9,916.99
- Trade payables	12	5,078.14	(2,556.36)	2,521.78
- Other financial liabilities		4,950.31	-	4,950.31
Provisions	5	906.84	(906.84)	-
Employee benefit obligations		452.57	-	452.57
Other current liabilities	4	234.13	119.07	353.20
<b>Total current liabilities</b>		<b>18,982.62</b>	<b>(787.77)</b>	<b>18,194.85</b>
<b>Total equity and liabilities</b>		<b>48,248.28</b>	<b>268.79</b>	<b>48,517.07</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of equity as at March 31, 2016

(₹ million)

	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	26,312.14	72.52	26,384.66
Capital work-in-progress		1,810.95	-	1,810.95
Intangible assets		101.95	-	101.95
Equity investment in subsidiaries	1, 2	3,951.13	1,355.65	5,306.78
Financial assets				
- Investments	1, 2	2,405.31	(872.52)	1,532.79
- Loans		1.46	-	1.46
- Other financial assets	3	220.35	(7.92)	212.43
Other non-current assets		834.47	-	834.47
<b>Total non-current assets</b>		<b>35,637.76</b>	<b>547.73</b>	<b>36,185.49</b>
<b>Current assets</b>				
Inventories		8,116.35	-	8,116.35
Financial assets				
- Investments	1	73.68	3.57	77.25
- Trade receivables		3,625.12	-	3,625.12
- Cash and cash equivalents		481.94	-	481.94
- Bank balances other than cash and cash equivalents above		135.56	-	135.56
- Loans		4.21	-	4.21
- Other financial assets		66.68	-	66.68
Other current assets	3, 4	4,673.39	253.60	4,926.99
<b>Total current assets</b>		<b>17,176.93</b>	<b>257.17</b>	<b>17,434.10</b>
<b>Total assets</b>		<b>52,814.69</b>	<b>804.90</b>	<b>53,619.59</b>
<b>EQUITY AND LIABILITIES</b>				

# Notes

To the Financial Statements for the year ended March 31, 2017

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>Equity</b>				
Equity share capital		1,004.73	-	1,004.73
<b>Other equity</b>				
- Reserves and surplus	10	17,780.47	189.36	17,969.83
- Other reserves	1	-	22.02	22.02
<b>Total equity</b>		<b>18,785.20</b>	<b>211.38</b>	<b>18,996.58</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings		15,894.83	-	15,894.83
- Other financial liabilities		4.51	-	4.51
Non-current tax liabilities		1,271.34	-	1,271.34
Employee benefit obligations		-	-	-
Deferred tax liabilities (Net)	9	1,495.50	(167.95)	1,327.55
Other non-current liabilities	4	-	586.77	586.77
<b>Total non-current liabilities</b>		<b>18,666.18</b>	<b>418.82</b>	<b>19,085.00</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	12	5,521.03	3,448.31	8,969.34
- Trade payables	12	7,074.67	(3,448.31)	3,626.36
- Other financial liabilities		1,863.55	-	1,863.55
Provisions	5	60.47	(60.47)	-
Employee benefit obligations		588.37	-	588.37
Other current liabilities	4	255.22	235.17	490.39
<b>Total current liabilities</b>		<b>15,363.31</b>	<b>174.70</b>	<b>15,538.01</b>
<b>Total equity and liabilities</b>		<b>52,814.69</b>	<b>804.90</b>	<b>53,619.59</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of total comprehensive income for year ended March 31, 2016

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
Revenue from operations	6, 7	46,506.01	210.41	46,716.42
Other operating income	4	2,173.41	352.52	2,525.93
Other Income	1, 2, 3, 7	936.99	246.68	1,183.67
<b>Total revenue</b>		<b>49,616.41</b>	<b>809.61</b>	<b>50,426.02</b>
<b>Expenses</b>				
Cost of materials consumed	7	21,725.17	18.33	21,743.50
Purchases of stock-in-trade		247.32	-	247.32
Changes in inventory of finished goods, work-in-progress and stock-in-trade		17.84	-	17.84
Excise duty	6	-	392.23	392.23
Employee benefits expense	8	3,900.39	3.76	3,904.15

# Notes

To the Financial Statements for the year ended March 31, 2017

(₹ million)

	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
Depreciation and amortization expense	4	3,256.22	1.29	3,257.51
Other expenses	3, 7	10,114.65	148.41	10,263.06
Finance costs		1,539.22	-	1,539.22
<b>Total expenses</b>		<b>40,800.81</b>	<b>564.02</b>	<b>41,364.83</b>
<b>Profit before tax</b>		<b>8,815.60</b>	<b>245.59</b>	<b>9,061.19</b>
Income Tax Expense				
- Current Tax		2,090.70	-	2,090.70
- Deferred Tax	9	374.06	113.24	487.30
<b>Total Income Tax Expense</b>		<b>2,464.76</b>	<b>113.24</b>	<b>2,578.00</b>
<b>Profit for the year</b>		<b>6,350.84</b>	<b>132.35</b>	<b>6,483.19</b>
<b>Other Comprehensive Income</b>	1, 8, 11	-	2.30	2.30
<b>Total Comprehensive Income</b>		<b>6,350.84</b>	<b>134.65</b>	<b>6,485.49</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of total equity as at March 31, 2016 and April 1, 2015

(₹ million)

Particulars	Notes to first time adoption	As on March 31, 2016	As on April 1, 2015
Total equity (Shareholder's funds) as per previous GAAP		18,785.20	14,325.84
Adjustments			
- Effect of change in method of recognising grants	4	(504.07)	(855.30)
- Effect of measuring investments at fair value through profit and loss	1, 2	474.45	209.24
- Effect of measuring bonds and mutual funds through profit and loss	2	(9.75)	24.20
- Effect on account of reversal of proposed dividend	5	60.47	906.83
- Deferred Tax impact on Ind AS adjustments	9	167.95	282.49
- Others	3	22.33	22.17
<b>Total Adjustments</b>		<b>211.38</b>	<b>589.63</b>
<b>Total Equity as per IndAS</b>		<b>18,996.58</b>	<b>14,915.47</b>

## Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ million)

Particulars	Notes	As per Ind AS
<b>Net profit as per Previous GAAP (Indian GAAP)</b>		6,017.36
Add/(Less):		
Effect of measuring investments at fair value through profit and loss (including bonds and mutual funds)	1, 2	231.26
Effect of change in method of recognising grants	4	351.23
Deferred Tax impact on Ind AS adjustments	9	(113.24)
Others	3, 8	(3.42)
<b>Net profit as per Ind AS</b>		<b>6,483.19</b>
Other comprehensive income, net of income tax	1, 8, 9, 11	2.30
<b>Total comprehensive income for the period as per Ind AS</b>		<b>6,485.49</b>

# Notes

To the Financial Statements for the year ended March 31, 2017

## Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

(₹ million)			
Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	13,662.10	(946.36)	12,715.74
Net cash flow from investing activities	(8,052.26)	43.65	(8,008.61)
Net cash flow from financing activities	(6,578.50)	902.71	(5,675.79)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(968.66)</b>	<b>-</b>	<b>(968.66)</b>
Cash and cash equivalents as at 1 April 2015	1,450.60	-	1,450.60
<b>Cash and cash equivalents as at 31 March 2016</b>	<b>481.94</b>	<b>-</b>	<b>481.94</b>

### C. Notes to first-time adoption:

#### Note 1: Fair valuation of investments

Under the previous GAAP, investments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value at initial and subsequent recognition at fair value (other than equity investment in subsidiaries which are carried at cost and preference shares which are subsequently measured at amortised cost). The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016. This increased the retained earnings by ₹ 293.09 million as at March 31, 2016 (April 1, 2015 - ₹ 84.66 million).

The profit for the year ended March 31, 2016 higher by ₹ 208.43 million as result of recognising interest income using effective interest rate method.

Further, the resulting fair value changes of investments in Bonds and Mutual Funds has decreased retained earnings by ₹ 9.75 million as at March 31, 2016 (April 1, 2015 - increased by ₹ 24.20 million). The profit for the year ended March 31, 2016 lower by ₹ 33.95 million as a result of recognising the same at market value.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI - Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2016. This increased FVOCI - Equity investments reserve by ₹ 22.02 million as at March 31, 2016 (April 1, 2015 - ₹ 22.18 million)

#### Note 2: Investment in preference shares of subsidiaries (valued at amortised cost)

Under the previous GAAP, investment in preference shares of subsidiaries is recorded at the transaction price. Under Ind AS, investment in preference shares is treated as financial asset. Such asset is recorded at fair value at initial recognition and subsequently measured at amortised cost using effective interest rate method (except those subsequently measured at fair value). The difference between fair value and transaction price on initial recognition is recognised as additional investment in subsidiary. As a result of this adjustment, retained earnings as at March 31, 2016 is higher by ₹ 181.36 million (April 1, 2015 - higher by ₹ 124.58 million). The profit for the year ended March 31, 2016 higher by ₹ 56.78 million as result of recognising interest income using effective interest rate method.

#### Note 3: Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit



## Notes

To the Financial Statements for the year ended March 31, 2017

has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 7.92 million as at March 31, 2016 (April 1, 2015 - ₹ 5.65 million). The prepaid rent increased by ₹ 8.26 million as at March 31, 2016 (April 1, 2015 - ₹ 5.65 million). Total equity decreased by ₹ NIL as on April 1, 2015. The profit for the year and total equity as at March 31, 2016 increased by ₹ 0.34 million due to notional interest income of ₹ 10.14 million recognised on security deposits which is partially offset by amortization of prepaid rent of ₹ 9.80 million.

### Note 4: Government Grants:

The Company receives VAT incentives from the government of Gujarat under Gujarat Textile Policy 2012 based on the amount of capital expenditure made on eligible investments. The impact of change in method of recognising grants has resulted in decrease in the equity by ₹ 504.07 million as at March 31, 2016 (April 01, 2015- ₹ 855.30 million) and profit for the year ended March 31, 2016 increased by ₹ 351.23 million.

Further, under previous GAAP, Government grant received as “Capital Contribution” was deducted from related property, plant and equipment and depreciation was provided on net property, plant and equipment balance. However, under Ind AS, such grant is shown separately in the balance sheet as “Deferred Income” income is accrued in the ratio of depreciation on related assets. Consequent to the above, the total equity as at March 31, 2016 decreased by ₹ NIL (April 1, 2015 - NA) and profit for the year ended March 31, 2016 decreased by ₹ NIL. Revenue for the year is increased by 1.29 million and corresponding impact on depreciation ₹ 1.29 million.

### Note 5: Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 60.47 million as at March 31, 2016 (April 1, 2015 - ₹ 906.83 million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

### Note 6: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 392.23 million. There is no impact on the total equity and profit.

### Note 7: Variable Consideration

Under previous GAAP, Claims, discounts and rebates paid to customers were recorded as part of expenses in the Statement of Profit and Loss. However, under Ind AS, these expenses are netted off against Revenue. This change has resulted in decrease in total revenue and total expenses for the year ended March 31, 2016 by ₹ 181.82 million. Further, under previous GAAP, cash discounts received were recorded as part of other income in the statement of profit or loss. However, under Ind AS, these are netted off against cost of material consumed. This change has resulted in decrease in other income and cost of material consumed for the year ended March 31, 2016 by ₹ 18.33 million. There is no impact on the total equity and profit.

### Note 8: Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year

# Notes

To the Financial Statements for the year ended March 31, 2017

ended March 31, 2016 decreased by ₹ 3.76 million. There is no impact on the total equity as at March 31, 2016.

## Note 9: Deferred tax

Deferred taxes impact of the above adjustments, wherever applicable have been recognised on transition to Ind AS.

## Note 10: Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

## Note 11: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

## Note 12 : Supplier financing

Under previous GAAP, acceptances are disclosed as part of Trade payables. However under Ind AS, the Company need to look at the substance of the arrangement and need to determine whether the original trade payable has been extinguished or not based on the fact of arrangements. Company has analysed its arrangements with the vendors and banks and has determined that the trade payables has been extinguished under the arrangement and should be de-recognised resulting in new liability to bank which has been presented under short-term borrowings. This change has resulted in an increase in borrowings and corresponding decrease in trade payables by ₹ 3,448.31 million as at March 31, 2016 (₹ 2,556.36 million as at April 1, 2015). There is no impact on the total equity and profit.

## Note 46 : Events occurring after the reporting date:

Refer Note 28(b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

Signatures to Notes to financial statements

### For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors

Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishan Goenka**  
Chairman  
DIN 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN 00007199

**Mehul Desai**  
Partner  
Membership No. 103211

**Altaf Jiwani**  
Chief Financial Officer

**Sharhikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Independent Auditors' Report

To the Members of Welspun India Limited

## Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Welspun India Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") (refer Note 31 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate

accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies

used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Emphasis of Matter

8. We draw attention to the following matters relating to the traceability issue:
  - a. Note 23 (a) to the financial statements regarding the exceptional item accounted during the quarter ended September 30, 2016 aggregating Rs. 5004.80 million, towards provisions/ liabilities for return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses relating to the traceability issue, which aggregates Rs. 1,073.75 million as at March 31, 2017 after certain agreements/ payments till the year end. The Group has reassessed this outstanding provision/ liability as at March 31, 2017 towards the aforesaid issue, and based on the present state of information and

knowledge available with the Group, no significant additional provision is considered necessary by the Management. The amounts at which the various aforesaid provisions/ liabilities will eventually be resolved may be different based on future events and final payments/agreements reached with respective parties.

- b. Note 23 (b) to the consolidated financial statements regarding four putative class action suits filed in USA against the Company and its subsidiary, Welspun USA Inc., by certain consumers who purchased the products manufactured by the Company. In December 2016, these putative class actions suits were consolidated in one of the courts in USA and are proceeding as a single putative class action. A consolidated amended complaint was filed for the action during the quarter ended March 31, 2017 and, pursuant to stipulation of the parties and the court's scheduling order, the parties have agreed to conduct mediation in a time-bound manner. As per the disclosure made by the Company to the relevant stock exchanges in India vide letter dated September 20, 2016 and subsequent representations to us, we understand that none of the actions has been certified for class action treatment by the courts, which is required under United States law before an action may proceed on a class basis. We also understand that while the amount in each putative class action matter is alleged to exceed \$ 5 million, the complaints do not seek a specified amount of damages. Accordingly, as stated in the Note, any liability that may arise in the event of an adverse result or outcome is unascertainable at this stage.

Our opinion is not qualified in respect of matters stated in paragraphs 8 (a) and 8 (b) above.

## Other Matter

9. We did not audit the financial statements/ financial information of 13 subsidiaries whose financial statements/ financial information reflect total assets of Rs. 5,455.79 million and net assets of Rs. 2,945.88 million as at March

31, 2017, total revenue of Rs. 2,819.59 million, net loss of Rs. 137.36 million and net cash flows amounting to Rs. 66.70 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

10. We did not audit the financial statements/ financial information of 3 subsidiaries whose financial statements/ financial information reflect total assets of Rs. 58.99 million and net assets of Rs. 49.49 million as at March 31, 2017, total revenue of Rs. 0.46 million, net profit of Rs. 0.51 million and net cash flows amounting to Rs. 0.79 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

11. The comparative financial information of the Company for the year ended March 31, 2016 and

the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 25, 2016 and April 29, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b. In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group incorporated in India including relevant records relating to the preparation

of the consolidated Ind AS financial statements.

- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial

litigations as at March 31, 2017 on the consolidated financial position of the Group. Refer Note 35.

- ii. The Group has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Group does not have long term derivative contracts as at March 31, 2017.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India during the year ended March 31, 2017.
- iv. The Group has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Group. Refer Note 5 (e).

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/500016

**Mehul Desai**  
Partner  
Membership Number 103211

Mumbai  
April 25, 2017



# Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Welspun India Limited on the consolidated financial statements for the year ended March 31, 2017

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Welspun India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matter

9. Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

#### For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/500016

#### Mehul Desai

Partner

Membership Number 103211

Mumbai

April 25, 2017



# Consolidated Balance Sheet

As at March 31, 2017

₹ million

	Note	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, Plant and Equipment	3	35,011.07	31,559.12	24,441.84
Capital work-in-progress	3	563.54	1,832.00	1,564.16
Goodwill on Consolidation	4	1,741.17	1,808.56	1,785.07
Other Intangible assets	4	138.09	116.51	43.13
<b>Financial Assets</b>				
- Investments	5 (a)	28.77	38.60	37.16
- Loans	5 (b)	3.65	6.62	4.00
- Other financial assets	5 (c)	321.95	417.99	431.72
Non-current tax assets		111.97	138.10	147.69
Deferred Tax Assets	6	702.16	730.41	905.94
Other non-current assets	7	368.80	867.43	1,079.91
<b>Total Non-current Assets</b>		<b>38,991.17</b>	<b>37,515.34</b>	<b>30,440.62</b>
<b>Current Assets</b>				
Inventories	8	12,810.02	11,046.36	11,006.25
<b>Financial Assets</b>				
- Investments	5 (a)	1,228.55	246.52	1,124.02
- Trade receivables	5 (d)	9,600.61	8,499.01	4,467.02
- Cash and cash equivalents	5 (e)	1,238.01	1,060.51	1,989.78
- Bank balances other than cash and cash equivalents above	5 (f)	390.10	182.47	1,262.54
- Loans	5 (b)	6.29	4.43	7.90
- Other financial assets	5 (c)	2,234.68	621.18	1,589.80
Current tax assets		31.93	0.86	-
Other current assets	7	6,751.80	6,314.47	5,703.55
<b>Total Current Assets</b>		<b>34,291.98</b>	<b>27,975.81</b>	<b>27,150.86</b>
<b>Total Assets</b>		<b>73,283.16</b>	<b>65,491.15</b>	<b>57,591.48</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share capital	9 (a)	1,004.73	1,004.73	1,004.60
<b>Other Equity</b>				
- Reserves and surplus	9 (b)	21,915.15	18,397.70	13,487.55
- Other reserves	9 (c)	1,051.60	298.06	239.49
<b>Equity attributable to owners of Welspun India Limited</b>		<b>23,971.48</b>	<b>19,700.49</b>	<b>14,731.64</b>
Non-controlling Interests	29 (b)	355.27	411.96	284.18
<b>Total Equity</b>		<b>24,326.75</b>	<b>20,112.45</b>	<b>15,015.82</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financials Liabilities</b>				
- Borrowings	10 (a)	20,160.16	17,921.96	15,994.05
- Other financial liabilities	10 (b)	20.36	17.99	11.02
Non-current tax liabilities		1,485.94	1,305.33	1,038.01
Provisions	11	21.92	21.37	20.00
Employee benefit obligations	12	51.67	-	-
Deferred tax liabilities	13	2,167.80	1,327.64	812.05
Other non-current liabilities	14	773.62	586.77	749.42
<b>Total Non-current liabilities</b>		<b>24,681.47</b>	<b>21,181.06</b>	<b>18,624.55</b>
<b>Current liabilities</b>				
<b>Financials Liabilities</b>				
- Borrowings	10 (a)	11,720.77	13,532.61	12,570.25
- Trade payables	10 (c)	7,517.33	6,652.30	4,353.83
- Other financial liabilities	10 (b)	2,071.90	2,104.43	5,354.44
Provisions	11	851.46	6.47	9.22
Employee benefit obligations	12	537.64	673.00	542.96
Other Current Liabilities	14	1,575.84	1,228.83	1,120.41
<b>Total current liabilities</b>		<b>24,274.94</b>	<b>24,197.64</b>	<b>23,951.11</b>
<b>Total liabilities</b>		<b>48,956.41</b>	<b>45,378.70</b>	<b>42,575.66</b>
<b>Total Equity and Liabilities</b>		<b>73,283.16</b>	<b>65,491.15</b>	<b>57,591.48</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**

Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altat Jiwani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Consolidated Statement of Profit and Loss

For The Year Ended March 31, 2017

			₹ million
	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>REVENUE FROM OPERATIONS</b>	15	57,704.55	52,967.83
Other operating income	16	8,700.88	6,270.66
Other Income	17	805.52	904.40
<b>Total Income</b>		<b>67,210.95</b>	<b>60,142.89</b>
<b>EXPENSES</b>			
Cost of Material Consumed	18 (a)	28,561.58	23,025.55
Purchases of Stock-in-Trade		3,778.15	3,294.08
Changes in inventory of finished goods, work-in-progress and stock-in-trade	18 (b)	(1,943.75)	274.06
Employee Benefit Expense	19	6,372.98	5,366.63
Depreciation and Amortisation Expense	20	5,054.24	3,718.24
Other Expenses	21	13,802.52	11,351.65
Finance Costs	22	1,582.58	2,368.03
<b>Total Expenses</b>		<b>57,208.30</b>	<b>49,398.24</b>
<b>Profit before exceptional items and tax</b>		<b>10,002.65</b>	<b>10,744.65</b>
Exceptional Items (Net)	23	4,647.52	-
<b>Profit before tax</b>		<b>5,355.13</b>	<b>10,744.65</b>
<b>Income Tax Expense</b>	24		
- Current Tax [Includes ₹ Nil (March 31, 2016 ₹ 54.86 million) short provision for tax in earlier years]		1,244.87	2,695.80
- Deferred Tax [Net of Minimum Alternative Tax Credit Availed ₹ 259.55 million (March 31, 2016 ₹ Nil)]		486.52	557.69
<b>Profit for the year</b>		<b>3,623.74</b>	<b>7,491.16</b>
<b>Other Comprehensive Income</b>			
A (i) Items that may be reclassified to profit or loss			
Exchange differences in translation of foreign operation	9 (c)	65.00	(88.88)
Deferred gain on cash flow hedges	9 (c)	1,074.45	227.90
(ii) Income tax relating to these items	24	(371.88)	(78.87)
		<b>767.57</b>	<b>60.15</b>
B (i) Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	9 (c)	(5.20)	(0.16)
Remeasurement of post employment benefit obligation	19	25.16	2.38
(ii) Income tax relating to these items	24	(8.71)	(0.97)
		<b>11.25</b>	<b>1.25</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>778.82</b>	<b>61.40</b>
<b>Total Comprehensive Income for the year</b>		<b>4,402.56</b>	<b>7,552.56</b>
<b>Profit is attributable to</b>			
- Owners of Welspun India Limited		3,575.62	7,365.00
- Non-controlling interests		48.12	126.16
<b>Other comprehensive income is attributable to:</b>			
- Owners of Welspun India Limited		770.03	59.78
- Non-controlling interests		8.79	1.62
<b>Total Comprehensive Income is attributable to</b>			
- Owners of Welspun India Limited		4,345.65	7,424.78
- Non-controlling interests		56.91	127.78
<b>Earnings Per Share (₹) [Nominal value per share : ₹ 1/- (March 31, 2016 : ₹ 1)]</b>	33		
- Basic		3.56	7.33
- Diluted		3.56	7.33

The above consolidated profit and loss should be read in conjunction with the accompanying notes.  
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**

Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishnan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altat Jiواني**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

# Consolidated Statement of Changes in Equity

For The Year Ended On March 31, 2017

## a. Equity Share Capital

Particulars	Note	Amount ₹ million
<b>Balance as at April 1, 2015</b>		<b>1,004.60</b>
Changes in equity share capital during the year	9 (a)	0.13
<b>Balance as at March 31, 2016</b>		<b>1,004.73</b>
Changes in equity share capital during the year	9 (a)	-
<b>Balance as at March 31, 2017</b>		<b>1,004.73</b>

## b. Other Equity

Particulars	Note	Non-controlling interests										Total	
		Reserves and Surplus				Other Reserves							
		Capital redemption reserve	Capital reserve	Securities premium reserve	Debiture redemption reserve	General reserve	Retained earnings	FVOCI instruments	Hedging reserve	Foreign currency translation reserve	Non-controlling interests		
Balance as at April 1, 2015		488.38	1,474.73	3,237.80	-	711.39	7,575.25	22.18	217.31	-	13,727.04	284.18	14,011.22
Profit for the year		-	-	-	-	-	7,365.00	-	-	-	7,365.00	126.16	7,491.16
Other Comprehensive Income	9 (b),9 (c)	-	-	-	-	-	121	(0.16)	146.10	(87.37)	59.78	162	61.40
Total Comprehensive Income for the year		-	-	-	-	-	7,366.21	(0.16)	146.10	(87.37)	7,424.78	127.78	7,552.56
Transactions with owners in their capacity as owners:													
Issue of equity shares	9 (b)	-	-	0.32	-	-	-	-	-	-	0.32	-	0.32
Dividends paid	27 (b)	-	-	-	-	-	(2,040.89)	-	-	-	(2,040.89)	-	(2,040.89)
Dividend distribution tax paid	27 (b)	-	-	-	-	-	(415.49)	-	-	-	(415.49)	-	(415.49)
Transfer to Debiture Redemption Reserve	9 (b)	-	-	-	55.00	-	(55.00)	-	-	-	-	-	-
Balance as at March 31, 2016		488.38	1,474.73	3,238.12	55.00	711.39	12,430.08	22.02	363.41	(87.37)	18,695.76	411.96	19,107.72
Balance as at April 1, 2016		488.38	1,474.73	3,238.12	55.00	711.39	12,430.08	22.02	363.41	(87.37)	18,695.76	411.96	19,107.72
Profit for the year		-	-	-	-	-	3,575.62	-	-	-	3,575.62	48.12	3,623.74
Other Comprehensive Income	9 (b),9 (c)	-	-	-	-	-	16.49	(5.20)	695.36	63.38	770.03	8.79	778.82
Total Comprehensive Income for the year		-	-	-	-	-	3,592.11	(5.20)	695.36	63.38	4,345.65	56.91	4,402.56
Transactions with owners in their capacity as owners:													
Dividends paid	27 (b)	-	-	-	-	-	(50.24)	-	-	-	(50.24)	-	(50.24)
Dividend distribution tax paid	27 (b)	-	-	-	-	-	(10.23)	-	-	-	(10.23)	-	(10.23)
Transfer to Debiture Redemption Reserve	9 (b)	-	-	-	44.31	-	(44.31)	-	-	-	-	-	-
Transactions with non-controlling interests	29 (c)	-	-	-	-	-	(14.19)	-	-	-	(14.19)	(113.60)	(127.79)
Balance as at March 31, 2017		488.38	1,474.73	3,238.12	99.31	711.39	15,903.22	16.82	1,058.77	(23.99)	22,966.75	355.27	23,322.02

₹ million

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. This is the Consolidated Statement of changes in Equity referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

Place: Mumbai  
Date: April 25, 2017

**For and on behalf of the Board of Directors**

**Balkrishnan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altaj Jiawani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

# Consolidated Cash Flow Statement

For The Year Ended March 31, 2017

₹ million

	Year Ended March 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Tax		5,355.13	10,744.65
Adjustments for :			
Depreciation and amortisation expense	5,054.24		3,718.24
Amortisation of government grants	(625.07)		(352.52)
Unrealised Foreign Exchange Differences	52.56		(26.77)
Loss on Sale of Fixed Assets	1.58		59.74
Profit on Redemption/ Sale of Units of Mutual Funds (Net)	(110.07)		(20.47)
Profit on Sale of Bonds/ Certificate of Deposits (Net)	(60.88)		(14.30)
Unwinding of discount on security deposits	(18.96)		(26.85)
Net gain on financial assets measured at fair value through profit or loss	(16.10)		(14.69)
Dividend Income	(0.33)		(3.18)
Provision for Doubtful Debts/ Advances (net)	-		(2.16)
Debts/ Advances Written off	8.67		1.46
Interest Income	(312.75)		(227.88)
Interest and Other Expenses	1,582.58		2,368.03
		5,555.47	5,458.65
<b>Operating Profit Before Working Capital Changes</b>		<b>10,910.60</b>	<b>16,203.30</b>
Adjustments for changes in working capital :			
(Increase) / decrease in trade receivables	(973.86)		(4,074.38)
Increase / (decrease) in trade payables	807.35		2,305.80
Increase / (decrease) in provisions	845.54		(1.37)
Increase / (decrease) in employee benefit obligations	(67.20)		131.25
Increase in other current liabilities	491.93		440.54
Increase/ (decrease) in other non current liabilities	(185.23)		(110.43)
(Increase) in inventories	(1,763.65)		(40.12)
(Increase) / decrease in other financial assets	(524.84)		969.80
(Increase) / decrease in other non-current assets	88.33		(31.99)
(Increase) / decrease in other current assets	(240.55)		(119.08)
		(1,522.18)	(529.98)
<b>Cash Flow Generated from Operations</b>		<b>9,388.42</b>	<b>15,673.32</b>
Taxes Paid (net of refunds)		(1,066.50)	(2,393.40)
<b>Net Cash Flow from Operating Activities</b>		<b>8,321.92</b>	<b>13,279.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets and Capital Work-in-progress	(7,002.69)		(10,596.03)
Proceeds from Sale of Fixed Assets	35.00		43.98
Capital Subsidy	533.04		73.81
Investment in Fixed Deposit and Margin Money (Net)	(193.45)		1,111.90
Sales / (Purchase) of Investments (Net)	(790.36)		925.36
Dividend Received	0.33		3.18
Interest Received	293.93		426.75
<b>Net Cash Flow used in Investing Activities</b>		<b>(7,124.20)</b>	<b>(8,011.05)</b>

# Consolidated Cash Flow Statement

For The Year Ended March 31, 2017

	₹ million		
	Year Ended March 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Equity Shares	-		0.45
Issue of Debentures (Net of Redemption)	-		1,200.00
Proceeds from / (Repayment of) Long Term Borrowings (Net)	2,442.79		(3,344.63)
Proceeds from / (Repayment of) Other Borrowings (Net)	(1,988.16)		962.71
Transactions with non-controlling interests	(127.79)		-
Dividends Paid	(53.17)		(2,027.87)
Tax on Dividends Paid	(10.23)		(415.49)
Interest and Other Expenses	(1,253.39)		(2,573.31)
<b>Net Cash Flow used in Financing Activities</b>		<b>(989.95)</b>	<b>(6,198.14)</b>
<b>(A + B + C)</b>		<b>207.77</b>	<b>(929.27)</b>
Cash and Cash Equivalents at the beginning of the year		1,060.51	1,989.78
Effects of exchange rate changes on cash and cash equivalents		(30.27)	-
Cash and Cash Equivalents at the end of the year		1,238.01	1,060.51
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>207.77</b>	<b>(929.27)</b>
		0.00	0.00
<b>Cash and cash equivalents comprise of:</b>			
Cash on Hand		3.51	3.30
Bank balances			
- In current accounts		1,102.90	946.78
- Fixed deposits with maturity less than 3 months		131.60	110.43
<b>Total</b>		<b>1,238.01</b>	<b>1,060.51</b>

**Note:**

The Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

This is the consolidated statement of cash flow referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**  
 Firm Registration No: 012754N/ N500016

**Mehul Desai**  
 Partner  
 Membership No. 103211

**Balkrishan Goenka**  
 Chairman  
 DIN: 00270175

**Rajesh Mandawewala**  
 Managing Director  
 DIN : 00007179

**Dipali Goenka**  
 CEO and Jt. MD  
 DIN: 00007199

**Altaf Jiwani**  
 Chief Financial Officer

**Shashikant Thorat**  
 Company Secretary

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

Place: Mumbai  
 Date: April 25, 2017

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## General Information

Welspun India Limited (the “Company”) together with its subsidiaries herein after referred to as the “Group”.

The Company is a public limited company which is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and is incorporated and domiciled in India. The address of its registered office is “Welspun City”, Village Versamedi, Tal. Anjar, Dist Kutch, Gujarat - 370110, India.

The Group is a leading manufacturer of wide range of home textile products, mainly terry towels, bed linen products and rugs.

These Group's consolidated financial statements were approved for issue by the board of directors on April 25, 2017.

## Note : 1 Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

### 1.1 Basis of preparation of financial statements

#### a) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (“Previous GAAP”).

These financial statements are the first financial statements of the group under Ind AS.

Refer note 39 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows.

#### b) Historical cost convention

The financial statements have been prepared on the accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that is measured at fair value as stated in subsequent policies.

### 1.2 Principles of consolidation

#### a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

loss, consolidated statement of changes in equity and balance sheet respectively.

The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Company.

For list of subsidiaries consolidated, refer note 29 (a).

## b) Change in Ownership Interest

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## 1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The management of the group assesses the financial performance and position of the group, and makes strategic decisions. Refer note 28 for segment information presented.

## 1.4 Foreign currency translation

### a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (₹), which is Company's functional and presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses or other income, as applicable.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss

### c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 1.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added tax and amounts collected on behalf of third parties.

The Group recognizes revenue from sale of goods when:

- (a) the Group has transferred to the buyer the significant risk and reward of ownership of goods.
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold.
- (c) the amount of revenue can be reliably measured.
- (d) it is probable that future economic benefits associated with the transaction will flow to the Group.
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### Sale of power and steam

Revenue from supply of power and steam is recognised on an accrual basis based on the billing to customers in accordance with the terms of agreements entered with them.

### Sale of coal

Revenue from sale of coal is recognised when the risk and rewards of ownership in goods are transferred to the buyer as per the terms of the contract and is recognised net of sales taxes.

## 1.6 Other Income

Income on Status holder incentive scrip is recognized when the license (purchased at discounted price) is actually utilized against statutory liability arising towards purchase of Plant and Machinery.

## 1.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either under "other operating income" or are deducted in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to profit or loss over the periods and in proportions in which depreciation expense on those assets is recognized.



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Export Benefits:

In case of sale made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme, Merchandise Export Incentive 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, Merchandise Export Incentive Scheme and Focus Market Scheme are recognised on shipment of direct exports.

## 1.8 Income Tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

### Current income tax

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between

the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liability not recognised if they arise from initial recognition of goodwill.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Statement of Financial Position, if and only when, (a) the Group has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred tax assets are not recognised for temporary differences between the carrying

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Minimum Alternate Tax ('MAT') credit entitlement is generally recognized as a deferred tax asset if it is probable that MAT credit can be used in future years to reduce the regular tax liability.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to Statement of Profit and Loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity.

## 1.9 Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Group's underlying financial performance.

## 1.10 Leases

### As a lessee

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor)

are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## 1.11 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

## Transition to Ind AS

Upon first-time adoption of Ind AS, the Group has elected not to restate business combinations which occurred prior to the transition date i.e. April 1, 2015.

### 1.12 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the

items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## Depreciation methods, estimated useful lives and residual value

Freehold land is not depreciated. Leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method (except as mentioned below) to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Assets	Estimated Useful Life (years)
Office Equipment	5
Furniture and fixtures	10
Computer	3 - 4
Vehicles	5 - 10
Electrical installation	10
Factory Building	28
Residential and other Buildings	30 - 58
Road, Fencing, etc	3 - 5

Plant and Machinery (except electrical installations) is depreciated on written down value method over the useful life ranging between 7.5 years to 18 years.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income, as applicable.

## 1.13 Intangible assets

### a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for

internal management purposes, which in our case are the operating segments.

### b) Other intangible assets

Other intangible assets with finite useful lives acquired by the group are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

### Amortisation methods and periods

Intangible assets comprise of computer software which is amortized on a straight-line basis over its expected useful life over a period of five years.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 1.14 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the

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To Consolidated Financial Statements for the year ended March 31, 2017

cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 1.15 Inventories

### Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases on weighted average basis. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 1.16 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets

#### (i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### a. Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the

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To Consolidated Financial Statements for the year ended March 31, 2017

asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/expenses as appropriate. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss (FVPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

**b. Equity instruments**

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, and there will be no subsequent reclassification of fair value gains and

losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii) Impairment of financial assets**

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note details how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when

- The group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.



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Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## (v) Income recognition

### a. Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### b. Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

## (vi) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within current liabilities in statement of financial position and which are considered as integral part of company's cash management policy.

## (vii) Trade receivable

Trade receivable are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## Financial liabilities

### (i) Measurement:

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

### (ii) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### (iii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period



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of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## (iv) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

## Compound instrument

Compound financial instrument issued by the Company comprises of compulsorily redeemable

non-convertible preference shares. Compound financial instruments are split into separate equity and liability components. The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have discretionary dividend feature/off market interest rate. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Interest related to the liability component of compound instrument is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

## Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

## Derivatives and hedging activities

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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The group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions.

The group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the hedged forecast transaction results in the recognition of a non-financial asset (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the change in face value of forward contracts, the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(ii) Derivatives that are not designated as hedges

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

### Embedded Derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

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Embedded foreign currency derivatives:

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- (i) the functional currency of any substantial party to that contract,
- (ii) the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- (iii) a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

## 1.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings

pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## 1.18 Employee benefits

### a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### b) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### c) Post-employment obligations

The group operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund and superannuation Fund

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## Defined Benefit Plans

### Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian Rupees (₹) is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than ₹, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### Defined contribution plans

**Provident Fund, Employee State Insurance Corporation (ESIC), Pension Fund and other Social Security Funds**

The Contribution towards provident fund, ESIC, pension fund and Social Security Funds for certain employees is made to the regulatory authorities 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 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 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.

### d) Share-based payments

Share-based compensation benefits are provided to employees under "Employee Stock Option Plan".

Employees of the Group receive remuneration in the form of share-based payments as per the eligibility criteria. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

### e) Bonus Plan

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 1.19 Provisions and contingent liabilities

**a) Provisions** for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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Provisions for restructuring are recognised by the group when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the group will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the group.

- b) 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 group 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.
- c) Contingent Assets** are disclosed, where an inflow of economic benefits is probable.

## 1.20 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 1.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 1.22 Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (Refer note 33).

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 1.23 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions with two decimal as per the requirement of Schedule III, unless otherwise stated.

## 1.24 New standards/ amendments to existing standards issued but not yet adopted

Following are the amendments to existing

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Group:

## **Amendments to Ind AS 7, 'Statement of cash flows' on disclosure initiative:**

The amendment to Ind AS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes (i.e. changes in fair values), Changes resulting from acquisitions and disposals and effect of foreign exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The Group is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

## **Amendments to Ind AS 102, 'Share-based Payment':**

The amendment to Ind AS 102 clarifies the measurement basis for cash settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in Ind AS 102 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

The group intends to adopt the amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## **Note 2: Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### **Critical estimates and judgements**

- i) Estimation of current tax expense and deferred tax

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (Refer note 24).

#### **Recognition of deferred tax assets/liabilities**

The recognition of deferred tax assets/liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts (Refer notes 6 and 13).



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ii) Estimation of Provisions & Contingent Liabilities.

The Company exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision (Refer note 35).

iii) Estimated useful life of Property, Plant and Equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For the relative size of the Company's property, plant and equipment and intangible assets (Refer Notes 3 and 4).

iv) Estimation of Provision for Inventory

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-

downs of inventories in the periods in which such estimate has been changed. Refer note 8 for details of inventory and provisions.

v) Estimation of Defined Benefit Obligation

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 19 for the details of the assumptions used in estimating the defined benefit obligation.

vi) Estimation of grant income

The company has accrued income for Government Grant related to fixed assets, in the ratio of related expenses, based on eligibility amount. Estimates are involved in calculation of grant income where the eligibility amount is not confirmed by the government but application is made and the Company is complying all terms and conditions for eligibility. There were no material deviations in the past when company booked income based on estimates awaiting eligibility amount from government.

vii) Estimated fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The



## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions refer note 25.

viii) Exceptional items:

Exceptional items are expense or income items recorded in the year in which they have been determined by management as

being material by their size or incidence and are presented separately within the results of the Group. The determination of which items are disclosed as exceptional items will affect the presentation of profit for the year and requires a degree of judgement. Details relating to exceptional items reported during the year are set out in Note 23.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 3 - Property, Plant and Equipment

	Freehold Land	Buildings	Plant and Machinery	Vehicles	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Computers	Total	Capital Work in Progress
<b>Year ended March 31, 2016</b>										(₹ millions)
<b>Gross carrying amount</b>										
Deemed cost as at April 1, 2015	2,587.21	5,062.85	16,422.35	29.13	68.81	174.34	19.23	77.92	24,441.84	1,564.16
Additions	73.82	2.95	429.29	8.39	17.59	92.82	-	8.37	633.23	10,626.25
Disposals	-	(16.42)	(148.33)	(0.50)	(1.67)	(31.21)	-	(11.06)	(209.19)	-
Transfers	371.9	1,599.53	8,676.14	-	27.79	5.06	-	12.70	10,358.41	(10,358.41)
Exchange Differences	0.02	-	0.06	-	0.69	1.18	0.21	0.71	2.87	-
<b>Closing gross carrying amount</b>	<b>2,698.24</b>	<b>6,648.91</b>	<b>25,379.51</b>	<b>37.02</b>	<b>113.21</b>	<b>242.19</b>	<b>19.44</b>	<b>88.64</b>	<b>35,227.16</b>	<b>1,832.00</b>
<b>Accumulated Depreciation</b>										
Depreciation charge during the year	-	193.46	3,386.70	9.78	22.50	53.32	6.61	26.69	3,699.06	-
Disposals	-	(0.26)	(5.06)	(0.33)	(0.16)	(15.74)	-	(9.47)	(31.02)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>193.20</b>	<b>3,381.64</b>	<b>9.45</b>	<b>22.34</b>	<b>37.58</b>	<b>6.61</b>	<b>17.22</b>	<b>3,668.04</b>	<b>-</b>
<b>Net Carrying amount</b>	<b>2,698.24</b>	<b>6,455.71</b>	<b>21,997.87</b>	<b>27.57</b>	<b>90.87</b>	<b>204.61</b>	<b>12.83</b>	<b>71.42</b>	<b>31,559.12</b>	<b>1,832.00</b>
<b>Year ended March 31, 2017</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	2,698.24	6,648.91	25,379.51	37.02	113.21	242.19	19.44	88.64	35,227.16	1,832.00
Additions	306.16	133.44	54.93	16.17	18.51	35.73	1.81	26.49	593.24	6,649.31
Disposals	-	-	(151.38)	(4.07)	(0.73)	(1.38)	-	(0.28)	(157.84)	-
Transfers	3.10	1,441.08	6,254.33	-	61.52	79.97	-	77.77	7,917.77	(7,917.77)
Exchange Differences	(0.08)	-	(0.32)	-	(1.45)	(4.34)	(0.08)	(2.06)	(8.33)	-
<b>Closing gross carrying amount</b>	<b>3,007.42</b>	<b>8,223.43</b>	<b>31,537.07</b>	<b>49.12</b>	<b>191.06</b>	<b>352.17</b>	<b>21.17</b>	<b>190.56</b>	<b>43,572.00</b>	<b>563.54</b>
<b>Accumulated depreciation</b>										
Opening accumulated depreciation	-	193.20	3,381.64	9.45	22.34	37.58	6.61	17.22	3,668.04	-
Depreciation charge during the year	-	244.55	4,643.79	11.38	32.15	47.67	6.49	30.10	5,016.13	-
Disposals	-	-	(115.76)	(3.22)	(0.65)	(1.35)	-	(0.25)	(121.23)	-
Exchange Differences	-	-	(0.11)	-	(0.45)	(0.05)	(0.03)	(1.37)	(2.01)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>437.75</b>	<b>7,909.56</b>	<b>17.61</b>	<b>53.39</b>	<b>83.85</b>	<b>13.07</b>	<b>45.70</b>	<b>8,560.93</b>	<b>-</b>
<b>Net carrying amount</b>	<b>3,007.42</b>	<b>7,785.68</b>	<b>23,627.51</b>	<b>31.51</b>	<b>137.67</b>	<b>268.32</b>	<b>8.10</b>	<b>144.86</b>	<b>35,011.07</b>	<b>563.54</b>

### Notes:

- Property, plant and equipment pledged as security; Refer to note 10(a) for information on property, plant and equipment pledged as security by the Group.
- Contractual obligations: Refer to note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Capital work-in-progress Capital work-in-progress mainly comprises of new plant and machinery for spinning process being constructed in India.
- Additions to fixed assets during the year include capital expenditure of ₹ 290.00 million (Previous Year : ₹ 404.76 million) incurred on in-house Research and Development activities

[Refer note 36]

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

(v) The Company has given certain assets on operating lease, details of which are given below:

Particulars	March 31, 2017		March 31, 2016	
	Building	Plant and Machinery	Building	Plant and Machinery
Gross Block	1.21	35.18	1.21	35.18
Accumulated Depreciation	0.30	32.56	0.28	32.35
Net Block	0.91	2.62	0.93	2.83
Depreciation for the year	0.02	0.21	0.02	0.25

(₹ million)

## Note 4 : Intangible assets

	Computer Software	Goodwill on consolidation
<b>Year ended March 31, 2016</b>		
<b>Gross carrying amount</b>		
Deemed cost as at April 1, 2015	43.13	1,785.07
Exchange differences	-	23.49
Additions	92.56	-
<b>Closing gross carrying amount</b>	<b>135.69</b>	<b>1,808.56</b>
<b>Accumulated amortisation</b>		
Amortisation charge during the year	19.18	-
<b>Closing accumulated amortisation</b>	<b>19.18</b>	<b>-</b>
<b>Net Carrying amount</b>	<b>116.51</b>	<b>1,808.56</b>
<b>Year ended March 31, 2017</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	135.69	1,808.56
Exchange differences	(0.06)	(67.39)
Additions	59.77	-
<b>Closing gross carrying amount</b>	<b>195.40</b>	<b>1,741.17</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	19.18	-
Amortisation charge during the year	38.14	-
Exchange differences	(0.01)	-
<b>Closing accumulated amortisation</b>	<b>57.31</b>	<b>-</b>
<b>Net carrying amount</b>	<b>138.09</b>	<b>1,741.17</b>

(₹ million)

### Notes:

(i) Capital work-in-progress

Capital work-in-progress mainly comprises of Software development expenses.

### (i) Impairment tests for goodwill

A segment-level summary of the goodwill allocation is presented below.

	Home Textile Segment	Power Segment	Total
As at March 31, 2017	1,741.17	-	1,741.17

(₹ million)

	Home Textile Segment	Power Segment	Total
As at March 31, 2016	1,808.56	-	1,808.56

(₹ million)

	Home Textile Segment	Power Segment	Total
As at April 1, 2015	1,785.07	-	1,785.07

(₹ million)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## (ii) Significant estimate: key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

The calculations use cash flow projections calculated using the estimated growth and pre-tax discount rates stated below.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

As at March 31, 2017	Home Textile Segment
Sales Growth (% annual growth rate)	3% to 10%
EBITDA (%)	2% to 6%
Pre-tax discount rate (%)	8% to 16%

As at March 31, 2016	Home Textile Segment
Sales Growth (% annual growth rate)	3% to 10%
EBITDA (%)	2% to 6%
Pre-tax discount rate (%)	8% to 16%

As at April 1, 2015	Home Textile Segment
Sales Growth (% annual growth rate)	3% to 10%
EBITDA (%)	2% to 6%
Pre-tax discount rate (%)	8% to 16%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales Growth	Average annual growth rate over the forecasted period; based on past performance and management's expectations of market development.
EBITDA (%)	Based on past performance and management's expectations for the future.
Pre-tax discount rate (%)	Reflect specific risks relating to the relevant segments and the countries in which they operate.

## Note 5 (a) : Non-current investment

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)			
<b>a) Quoted - Equity investment at FVOCI</b>			
283,500 (March 31, 2016 : 283,500, April 1, 2015 : 283,500) Equity Shares of ₹ 10 each fully paid up of AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	22.42	27.63	27.78
80 (March 31, 2016 : 80, April 1, 2015 : 80) Equity Shares of ₹ 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*	*
<b>b) Quoted - Equity investment at FVPL</b>			
60 (March 31, 2016 : 60, April 1, 2015 : 5) Equity Shares of ₹ 10 each fully paid up of Welspun Enterprises Limited	*	*	*
5 (March 31, 2016 : 5, April 1, 2015 : 5) Equity Shares of ₹ 10 each fully paid up of Welspun Investment and Commercial Limited	*	*	*

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>c) Unquoted - Equity investment at FVPL</b>			
100 (March 31, 2016 : 100, April 1, 2015 : 200) Equity Shares of ₹ 10 each fully paid up of Welspun Steel Limited (Formerly known as Welspun Power and Steel Limited)	*	*	*
- (March 31, 2016 : 10, April 1, 2015 : Nil) Equity Shares of ₹ 10 each fully paid up of WS Trading and Holding Private Limited	-	*	*
5 (March 31, 2016 : 10, April 1, 2015 : Nil) Equity Shares of ₹ 10 each fully paid up of WS Alloy Holding Private Limited	*	*	*
<b>Total (equity instruments)</b>	<b>22.42</b>	<b>27.63</b>	<b>27.78</b>
<b>Others - FVPL</b>			
Investment - Indiafirst SM	2.25	6.87	6.48
Investment - SBI Life Insurance	2.40	2.40	1.70
Investment - Canara Bank HSBC	1.70	1.70	1.20
<b>Total (others)</b>	<b>6.35</b>	<b>10.97</b>	<b>9.38</b>
<b>Total</b>	<b>28.77</b>	<b>38.60</b>	<b>37.16</b>
Aggregate amount of quoted investments and market value thereof	22.42	27.63	27.78
Aggregate amount of unquoted investments	6.35	10.97	9.38

\* Amount is below the rounding norms adopted by the Group

### Note 5 (a) : Current investments

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Investments in equity instruments (fully paid-up)</b>			
Preference shares at FVPL (unquoted)			
459,670 (March 31, 2016 : 459,670, April 1, 2015 : 459,670) 8% Redeemable Preference Shares of ₹ 10 each fully paid up of Worli Realty Private Limited.	185.38	169.27	154.58
<b>Investments in Mutual Funds at FVPL (quoted)</b>			
1,114,488 (March 31, 2016 : Nil, April 1, 2015 : Nil) ICICI Mutual Fund PI571 Money Market Fund - Growth	250.07	-	-
11,102 (March 31, 2016 : Nil, April 1, 2015 : Nil) Invesco India Ultra Short Term Mutual Fund	25.00	-	-
- (March 31, 2016 : 18,80,636.031, April 1, 2015 : Nil) L & T Flexi Bond Fund - Dividend	-	20.15	-
<b>Investments in Bonds at FVPL (quoted)</b>			
12 (March 31, 2016 : Nil, April 1, 2015 : Nil) 11.60% Bank of Maharashtra Perpetual Bonds of Face Value of ₹ 10,00,000 each	12.00	-	-
4,700 (March 31, 2016 : Nil, April 1, 2015 : Nil) 8.68% Infrastructure Leasing & Financial Services Option-III 06/12/2023 Bonds of Face Value of ₹ 1,000 each	4.70	-	-
1 (March 31, 2016 : Nil, April 1, 2015 : Nil) 11.09% IDBI Bank Limited (Series I) Perpetual Bonds of Face Value of ₹ 10,00,000 each	1.00	-	-
11 (March 31, 2016 : Nil, April 1, 2015 : Nil) 9.51% Corporation Bank Limited Perpetual Bonds of Face Value of ₹ 10,00,000 each	10.90	-	-
25,000 (March 31, 2016 : Nil, April 1, 2015 : Nil) 9.25% Dewan Housing Finance Corporation Limited 09/09/2023 Bonds of Face Value of ₹ 1,000 each	25.00	-	-

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

(₹ million)			
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
10 (March 31, 2016 : Nil, April 1, 2015 : Nil) 8.75% Bajaj Finance Limited 14/08/2026 Bonds of Face Value of ₹ 10,00,000 each	10.21	-	-
56 (March 31, 2016 : Nil, April 1, 2015 : Nil) 0% Andhra Pradesh Expressway Limited 15/10/2025 Bonds of Face Value of ₹ 10,00,000 each	98.50	-	-
12 (March 31, 2016 : Nil, April 1, 2015 : Nil) 11.70% Uco Bank Limited Bonds of Face Value of ₹ 10,00,000 each	12.00	-	-
28 (March 31, 2016 : Nil, April 1, 2015 : Nil) 9.50% Yes Bank Limited 23/12/2021 Bonds of Face Value of ₹ 10,00,000 each	28.00	-	-
850,000 (March 31, 2016 : Nil, April 1, 2015 : Nil) 7.63% West Bengal State Electricity Distribution Company 15/02/2027 Bonds of Face Value of ₹ 100 each	87.80	-	-
14 (March 31, 2016 : Nil, April 1, 2015 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2027 Bonds of Face Value of ₹ 10,00,000 each	14.00	-	-
298 (March 31, 2016 : Nil, April 1, 2015 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 13/02/2026 Bonds of Face Value of ₹ 10,00,000 each	298.20	-	-
36,000 (March 31, 2016 : Nil, April 1, 2015 : Nil) 9.40% Reliance Home Finance Limited 03/01/2032 Bonds of Face Value of ₹ 1,000 each	37.30	-	-
80 (March 31, 2016 : Nil, April 1, 2015 : 1,720) 9.90% Industrial Finance Corporation of India Limited 05/11/2037 Bonds of Face Value of ₹ 25,000 each	2.00	-	45.76
26 (March 31, 2016 : Nil, April 1, 2015 : 19) 9.48% Oriental Bank of Commerce Perpetual Bonds of Face Value of ₹ 1,000,000 each	26.00	-	19.31
100 (March 31, 2016 : Nil, April 1, 2015 : 101) 10.40% Vijaya Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	100.49	-	101.31
- (March 31, 2016 : Nil, April 1, 2015 : 50) 8.15% PGC Bonds of Face value of ₹ 1,000,000 each	-	-	49.17
- (March 31, 2016 : Nil, April 1, 2015 : 10) 8.06% Rural Electrification Corporation Limited 31/05/2023 Bonds of Face Value of ₹ 1,000,000 each	-	-	10.88
- (March 31, 2016 : Nil, April 1, 2015 : 1,660) 9.90% Industrial Finance Corporation of India Limited 05/11/2027 Bonds of Face Value of ₹ 25,000 each	-	-	45.41
- (March 31, 2016 : Nil, April 1, 2015 : 41) 9.55% Canara Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	41.73
- (March 31, 2016 : Nil, April 1, 2015 : 25) 9.84% Air India 27/09/2026 Bonds of Face Value of ₹ 1,000,000 each	-	-	28.80
- (March 31, 2016 : Nil, April 1, 2015 : 74) 10.00% Indian Overseas Bank Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	75.40
- (March 31, 2016 : Nil, April 1, 2015 : 243) 10.75% IDBI Bank Limited Omni (2014 -15 - Series II) Tier I Perpetual Bonds of Face Value of ₹ 1,000,000 each	-	-	271.10
- (March 31, 2016 : Nil, April 1, 2015 : 500,000) 8.27% GOI 09/06/2020 Bonds of Face Value of ₹ 100 each	-	-	52.15
- (March 31, 2016 : Nil, April 1, 2015 : 500,000) 8.60% GOI 2028 Bonds of Face Value of ₹ 100 each	-	-	54.72
- (March 31, 2016 : 500,000, April 1, 2015 : 500,000) 8.30% GOI 2042 Bonds of Face Value of ₹ 100 each	-	57.10	54.26

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- (March 31, 2016 : Nil, April 1, 2015 : 50) 8.65% Rajasthan Rajya Vidyut Utpadan Nigam Limited 05/01/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	50.99
- (March 31, 2016 : Nil, April 1, 2015 : 60) 8.74% Rajasthan Rajya Vidyut Utpadan Nigam Limited 26/03/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	59.29
- (March 31, 2016 : Nil, April 1, 2015 : 8) 7.93% Power Grid Corporation of India Limited 20/05/2027 Bonds of Face Value of ₹ 1,000,000 each	-	-	9.16
<b>Total</b>	<b>1,228.55</b>	<b>246.52</b>	<b>1,124.02</b>
Aggregate amount of quoted investments and market value thereof	1,043.17	77.25	969.44
Aggregate amount of unquoted investments	185.38	169.27	154.58

### Note 5 (b) : Non-current Loans

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured, considered good</b>			
Loan to Employees	3.65	6.62	4.00
<b>Total</b>	<b>3.65</b>	<b>6.62</b>	<b>4.00</b>

### Note 5 (b) : Current Loans

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured, considered good</b>			
Loan to Employees	6.29	4.43	7.90
<b>Total</b>	<b>6.29</b>	<b>4.43</b>	<b>7.90</b>

### Note 5 (c) : Other non-current financial assets

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits to Related Parties			
- Welspun Realty Private Limited	143.55	225.69	229.11
- Mertz Securities Limited	-	-	8.00
Security Deposit to Others	113.75	105.41	77.99
Advances Recoverable in Cash			
- Considered Good	10.00	10.00	10.00
- Considered Doubtful	33.50	33.50	33.50
	43.50	43.50	43.50
Less : Provision for Doubtful Advances	33.50	33.50	33.50
	10.00	10.00	10.00
Fixed deposits with maturity period more than twelve months	50.76	63.69	96.30
Margin Money Deposit Accounts	2.76	4.01	3.23
Interest Accrued on Deposits	1.13	9.19	7.09
<b>Total</b>	<b>321.95</b>	<b>417.99</b>	<b>431.72</b>



# Notes

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## Note 5 (c) : Other current financial assets

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Security Deposits to Related Parties			
- Welspun Realty Private Limited	7.80	-	-
Security Deposits to Others	44.29	24.98	17.10
Advances to Related Parties			
- Welspun Corp Limited	-	0.36	-
- AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	-	-	0.03
- Welspun Enterprises Limited	1.26	0.14	-
Advances Recoverable	9.89	12.27	-
Bond Application Money Pending Allotment	-	-	1,000.00
Mark-to-Market gain (Net) on Forward/ Swap Contracts	1,641.62	569.91	350.20
Interest Accrued on Bonds/ Certificate of Deposits	20.62	1.03	25.92
Interest Accrued on Deposits	19.59	12.49	196.55
Insurance Claim Receivable (Refer Note below)	489.61	-	-
<b>Total</b>	<b>2,234.68</b>	<b>621.18</b>	<b>1,589.80</b>

### Note:

During the year, a fire incident occurred at the Turbine-Generator building of one of the Subsidiary's power plant at Anjar which resulted into forced shut down of the power plant. The Plant was insured under an Industrial All Risk (IAR) Insurance policy. Based on the quantification of assessment of loss of profit during business interruption period carried out by the Subsidiary and confirmed by the surveyor appointed by the insurance company, the Subsidiary has accounted for ₹ 357.33 million under Exceptional Item being loss of profit from the date of incident till the plant was recommissioned.

Further, the Subsidiary has incurred repair cost related to fixed assets and stores amounting to ₹ 241.80 million. Out of the total repair cost incurred, ₹ 120 million was received from the insurance company as at March 31, 2017. The balance ₹ 121.80 million has been disclosed as insurance claim receivable which is being processed for settlement by the competent authority.

The plant is operational since January 16, 2017 and consequently the final claim documents were lodged with the insurance company in this regard.

Further, Insurance receivables amounting ₹ 10.48 relates to Plant and Machinery break down during the year 2016-17

## Note 5 (d) : Trade receivables

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
<b>Unsecured, considered good</b>			
- Trade receivables	9,624.11	8,525.51	4,477.37
- Receivables from related parties [Refer Note 30]	0.04	2.45	-
Less : Provision for Doubtful Debts	23.54	28.95	10.35
<b>Total</b>	<b>9,600.61</b>	<b>8,499.01</b>	<b>4,467.02</b>

### Note:

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing.

# Notes

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## Note 5 (e) : Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Cash on Hand	3.51	3.30	3.45
Balances with banks			
- In Current Accounts	1,102.90	946.78	1,770.55
Fixed Deposits with maturity period of less than three months	131.60	110.43	215.78
<b>Total</b>	<b>1,238.01</b>	<b>1,060.51</b>	<b>1,989.78</b>

### Disclosure on specified bank notes (SBNs) :

During the year, the Group had specified bank notes or denomination note as defined in the MCA notification G. S. R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	(₹ million) Total
<b>Closing cash in hand as on November 8, 2016</b>	<b>2.70</b>	<b>0.31</b>	<b>3.01</b>
(+) Permitted receipts	-	3.35	3.35
(-) Permitted payments	-	(0.64)	(0.64)
(-) Amount deposited in Banks	(2.70)	(0.01)	(2.71)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>3.01</b>	<b>3.01</b>

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407 (E) dated the 8th November, 2016.

## Note 5 (f) : Bank balances other than cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
- Fixed Deposits (Refer note (a) below)	364.40	153.44	1,245.32
- In Margin Money Deposit Accounts (Refer note (a) below)	9.74	10.14	11.35
- Unpaid Dividend Account (Refer note (b) below)	15.96	18.89	5.87
<b>Total</b>	<b>390.10</b>	<b>182.47</b>	<b>1,262.54</b>

(a) Includes the following balances which are not available for use by the Company:

- Fixed Deposits of ₹ 110 million (March 31, 2016 : ₹ 44.45 million, April 1, 2015 : ₹ 1,144.90 million) are earmarked for repayment of Current Maturities of Long Term Loans
- Fixed Deposits include ₹ 0.04 million (March 31, 2016 : ₹ 0.04 million, April 1, 2015: ₹ 0.04 million) under lien with sales tax authorities

(b) These are restricted bank balances. The restrictions are on account of balances held in unpaid dividend bank accounts.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 6 : Deferred tax assets

(₹ million)												
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015						
Deferred Tax Asset arising on account of Timing differences in:												
-	Provision for Doubtful Debts/ Advances			2.51	2.99	3.71						
-	Provision for Employee Benefits			0.87	0.83	6.46						
-	Expenses inadmissible under section 40(a) of the Income Tax Act, 1961			7.59	1.75	6.07						
-	Provision for Inventory			468.69	461.46	367.66						
-	Unabsorbed Depreciation and Business Losses			229.92	379.97	621.57						
-	Classification of investment in preference shares on FRV			100.51	100.51	105.59						
-	Others			31.26	32.57	42.86						
	Minimum Alternative Tax Credit Entitlement			178.04	115.30	159.75						
Deferred Tax Liabilities arising on account of Timing differences in :												
-	Property, plant, equipment and Intangible Assets			159.18	206.92	247.72						
-	Hedging reserves			115.34	115.34	115.34						
-	Preference shares			42.71	42.71	44.67						
Total				702.16	730.41	905.94						
Particulars	Property, plant, equipment and Intangible Assets	Hedging reserves	Preference shares	Minimum Alternative Tax Credit Entitlement	Provision for Doubtful debts/ Advances	Provision for unpaid statutory dues	Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	Provision in Inventory	Unabsorbed depreciation and Business Losses on FRV	Classification of investment in preference shares on FRV	Other items	Total
April 01, 2015	(247.72)	(115.34)	(44.67)	159.75	3.71	6.46	6.07	367.66	621.57	105.59	42.86	905.94
(Charged) / Credited :												
to Profit and Loss	40.80	-	1.96	(44.45)	(0.72)	(5.63)	(4.32)	93.80	(241.60)	(5.08)	(10.29)	(175.53)
March 31, 2016	(206.92)	(115.34)	(42.71)	115.30	2.99	0.83	1.75	461.46	379.97	100.51	32.57	730.41
(Charged) / Credited :												
to Profit and Loss	47.74	-	-	62.74	(0.48)	0.04	5.84	7.23	(150.05)	-	(1.31)	(28.25)
March 31, 2017	(159.18)	(115.34)	(42.71)	178.04	2.51	0.87	7.59	468.69	229.92	100.51	31.26	702.16

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 7 : Other Non-current assets

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Capital Advances to Related Parties			
- Wel-treat Enviro Management Organisation Limited	75.00	75.00	75.00
- Welspun Projects Limited	-	-	4.19
Capital Advance to Others	163.01	669.04	842.55
Security Deposits to Others	17.93	-	-
Advances Recoverable	-	-	1.05
Balances with Customs, Excise, Sales Tax and other Government Authorities			
- Considered Good	108.42	105.25	128.91
- Considered Doubtful	56.57	55.23	48.05
	164.99	160.48	176.96
Less : Provision for Doubtful Balances	56.57	55.23	48.05
	108.42	105.25	128.91
Status Holder Incentive Scrip in Hand	3.77	17.47	28.21
Prepaid Expenses	0.67	0.67	-
<b>Total</b>	<b>368.80</b>	<b>867.43</b>	<b>1,079.91</b>

## Note 7 : Other Current assets

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Technology Upgradation Fund Credit Receivable	600.68	870.20	639.56
Interest Receivable under Subvention Scheme	7.79	7.98	-
Balances with Customs, Excise, Sales Tax and other Government Authorities			
- Considered Good	5,205.17	4,529.46	4,396.69
- Considered Doubtful	12.50	12.50	-
	5,217.67	4,541.96	4,396.69
Less : Provision for Doubtful Balances	12.50	12.50	-
	5,205.17	4,529.46	4,396.69
Advances Recoverable	60.47	18.60	97.49
Prepaid Expenses	188.44	184.12	147.97
Advance to vendors	657.28	679.60	416.26
Advance to Employees	27.67	20.07	1.89
Others	4.30	4.44	3.69
<b>Total</b>	<b>6,751.80</b>	<b>6,314.47</b>	<b>5,703.55</b>

## Note 8 : Inventories

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Raw Materials	3,344.96	3,406.38	3,405.64
Work-in-Progress	4,250.06	3,026.18	3,174.71
Finished Goods and Traded Goods	4,481.75	3,761.87	3,887.40
Packing Materials	226.27	246.83	187.60
Stores, Spares, Dyes and Chemicals	506.98	605.10	350.90
<b>Total</b>	<b>12,810.02</b>	<b>11,046.36</b>	<b>11,006.25</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## 9 (a) : Equity share capital

Authorised equity share capital	Number of Shares	Amount (₹ million)
As at April 1, 2015	155,500,000	1,555.00
Increase during the year (Refer note below)	1,399,500,000	-
<b>As at March 31, 2016</b>	<b>1,555,000,000</b>	<b>1,555.00</b>
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>1,555,000,000</b>	<b>1,555.00</b>
Equity Shares of ₹ 1 each (March 31, 2016 : ₹ 1 each, April 1, 2015 : ₹ 10 each)		
Issued, subscribed and paid up	Number of Shares	Amount (₹ million)
As at April 1, 2015	100,459,805	1,004.60
Shares issued to Employees under Employee Stock Option Scheme [Refer note 32]	12,600	0.13
Sub-division of equity shares having face value of ₹ 10 per share into ten equity shares having face value of ₹ 1 per share [Refer note below]	904,251,645	-
<b>As at March 31, 2016</b>	<b>1,004,724,050</b>	<b>1,004.73</b>
<b>As at March 31, 2017</b>	<b>1,004,724,050</b>	<b>1,004.73</b>
Equity Shares of ₹ 1 each (March 31, 2016 : ₹ 1 each fully paid up, April 1, 2015 : ₹ 10 each fully paid up)		

**Note:**

The Board of Directors of the Company at its meeting held on February 2, 2016 has approved the sub-division of equity shares of the Company having a face value of ₹ 10 per share into 10 equity shares having a face value of ₹ 1 each. This has been approved by the shareholders at their meeting held on March 4, 2016.

### (i) Shares held by holding company and subsidiary of holding company (Holding company as defined in Ind AS-24 : "Related Party Disclosure")

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	Amount (₹ million)	Number of Shares	Amount (₹ million)	Number of Shares	Amount (₹ million)
<b>Equity Shares :</b>						
Prasert Multiventure Private Limited (PMPL) (with effect from March 30, 2017) (Refer note below)	679,078,913	679.08	-	-	-	-
Krishiraj Trading Limited (KTL) (up to September 27, 2016) (Refer note below)	-	-	505,098,770	505.10	50,509,877	505.10
Welspun Infra Developers Limited (Formerly known as Welspun Infra Developers Private Limited) (a 78.66% subsidiary of Goldenarch Estate Private limited which in turn is a 94.37% subsidiary of Krishiraj Trading Limited) (up to September 27, 2016)	-	-	27,497,730	27.50	2,749,773	27.50
	<b>679,078,913</b>	<b>679.08</b>	<b>532,596,500</b>	<b>532.60</b>	<b>53,259,650</b>	<b>532.60</b>

**Note :** Change in holding company during the year.

1. MGN Agro Properties Private Limited (up to March 29, 2017)
2. Krishiraj Trading Limited (KTL) (up to September 27, 2016)

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Equity Shares :</b>						
Prasert Multiventure Private Limited	679,078,913	67.59	-	-	-	-
Welspun Mercantile Limited	-	-	112,465,760	11.20	11,246,576	11.20
Welspun Wintex Limited	-	-	84,252,910	8.39	8,425,291	8.39
Krishiraj Trading Limited	-	-	<b>505,098,770</b>	<b>50.28</b>	<b>50,509,877</b>	<b>50.28</b>

**(iii) Rights, preferences and restrictions attached to shares**

**Equity Shares:**

The company has one class of equity shares having a par value of ₹ 1 per share (March 31, 2016 : ₹ 1, April 1, 2015 : ₹ 10). 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.

**(iv) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceeding March 31, 2017)**

10,475,496 equity shares of ₹ 10 each fully paid were issued in January 2013 to the erstwhile shareholders of Welspun Global Brands Limited (Formerly known as Welspun Retail Limited) pursuant to the composite scheme of arrangement between Welspun Global Brands Limited, the Company and Welspun Retail Limited without payment being received in cash.

**(v) Shares reserved for issue under options**

Information relating to Welspun India Limited Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period is set out in note 32.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 9 (b) : Reserves and Surplus

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Capital Redemption Reserve (Refer note (a) below)	488.38	488.38	488.38
Capital Reserve (Refer note (b) below)	1,474.73	1,474.73	1,474.73
Debenture Redemption Reserve (Refer note (c) below)	99.31	55.00	-
Securities premium reserve (Refer note (d) below)	3,238.12	3,238.12	3,237.80
General reserve (Refer note (e) below)	711.39	711.39	711.39
Retained earnings	15,903.22	12,430.08	7,575.25
<b>Total</b>	<b>21,915.15</b>	<b>18,397.70</b>	<b>13,487.55</b>

	As at March 31, 2017	(₹ million) As at March 31, 2016
<b>Capital Redemption Reserve</b>		
Balance as at the beginning of the year	488.38	488.38
Add : Additions during the year	-	-
Balance as at the end of the Year	<b>488.38</b>	<b>488.38</b>
<b>Capital Reserve</b>		
Balance as at the beginning of the year	1,474.73	1,474.73
Add : Additions during the year	-	-
Balance as at the end of the year	<b>1,474.73</b>	<b>1,474.73</b>
<b>Debenture Redemption Reserve</b>		
Balance as at the beginning of the year	55.00	-
Add : Additions during the year	44.31	55.00
Balance as at the end of the year	<b>99.31</b>	<b>55.00</b>
<b>Securities Premium reserve</b>		
Balance as at the beginning of the year	3,238.12	3,237.80
Add : Additions during the year	-	0.32
Balance as at the end of the year	<b>3,238.12</b>	<b>3,238.12</b>
<b>General Reserve</b>		
Balance as at the beginning of the year	711.39	711.39
Add : Additions during the year	-	-
Balance as at the end of the year	<b>711.39</b>	<b>711.39</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	12,430.08	7,575.25
Less : Adjustment for transaction with non-controlling interest [Refer not 29 (c)]	14.19	-
Add : Profit for the year	3,575.62	7,365.00
	<b>15,991.51</b>	<b>14,940.25</b>
Less : Appropriations		
Interim dividend on Equity Shares for the year	-	1,255.91
Dividend distribution tax on interim dividend on Equity Shares	-	242.05
Final dividend on Equity Shares	50.24	753.45
Dividend distribution tax on Final dividend on Equity Shares	10.23	153.38
Final Dividend on Equity Shares for Previous Year on incremental shares	-	0.03
Dividend distribution tax on final dividend on incremental shares	-	0.01
Interim dividend on Preference Shares	-	31.50
Dividend distribution tax on interim dividend on Preference shares	-	20.05
Transfer to Debenture Redemption Reserve	44.31	55.00
Add : Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	16.49	1.21
Balance as at the end of the year	<b>15,903.22</b>	<b>12,430.08</b>
<b>Total</b>	<b>21,915.15</b>	<b>18,397.70</b>



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 9 (c) : Other reserves

	Notes	FVOCI - Equity Investments (Refer note (f) below)	Hedging reserve (Refer note (g) below)	Foreign currency Translation reserve	(₹ million) Total other reserves
<b>As at 1 April, 2015</b>		<b>22.18</b>	<b>217.31</b>	<b>-</b>	<b>239.49</b>
Change in fair value of FVOCI equity instrument	5 (a)	(0.16)	-	-	(0.16)
Amount recognised in Hedging Reserve during the year	26	-	515.36	-	515.36
Gain transferred to Statement of Profit and Loss	26	-	(291.94)	-	(291.94)
Deferred tax		-	(77.32)	-	(77.32)
Foreign currency translation differences		-	-	(87.37)	(87.37)
<b>As at 31 March, 2016</b>		<b>22.02</b>	<b>363.41</b>	<b>(87.37)</b>	<b>298.06</b>
Change in fair value of FVOCI equity instrument	5 (a)	(5.20)	-	-	(5.20)
Amount recognised in Hedging Reserve during the year		-	2,014.76	-	2,014.76
Gain transferred to Statement of Profit and Loss		-	(957.48)	-	(957.48)
Deferred tax		-	(361.92)	-	(361.92)
Foreign currency translation differences		-	-	63.38	63.38
<b>As at 31 March, 2017</b>		<b>16.82</b>	<b>1,058.77</b>	<b>(23.99)</b>	<b>1,051.60</b>

Notes: Nature and purpose of reserves and surplus and other reserves

### (a) Capital Redemption Reserve

Capital Redemption Reserve was created 1) when preference shares were redeemed out of profits of the Group, a sum equal to the nominal amount of the shares to be redeemed has been transferred to this reserve and 2) a sum equal to the nominal value of shares so purchased has to be transferred to this reserve. This reserve may be used for issuing fully paid bonus shares to the members.

### (b) Capital Reserve

Out of total, Capital Reserve of Rs. 1,426.54 million related to Gujarat high court approved composite scheme of arrangement between group companies. Balance Rs. 48.18 million was accrued on Forfeiture of Share warrants. Capital reserve is not available for distribution.

### (c) Debenture redemption reserve

The group is required to create a debenture redemption reserve out of distributable profits for the purpose of redemption of debentures.

### (d) Securities premium reserve

Securities premium Account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

### (e) General Reserve

General Reserve is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the Group's securities. It was created by transfer of amounts out of distributable profits.

### (f) FVOCI equity investments

The group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## (g) Hedging reserve

The group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings as described within note 26. For hedging foreign currency risk, the group uses foreign currency forward contracts and foreign currency option contracts, both of which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (e.g. sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (e.g. inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the nonfinancial asset.

## (h) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

## Note 10 (a) : Non-current borrowings

				(₹ million)		
Sr. No.	Particulars	Maturity Date	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	<b>Secured Loans:</b>					
	Measured at amortised cost					
(A)	<b>Debentures</b>					
	10.40% Redeemable Non-convertible Debentures. The Company was in the process of creating security against these debentures by way of first pari passu charge on the fixed assets of the Company. However, the same have been redeemed on May 19, 2015.[Refer Note (a) (i) below]	Last installment due in March 2018.	Redeemable at the end of 3 years from the date of allotment (March 31, 2015)	-	-	1,000.28
	9.84% Redeemable Non-convertible Debentures.[Refer Note (a) (ii) below]			1,094.23	2,192.53	-
(B)	<b>Term Loans</b>					
(i)	<b>- From Banks</b>					
(a)	Rupee term loan 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.	Last installment due in April 2019.	Repayable in 30 quarterly installments commencing from January 2012.	1,022.36	1,234.50	1,365.38
(b)	Rupee term loan 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.	Last installment due in March 2020.	Repayable in 28 quarterly installments commencing from June 2013	538.06	608.39	628.44

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(c)	Rupee term loan 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.	Last installment due in December 2021.	Repayable in 32 quarterly installments commencing from April 2014	213.98	222.66	229.82
(d)	Rupee term loan 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.	Last installment due in September 2021.	Repayable in 28 quarterly installments commencing from December 2014	3,087.55	3,357.44	3,542.22
(e)	Rupee term loan 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.	Last installment due in October 2021.	Repayable in 28 quarterly installments commencing from January 2015	1,003.19	1,078.37	1,133.67
(f)	Rupee term loan 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. FCNR (B) Dollar loan amounting to ₹ 239.77 million as on March 31, 2015 has been converted into Rupee loan during the year.	Last installment due in March 2021.	Rupee term loan repayable in 28 quarterly installments commencing from June 2014. FCNR Dollar loan was repayable in 28 quarterly installments commencing from March 2015	208.21	230.29	239.77
(g)	Rupee term loan 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.	Last installment due in June 2023.	Repayable in 30 quarterly installments commencing from January 2016.	7,956.65	7,546.26	4,048.04
(h)	Rupee term loan 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.	Last installment due in September 2024.	Repayable in 31 quarterly installments commencing from March 2017	3,226.63	2,392.96	62.59
(i)	Rupee term loan 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.	Last installment due in May 2025.	Repayable in 30 quarterly installments commencing from February 2018	715.89	46.40	-

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

				(₹ million)		
Sr. No.	Particulars	Maturity Date	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(j)	Rupee term loan 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	Last installment due in June 2025.	Repayable in 31 quarterly installments commencing from March 2018	2,417.27	12.13	-
(k)	Rupee term loan in a subsidiary 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	Last installment due in March 2016.	Originally Repayable in 32 quarterly installments commencing from April 2014, However, the Company has entered into revised terms of repayment wherein the maturity date is rescheduled to March 31, 2016	-	-	2,588.36
(l)	Rupee term loan 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.	Last installment was due in January 2016.	Repayable in 28 quarterly installments commencing from April 2009	-	-	3,802.03
(m)	Rupee term loan 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.	Last installment was due in January 2016.	Repayable in 28 quarterly installments commencing from April 2009	-	-	262.65
(n)	Rupee term loan in a subsidiary 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	Last installment due in January 2020. The Company has repaid whole amount of loan during FY 2015-16.	Repayable in 20 quarterly installments commencing from April 2015	-	-	937.58
<b>(ii) - From Financial Institutions</b>						
(a)	Rupee term loan from financial institution 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.	Last installment due in December 2020. The Company has repaid whole amount of loan on May 28, 2015.	Repayable in 20 quarterly installments commencing from March 2016	-	-	900.00

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>2</b>	<b>Unsecured Loans :</b>					
	Measured at amortised cost					
	Loans from Others					
(a)	Loan from Hewlett Packard India Financial Services Private Limited	Last installment due in August 2017.	Repayable in 59 monthly instalments beginning from October 2012.	2.32	11.71	18.85
(b)	Loan from Banks	Due date May 20, 2016.	Bullet payment on the due date.	-	40.31	119.21
(c)	Liability component of compound financial instruments (Refer note (b) below)			42.08	53.46	47.79
	<b>Total borrowings</b>			<b>21,528.42</b>	<b>19,027.41</b>	<b>20,926.68</b>
	Less : Current maturities of long-term debt (included in Note 10(b))			1,232.77	1,023.52	4,870.39
	Less : Interest accrued but not due (included in Note 10 (b))			135.49	81.93	62.24
	<b>Total</b>			<b>20,160.16</b>	<b>17,921.96</b>	<b>15,994.05</b>

\* The rate of interest on the Non-current borrowings in the table above are in the range of 9.84 % to 11.37 % (March 31, 2016 : 10.60% to 11.75% and March 31, 2015 : 10.40% to 12.75%). These loans are eligible for Central and State Government Interest Subsidies/ Rebates.

### Notes:

#### (a) Nature of security and terms of repayment for secured debentures :

- The Company allotted 1,000 debentures on March 31, 2015 aggregating to ₹ 1,000 million, which carry interest rate of 10.40% p. a. payable half yearly. These debentures were redeemable at the end of 3 years from the date of allotment. However, the same have been redeemed on May 19, 2015.
- On March 30, 2016, a subsidiary issued 2,200 rated, listed, secured, redeemable, Non-Convertible Debentures of ₹ 1,000,000 each aggregating to ₹ 2,200 million. The debentures bear an interest at an agreed upon annual rate of 9.84% compounded monthly and payable annually. The debentures are secured by way of first charge on immovable properties and hypothecation over the bank accounts, investments and any accruals or profits accumulating as a result of such investments and movable fixed assets of the subsidiary. These Debentures were subsequently listed on the Wholesale Debt Market Segment of the National Stock Exchange (NSE) on April 13, 2016.

#### Separately Transferable Redeemable Principal Parts (STRPP) Structure and Redemption of Non Convertible Debentures are set out as below:

No.	Redemption Date	Amount (₹ million)
1	At the end of the 1st year from date of allotment i.e. March 30, 2017.	220
2	At the end of the 2nd year from date of allotment i.e. March 30, 2018. (shown as Debenture Redeemable within one year under Note 10 (b) "Other current financial liabilities")	220
3	At the end of the 38th month from date of allotment i.e. May 30, 2019.	880
4	At the end of the 5th year from date of allotment i.e. March 30, 2021	880

During the year, the Company has done an early redemption of STRPP 4 due on March 30, 2021 after obtaining no objection certificate from SBICAP Trustee Co. Ltd. (Debenture Trustee) and Reliance Nippon Life Asset management Limited (Debenture Holder). The early redemption has also been informed to National Stock Exchange of India Limited.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## (b) 10% Non- Cumulative Redeemable Preference Shares

Preference shares will be redeemable at the expiry of 19 years from the date of allotment or at the option of the Company. The Option may be exercised in full or in part by the Company. The Shares shall neither be converted into Equity Shares of the Company nor shall carry any voting rights in the Company except as provided under section 47 of the Companies Act, 2013 to the extent applicable.

Persuant to the Board Resolution dated February 29, 2016 and approval of shareholders in an extraordinary general meeting dated March 09, 2016, 98,462,012 6% Non-Cumulative Redeemable Preference Shares were converted into 98,462,012 10% Non-Cumulative Redeemable Preference Shares of ₹ 10 each with effect from April 01, 2015.

	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended April 1, 2016
(₹ million)			
Fair Value of 10% Non- Cumulative Redeemable Preference Shares	226.46	315.08	315.08
Equity Component of 10% Non- Cumulative Redeemable Preference Shares	(199.66)	(277.80)	(277.80)
	26.80	37.28	37.28
Interest expense	15.28	16.18	10.51
Non Current Borrowings	42.08	53.46	47.79

## Note 10 (a) : Current borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)			
<b>Secured:</b>			
Measeured at amortised cost			
Loan Repayable on Demand			
- Working Capital Loans from Banks [Refer Note (i) below]	7,235.32	6,688.37	8,262.11
<b>Unsecured :</b>			
Measeured at amortised cost			
- Working Capital Loans from Banks	314.98	43.15	272.10
- Bank Overdraft	-	-	-
- Supplier financing [Refer note (ii) below]	2,335.04	3,448.31	2,556.36
- Commercial Paper [Refer note (iii) below]	-	988.54	1,479.68
- Export bills discounted	1,836.97	2,364.24	-
	11,722.31	13,532.61	12,570.25
Less : Interest accrued but not due [included in Note 10 (b)]	1.54	-	-
<b>Total</b>	<b>11,720.77</b>	<b>13,532.61</b>	<b>12,570.25</b>

### 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 current financial assets of borrowing companies and second charge on entire fixed assets of borrowing companies and by corporate guarantees issued by certain companies within the Group.
- The bills of the vendors evidencing supply of material are discounted on presentation and the vendors are directly paid by the banks and the Group bears the discounting charge upfront. Later on the due date (depending on the tenor of financing), the Group pays the discounting bank the principal amount. This financing is unsecured and therefore there is no hypothecation against stock or debtors.
- Commercial paper is an unsecured short term debt instrument issued by the Group generally for 90 days to meet the regular working capital requirements.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 10 (b) : Other Non-current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits	20.36	17.99	11.02
<b>Total</b>	<b>20.36</b>	<b>17.99</b>	<b>11.02</b>

(₹ million)

## Note 10 (b) : Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long term debt			
- Rupee Term Loans from Banks [Refer note (b) below and note 10 (a)]	1,009.12	795.46	4,840.75
- From Financial Institutions [Refer note 10 (a)]	-	-	22.50
- From Others [Refer Note 10 (a)]	3.65	8.06	7.14
- Debentures Redeemable within One Year [Refer note 10 (a)]	220.00	220.00	-
Interest Accrued but not due on Borrowings	136.41	80.74	61.96
Interest Accrued but not due on Debentures	0.62	1.19	0.28
Security Deposits	98.77	120.24	39.93
Creditors for Capital Purchases	490.06	770.27	318.24
Provision for mark-to-market losses on derivatives	22.22	-	18.42
Temporary Overdraft with Scheduled Banks	-	3.46	0.10
Unpaid Dividends (Refer note (a) below)	15.96	18.89	5.87
Other Payables	75.09	86.12	39.25
<b>Total</b>	<b>2,071.90</b>	<b>2,104.43</b>	<b>5,354.44</b>

(₹ million)

### Notes:

- (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.\*\*  
\*\*Section 125 of the Companies Act, 2013 which corresponds to Section 205C of the Companies Act, 1956 has not yet been enforced.
- (b) Fixed Deposits of ₹ 110 million (March 31, 2016 : ₹ 44.45 million, April 1, 2015 : ₹ 1,144.90 million) are earmarked for repayment of the above Current Maturities of Long Term Loans.

## Note 10 (c) : Trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Acceptances	74.60	-	-
Trade Payables	7,168.54	6,096.65	4,089.54
Trade Payables to related parties [Refer note 30]	274.19	555.65	264.29
<b>Total</b>	<b>7,517.33</b>	<b>6,652.30</b>	<b>4,353.83</b>

(₹ million)

## Note 11 : Non-current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Provision for Contingency [Refer note (b) below]	21.92	21.37	20.00
<b>Total</b>	<b>21.92</b>	<b>21.37</b>	<b>20.00</b>

(₹ million)



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 11 : Current provisions

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Provisions for Contingency [Refer note (c) below]	1.00	6.47	9.22
- Provision for exceptional items [Refer note (a) below]	850.46	-	-
<b>Total</b>	<b>851.46</b>	<b>6.47</b>	<b>9.22</b>

Particulars	Provision for exceptional items [Refer note (a) below]	Provisions for Contingency - Non Current [Refer note (b) below]	Provisions for Contingency - Current [Refer note '(c) below]
<b>As at April 1, 2015</b>	-	20.00	9.22
Charged/ (credited) to profit or loss			
- Additional provisions recognised	-	1.37	-
- Reversal of provision	-	-	2.75
<b>As at March 31, 2016</b>	-	21.37	6.47
Charged/ (credited) to profit or loss			
- Additional provisions recognised	5,004.85	1.37	-
Amounts used during the year	4,154.39	0.82	5.47
<b>As at March 31, 2017</b>	<b>850.46</b>	<b>21.92</b>	<b>1.00</b>

### Notes:

- Provision for exceptional items is towards return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses relating to the traceability issue as more elaborated in note 23 "Exceptional Items".
- Provision for contingency - non current is for litigation and disputes is made towards legal notices received for non-payment of rent in case of stores taken on lease.
- Provision for contingency - current is for Indirect Taxes is made towards likely demands that may arise on completion of assessments.

## Note 12 : Non-current employee benefit obligations

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee Benefits Payable*	51.67	-	-
<b>Total</b>	<b>51.67</b>	<b>-</b>	<b>-</b>

\* Includes bonus

## Note 12 : Current employee benefit obligations

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Compensated Absences [Refer Note 19]	152.25	118.40	107.04
Provision for Gratuity [Refer Note 19]	16.43	-	-
Employee Benefits Payable**	368.96	554.60	435.92
<b>Total</b>	<b>537.64</b>	<b>673.00</b>	<b>542.96</b>

\*\* Includes salary, wages, bonus, leave travel allowance and director commission

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

### Note 13 : Deferred tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)			
<b>Deferred Tax Liabilities arising on account of Timing differences in :</b>			
- Property, Plant and Equipment and Intangible assets	2,197.38	1,741.29	1,209.44
- Hedging reserves	450.73	78.87	-
- Valuation of current investments	1.09	-	8.22
- Provision for Inventory	62.64	-	-
- Government grants	47.61	-	-
<b>Deferred Tax Asset arising on account of Timing differences in:</b>			
- Provision for Doubtful Debts/ Advances	32.87	43.37	34.01
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	54.55	46.36	21.34
- Provision for Employee Benefits	49.42	40.14	29.92
- Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	23.20	46.51	0.65
- Provision for Inventory	-	15.84	26.90
- Unabsorbed Depreciation and Business Losses of Subsidiaries	232.53	-	-
- Government grants	-	168.72	290.72
- Valuation of current investments	-	3.53	-
- Others	2.27	128.05	2.07
Minimum Alternative Tax Credit Entitlement	196.81	-	-
<b>Total</b>	<b>2,167.80</b>	<b>1,327.64</b>	<b>812.05</b>

Particulars	Property, Plant and Equipment and Intangible assets	Hedging reserves	Valuation of current investments	Minimum Alternative Tax Credit Entitlement	Provision for doubtful debts/ Advances	Provision for unpaid statutory dues	Employee Benefits Expenses	Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	Provision in Inventory and Business Losses	Unabsorbed Depreciation	Government grants	Other items	Total
<b>April 01, 2015</b>	<b>1,209.44</b>	<b>-</b>	<b>8.22</b>	<b>-</b>	<b>(34.01)</b>	<b>(21.34)</b>	<b>(29.92)</b>	<b>(0.65)</b>	<b>(26.90)</b>	<b>-</b>	<b>(290.72)</b>	<b>(2.07)</b>	<b>812.05</b>
Charged / (Credited) :													
to Profit & Loss	531.85	78.87	(11.75)	-	(9.36)	(25.02)	(10.22)	(45.86)	11.06	-	122.00	(125.98)	515.59
<b>March 31, 2016</b>	<b>1,741.29</b>	<b>78.87</b>	<b>(3.53)</b>	<b>-</b>	<b>(43.37)</b>	<b>(46.36)</b>	<b>(40.14)</b>	<b>(46.51)</b>	<b>(15.84)</b>	<b>-</b>	<b>(168.72)</b>	<b>(128.05)</b>	<b>1,327.64</b>
Charged / (Credited) :													
to Profit & Loss	456.09	371.86	4.62	(196.81)	10.50	(8.19)	(9.28)	23.31	78.48	(232.53)	216.33	125.78	840.16
<b>March 31, 2017</b>	<b>2,197.38</b>	<b>450.73</b>	<b>1.09</b>	<b>(196.81)</b>	<b>(32.87)</b>	<b>(54.55)</b>	<b>(49.42)</b>	<b>(23.20)</b>	<b>62.64</b>	<b>(232.53)</b>	<b>47.61</b>	<b>(2.27)</b>	<b>2,167.80</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 14 : Other Non current liabilities

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Deferred Income [Refer Note below]	773.62	586.77	749.42
<b>Total</b>	<b>773.62</b>	<b>586.77</b>	<b>749.42</b>

## Note 14 : Other current liabilities

	As at March 31, 2017	As at March 31, 2016	(₹ million) As at April 1, 2015
Advances from Customers	155.38	66.76	59.87
Amounts due to Related Parties	-	-	-
- Welspun Corp Limited	595.87	595.87	-
- Welspun Pipes Limited	-	-	595.87
Unearned Revenue	5.14	3.79	3.01
Statutory dues (including Provident Fund and Tax deducted at Source)	396.98	327.24	342.59
Deferred Income (Refer Note below)	422.37	235.17	119.07
Others	0.10	-	-
<b>Total</b>	<b>1,575.84</b>	<b>1,228.83</b>	<b>1,120.41</b>

### Note:

Deferred income relates to government grant for the purchase of property, plant and equipment and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 15 : Revenue from Operations

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Sale of Products (including excise duty)</b>		
Finished Goods and Traded Goods	57,438.19	52,678.97
Power and Steam	266.36	288.86
<b>Total</b>	<b>57,704.55</b>	<b>52,967.83</b>

## Note 16 : Other operating income

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Government Grant:</b>		
Vat incentive [Refer note (a) below]	2,866.59	1,153.92
Export Benefits [Refer note (b) below]	5,029.88	4,448.84
Sale of Coal	82.69	65.36
Sale of Scrap	721.68	601.72
Commission	(0.00)	-
Job Work and Processing Charges	0.04	0.82
<b>Total</b>	<b>8,700.88</b>	<b>6,270.66</b>

### Notes:

- Reimbursement of VAT collected on end product/intermediate product to the extent of the eligible capital investments in plant and machinery for the specified period as per the Scheme.
- The Group is entitled for reward under MEIS computed at specified rates on FOB value of exports to specified countries.

## Note 17 : Other income

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest income from financial assets measured at amortised cost		
On Fixed Deposits	24.94	67.46
Interest income from financial assets measured at fair value through profit or loss		
On Bonds and Certificate of Deposits	222.40	124.89
Interest income on Others	22.27	35.52
Interest income on income tax refund	43.14	0.01
Discount and Rebate received	-	-
Rent	34.01	24.05
Dividend income from investments		
From others	0.33	3.18
From subsidiaries	0.00	0.00
Unwinding of discount on security deposits	18.96	26.85
Net gain on financial assets measured at fair value through profit or loss	16.10	14.69
Provision for Doubtful Debts Written Back	-	2.16
Profit on Cancellation of Forward/ Swap Contracts	-	2.68
Profit on Redemption/ Sale of Units in Mutual Funds	110.07	20.47
Profit on Sale of Bonds/ Certificate of Deposits	60.88	14.30
Profit on Sale of Fixed Assets	0.01	-
Service Charges	6.40	6.40
Income on Statisholder Incentive Scrip	130.52	441.70
Miscellaneous	115.49	120.04
<b>Total</b>	<b>805.52</b>	<b>904.40</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 18 (a) : Raw materials including packing materials consumed

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Raw material consumed</b>		
Opening inventory	3,406.38	3,405.64
Add: Purchases (net)	25,995.80	20,896.07
Less : Inventory at the end of the year	3,344.96	3,406.38
Cost of Raw material consumed during the year	<b>26,057.22</b>	<b>20,895.33</b>
<b>Packing material consumed</b>		
Opening inventory	246.83	187.60
Add: Purchases (net)	2,483.80	2,189.45
Less : Inventory at the end of the year	226.27	246.83
Cost of packing material consumed during the year	<b>2,504.36</b>	<b>2,130.22</b>
<b>Total</b>	<b>28,561.58</b>	<b>23,025.55</b>

## Note 18 (b) : Changes in inventory of finished goods, work-in-progress and stock-in-trade

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>(Increase)/ Decrease in Stocks</b>		
Stock at the end of the year :		
Finished Goods and Traded Goods	4,481.75	3,761.87
Work-in-Process	4,250.06	3,026.18
<b>Total A</b>	<b>8,731.81</b>	<b>6,788.05</b>
Less : Stock at the beginning of the year :		
Finished Goods and Traded Goods	3,761.87	3,887.40
Work-in-Process	3,026.19	3,174.71
<b>Total B</b>	<b>6,788.06</b>	<b>7,062.11</b>
<b>(Increase)/ decrease in Stocks (A-B)</b>	<b>(1,943.75)</b>	<b>274.06</b>

## Note 19 : Employee Benefits Expense

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages, Allowances and Other Benefits	5,855.79	4,939.58
Contribution to Provident and Other Funds	359.26	300.22
Staff and Labour Welfare	157.93	126.83
<b>Total</b>	<b>6,372.98</b>	<b>5,366.63</b>

### I Defined Contribution Plans

	(₹ million)	
<b>During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:</b>	Year ended March 31, 2017	Year ended March 31, 2016
Employers' Contribution to Provident Fund & Pension Scheme*	295.98	243.17
Employers' Contribution to Employees' State Insurance *	37.95	32.33
Employers' Contribution to Superannuation Scheme*	4.37	3.70
Other social security funds*	20.96	21.02
	<b>359.26</b>	<b>300.22</b>

\* Included in Contribution to Provident and Other Funds

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## II Defined Benefit Plan

### Contribution to Gratuity Fund (Funded Defined Benefit Plan)

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	% p.a.	% p.a.	% p.a.
Discount Rate	7.12 - 7.26	7.86 - 8.04	7.92 - 7.99
Salary Escalation Rate @	5 to 7.50	5 to 10	5 to 10

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

(₹ million)		
b. Change in the Present Value of Obligation	As at March 31, 2017	As at March 31, 2016
<b>Opening Present Value of Obligation</b>	299.73	237.67
Current Service Cost	82.08	65.21
Interest Cost	24.08	18.99
<b>Total amount recognised in profit or loss</b>	<b>106.16</b>	<b>84.20</b>
<b>Remeasurements</b>		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic assumptions	4.70	0.00
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial assumptions	(16.22)	(1.51)
Actuarial (Gains)/Losses on Obligations - Due to Experience assumptions	(10.57)	(2.64)
<b>Total amount recognised in other comprehensive income</b>	<b>(22.09)</b>	<b>(4.15)</b>
Benefit/ Exgratia paid	(30.42)	(17.99)
<b>Closing Present Value of Obligation</b>	<b>353.38</b>	<b>299.73</b>

(₹ million)		
c. Change in Fair Value of Plan Assets	As at March 31, 2017	As at March 31, 2016
Opening Fair Value of Plan Assets	301.13	239.45
Interest Income	24.20	19.13
<b>Total amount recognised in profit or loss</b>	<b>24.20</b>	<b>19.13</b>
<b>Remeasurements</b>		
Return on Plan Assets, Excluding amounts included in Interest Income	3.05	(1.77)
<b>Total amount recognised in other comprehensive income</b>	<b>3.05</b>	<b>(1.77)</b>
Contributions	32.15	58.43
Benefits paid	(23.58)	(14.11)
<b>Closing Fair Value of Plan Assets</b>	<b>336.95</b>	<b>301.13</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

(₹ million)			
d.	<b>Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	Present Value of Funded Obligation	(353.38)	(299.73)
	Fair Value of Plan Assets	336.95	301.13
	<b>Funded Status [ Surplus/(Deficit) ]</b>	<b>(16.43)</b>	<b>1.40</b>
			<b>As at April 1, 2015</b>
			(237.67)
			239.45
			<b>1.78</b>

(₹ million)			
e.	<b>Amount recognised in the Balance sheet</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	Present value of Obligation	353.38	299.74
	Fair Value of Plan Assets	336.95	301.13
	Funded Status [Surplus/ (Deficit)]	(16.43)	1.40
	Expense recognised in statement of profit or loss	-	1.40
	<b>Net (liability)/ Asset Recognised in the Balance Sheet</b>	<b>(16.43)</b>	<b>-</b>
			<b>As at April 1, 2015</b>
			237.67
			239.45
			1.78
			1.78
			<b>-</b>
			<b>-</b>

(₹ million)		
f.	<b>Expenses Recognised in the Statement of Profit and Loss</b>	<b>Year ended March 31, 2017</b>
	Current Service Cost	82.08
	Net Interest Cost	(0.11)
	<b>Total Expenses recognized in the statement of profit and loss*</b>	<b>81.97</b>
		<b>Year ended March 31, 2016</b>
		65.21
		(0.14)
		<b>65.07</b>

\* Included in Employee Benefits Expense

(₹ million)		
g.	<b>Expenses recognized in the Other Comprehensive Income</b>	<b>Year ended March 31, 2017</b>
	<b>Re-measurement</b>	
	Return on Plan Assets	(3.05)
	Net Actuarial Loss/(gain) recognised in the year	(22.09)
	<b>Net (Income)/Expenses for the Period Recognised in OCI</b>	<b>(25.14)</b>
		<b>Year ended March 31, 2016</b>
		1.77
		(4.15)
		<b>(2.38)</b>

(₹ million)		
h.	<b>Sensitivity Analysis</b>	<b>Year ended March 31, 2017</b>
	Projected Benefit Obligation on Current Assumptions	353.38
	Delta Effect of +1% Change in Rate of Discounting	(30.00)
	Delta Effect of -1% Change in Rate of Discounting	35.40
	Delta Effect of +1% Change in Rate of Salary Increase	35.59
	Delta Effect of -1% Change in Rate of Salary Increase	(30.64)
	Delta Effect of +1% Change in Rate of Employee Turnover	6.77
	Delta Effect of -1% Change in Rate of Employee Turnover	(7.85)
		<b>Year ended March 31, 2016</b>
		299.74
		(28.68)
		34.21
		34.24
		(29.18)
		5.25
		(6.17)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.



## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

### h. The major categories of plans assets are as follows:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	(₹ million)	%	(₹ million)	%	(₹ million)	%
Insurer Managed funds	336.95	100.00	301.13	100.00	239.45	100.00

### i. Defined benefit liability and employer contributions

The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly. Further funding is done only for employees more than 5 years in the firm, for less than 5 years employees are paid separately.

Expected contributions to post-employment benefit plans for the year ending March 31, 2018 are ₹ 104.4 million.

The weighted average duration of the defined benefit obligation is 11-13 years (2016 -12 years, 2015 -12 years). The expected maturity analysis of gratuity is as follows:

Particulars	(₹ million)				
	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
<b>March 31, 2017</b>					
Defined benefit obligation (gratuity)	28.33	25.48	80.80	134.36	268.97
<b>Total</b>					
<b>March 31, 2016</b>					
Defined benefit obligation (gratuity)	19.97	17.00	57.10	116.27	210.34
<b>Total</b>					
<b>April 1, 2015</b>					
Defined benefit obligation (gratuity)	15.22	14.35	42.99	93.87	166.43
<b>Total</b>					

### III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is ₹ 152.25 million (March 31, 2016: ₹ 118.40 million, April 1, 2015: ₹ 107.04 million).

## Note 20 : Depreciation and Amortisation Expense

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Depreciation of property, plant and equipment	5,016.10	3,699.06
Amortisation of intangible assets	38.14	19.18
<b>Total</b>	<b>5,054.24</b>	<b>3,718.24</b>

## Note 21 : Other Expenses

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Stores and Spares Consumed	1,014.37	944.92
Dyes and Chemicals Consumed	2,796.64	2,377.23
Contract Labour Charges	694.52	759.46
Job Work Expenses	1,119.66	941.08
Power, Fuel and Water Charges	2,068.99	1,337.20
Excise Duty	26.38	19.06
Repairs and Maintenance:		
Plant and Machinery	155.98	169.39
Factory Building	125.25	86.21
Others	322.71	319.34

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

		(₹ million)
	Year Ended March 31, 2017	Year Ended March 31, 2016
Brokerage and Commission	560.42	489.63
Freight, Forwarding and Coolie Charges	1,299.91	1,278.16
Directors' Sitting Fees	4.75	3.79
Rent	417.39	358.71
Rates and Taxes	68.53	77.48
Printing and Stationery	16.06	20.80
Travelling and Conveyance	373.07	309.31
Legal and Professional Charges	750.67	389.13
Security Expenses	44.69	37.78
Insurance	167.41	149.48
Communication	88.37	80.74
Postage and Courier	67.82	54.60
Loss on Sale/ Discarding of Fixed Assets (Net)	1.59	59.74
Loss on Redemption/ Sale of Units in Mutual Funds	-	2.93
Loss on Cancellation/ Settlement of Forward Contracts (Net)	59.32	-
Exchange Loss (Net)	45.01	133.10
Debts/ Advances Written off	8.67	1.46
Design and Development Expenses	145.09	90.75
Royalty	134.99	90.81
Advertising and Sales Promotion	916.19	481.15
Donations	3.44	11.06
Corporate Social Responsibility Expenses [Refer note 21 (b) below]	87.48	77.57
Payments to auditors [Refer note 21 (a) below]	22.53	21.69
Miscellaneous	194.62	177.89
<b>Total</b>	<b>13,802.52</b>	<b>11,351.65</b>

		(₹ million)
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Note:</b>		
<b>Expenses capitalised as a part of Capital Work-in-progress</b>		
Employee Costs	32.25	13.93
Other Expenses	0.40	3.31
<b>Total</b>	<b>32.65</b>	<b>17.24</b>

## Note 21 (a) : Details of Payments to auditors

		(₹ million)
	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	16.42	15.59
Tax audit fee	2.79	3.20
<b>In other capacities:</b>		
Taxation matters	0.10	0.10
Company law matters	0.09	-
Certification fees	2.83	2.64
Re-imbursement of expenses	0.30	0.16
	<b>22.53</b>	<b>21.69</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 21 (b) : Corporate Social Responsibility Expenses

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Contribution to Charity Foundation	0.08	-
Contribution to Welspun Foundation for Health and Knowledge	87.40	77.57
	<b>87.48</b>	<b>77.57</b>
Amount required to be spent as per section 135 of the act	114.09	73.87
Amount spent during the year :		
On purpose other than construction/ acquisition of an assets	87.48	77.57
	<b>87.48</b>	<b>77.57</b>

## Note 22 : Finance costs

	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest and finance charges on financial liabilities not at fair value through profit or loss	55.36	949.84
(net of interest subsidy of ₹ 2,032.81 million, Previous Year : ₹ 1,076.86 million)		
Interest on short term borrowings	873.91	958.32
Interest on Debentures	247.93	9.57
Interest to Others	19.84	7.84
Discounting and Bank Charges	385.54	442.46
<b>Total</b>	<b>1,582.58</b>	<b>2,368.03</b>

## Note 23 : Exceptional items

- (a) During the quarter ended September 30, 2016, the Group had made provision aggregating ₹ 5004.80 millions towards return of goods by the customers, refund to the customers, cost of rework, inventory write-down, legal fees and other related expenses relating to the traceability issue. After certain agreements during the period, the Group has reassessed the outstanding provision/ liability as at March 31, 2017 towards the aforesaid issue, and based on the present state of information and knowledge available with the Group, no significant additional provision is considered necessary.

During the year, a fire incident occurred at the Turbine-Generator building of the Company's subsidiary Welspun Captive Power Generation Limited power plant at Anjar which resulted into forced shut down of the power plant. The Plant was insured under an Industrial All Risk (IAR) Insurance policy. Based on the quantification of assessment of loss of profit during business interruption period carried out by the subsidiary and confirmed by the surveyor appointed by the insurance company, the subsidiary has accounted for ₹ 357.33

millions under Exceptional Item being loss of profit from the date of incident till the plant was recommissioned. The claim is being processed for settlement by competent authorities.

- (b) Relating to traceability issue, all four putative class action suits filed during the previous quarters in USA against the Company and its subsidiary Welspun USA by certain consumers who purchased the products manufactured by the Company were consolidated in one of the courts during the quarter ended 31st December, 2016 and are proceeding as a single putative class action. During the quarter ended 31st March, 2017 a consolidated amended complaint was filed for the action. Pursuant to the stipulation of the parties and the court's scheduling order, the parties have agreed to conduct a time bound mediation. No formal response to the complaint will be due pending this mediation. These actions are in a preliminary stage and it cannot be determined at present whether it will be permitted to proceed as a class action. The monetary impact that may arise upon the final outcome of the law suit in the event of any adverse result or outcome is currently un-ascertainable.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 24 : Income tax expense

This note provides an analysis of the companies income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the companies tax positions.

### (a) Income tax expense

	Year Ended March 31, 2017	(₹ million) Year Ended March 31, 2016
<b>Current Tax</b>		
Current Tax on profits for the year.	1,244.87	2,640.94
Adjustment for current tax of prior periods	-	54.86
<b>Total current tax expense</b>	<b>1,244.87</b>	<b>2,695.80</b>
<b>Deferred Tax</b>		
Deferred tax charge/(credit)	607.56	637.53
MAT Credit (taken)/utilised	259.55	-
<b>Total deferred income tax expense/(benefit)</b>	<b>867.11</b>	<b>637.53</b>
<b>Income tax expense</b>	<b>2,111.98</b>	<b>3,333.33</b>

### (b) Reconciliation of tax expense and the accounting profit multiplied by india's tax rate

	Year Ended March 31, 2017	(₹ million) Year Ended March 31, 2016
Profit from continuing operations before income tax expense	6,514.53	10,885.89
Profit from discontinuing operations before income tax expense	-	-
<b>Profit for the year before Income Tax</b>	<b>6,514.53</b>	<b>10,885.89</b>
<b>Tax at the indian tax rate @ 34.61 %</b>	<b>2,254.55</b>	<b>3,767.39</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Donation	0.19	1.59
Corporate social responsibility expenditure	15.14	13.42
Investment Allowance	(295.25)	(441.88)
Dividend Income	(0.11)	(24.19)
Research and Development Expenditure	(137.51)	(117.99)
Interest on Welspun Mauritius Enterprises Limited loan	8.38	8.22
Other Items	280.44	56.61
Difference in Overseas tax rate	(13.84)	17.89
Adjustment for current tax of prior periods	-	52.27
<b>Income Tax Expenses</b>	<b>2,111.98</b>	<b>3,333.33</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 25 : Fair value measurements Financial instruments by category

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>									
<b>Investments</b>									
- Equity instruments	-	22.42	-	-	27.63	-	-	27.78	-
- Preference shares	185.38	-	-	169.27	-	-	154.58	-	-
- Bonds and debentures	768.11	-	-	57.10	-	-	969.44	-	-
- Mutual funds	275.07	-	-	20.15	-	-	-	-	-
- Others	6.35	-	-	10.97	-	-	9.38	-	-
Trade receivables	-	-	9,600.61	-	-	8,499.01	-	-	4,467.02
Loans	-	-	9.94	-	-	11.05	-	-	11.90
Cash and cash equivalents	-	-	1,238.01	-	-	1,060.61	-	-	1,989.78
Bank balance other than Cash and cash equivalents	-	-	390.10	-	-	182.47	-	-	1,262.54
Security deposits	-	-	309.39	-	-	356.08	-	-	332.19
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	1,641.62	-	2.48	567.43	-	-	350.20	-
Other financial assets	-	-	605.61	-	-	113.08	-	-	1,339.12
<b>Total financial assets</b>	<b>1,234.91</b>	<b>1,664.04</b>	<b>12,153.66</b>	<b>259.97</b>	<b>595.06</b>	<b>10,222.30</b>	<b>1,133.40</b>	<b>377.98</b>	<b>9,402.55</b>
<b>Financial liabilities</b>									
Borrowings	-	-	33,250.74	-	-	32,560.02	-	-	33,496.93
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Trade payables	-	-	7,517.33	-	-	6,652.30	-	-	4,353.83
Security Deposits	-	-	119.13	-	-	138.23	-	-	50.95
Creditors for Capital Purchases	-	-	490.06	-	-	770.27	-	-	318.24
Foreign exchange forward cover	22.14	0.08	-	-	-	-	7.55	10.87	-
Other financial liabilities	-	-	91.00	-	-	108.47	-	-	45.23
<b>Total financial liabilities</b>	<b>22.14</b>	<b>0.08</b>	<b>41,468.26</b>	<b>-</b>	<b>-</b>	<b>40,229.29</b>	<b>7.55</b>	<b>10.87</b>	<b>38,265.18</b>

### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2017</b>					
<b>Financial assets :</b>					
<b>Financial Investments at FVPL</b>					
Preference shares	5 (a)	-	-	185.38	185.38
Bonds and debentures	5 (a)	768.11	-	-	768.11
Mutual funds	5 (a)	275.07	-	-	275.07
Others	5 (a)	6.35	-	-	6.35
<b>Derivatives designated as hedges</b>					
Mark-to-Market Gain on Forward Contracts	5 (c)	-	1,641.62	-	1,641.62
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	5 (c)	22.42	-	-	22.42
<b>Total financial assets</b>		<b>1,071.95</b>	<b>1,641.62</b>	<b>185.38</b>	<b>2,898.95</b>
<b>Financial liabilities :</b>					
<b>Derivatives not designated as hedges</b>					
Foreign exchange forward cover at FVPL	10 (b)	-	22.14	-	22.14
<b>Derivatives designated as hedges</b>					
Foreign exchange forward cover at FVOCI	10 (b)	-	0.08	-	0.08
<b>Total financial liabilities</b>		<b>-</b>	<b>22.22</b>	<b>-</b>	<b>22.22</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2017</b>					
<b>Financial assets</b>					
Loans	5(b)	-	3.95	-	3.95
Security deposits	5 (c)	-	-	257.70	257.70
Advances	5 (c)	-	10.50	-	10.50
Fixed deposits with Banks with maturity period more than twelve months	5 (c)	-	51.06	-	51.06
Margin Money Deposit Accounts	5 (c)	-	2.96	-	2.96
Interest Accrued on Deposits	5 (c)	-	1.33	-	1.33
<b>Total financial assets</b>		<b>-</b>	<b>69.80</b>	<b>257.70</b>	<b>327.50</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	33,208.66	42.08	33,250.74
Security deposits for more than 12 months	10 (b)	-	21.46	-	21.46
<b>Total financial liabilities</b>		<b>-</b>	<b>33,230.12</b>	<b>42.08</b>	<b>33,272.20</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2016</b>					
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference shares	5 (a)	-	-	169.27	169.27
Bonds and debentures	5 (a)	57.10	-	-	57.10
Mutual funds	5 (a)	20.15	-	-	20.15
Others	5 (a)	10.97	-	-	10.97
<b>Derivatives not designated as hedges</b>					
Foreign exchange forward cover at FVPL	5 (c)	-	2.48	-	2.48
<b>Derivatives designated as hedges</b>					
Mark-to-Market Gain on Forward Contracts	5 (c)	-	567.43	-	567.43
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	5 (c)	27.63	-	-	27.63
<b>Total financial assets</b>		<b>115.85</b>	<b>569.91</b>	<b>169.27</b>	<b>855.03</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>					
<b>At March 31, 2016</b>					
<b>Financial assets</b>					
Loans	5 (b)	-	7.72	-	7.72
Security deposits	5 (c)	-	-	333.40	333.40
Advances	5 (c)	-	10.10	-	10.10
Fixed deposits with Banks with maturity period more than twelve months	5 (c)	-	63.78	-	63.78
Margin Money Deposit Accounts	5 (c)	-	4.81	-	4.81
Interest Accrued on Deposits	5 (c)	-	9.39	-	9.39
<b>Total financial assets</b>		<b>-</b>	<b>95.80</b>	<b>333.40</b>	<b>429.20</b>
<b>Financial liabilities</b>					
Borrowings	10 (a)	-	32,506.56	53.46	32,560.02
Security deposits for more than 12 months	10 (b)	-	18.29	-	18.29
<b>Total financial liabilities</b>		<b>-</b>	<b>32,524.84</b>	<b>53.46</b>	<b>32,578.31</b>



# Notes

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Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At April 1, 2015</b>					
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference shares	5 (a)	-	-	154.58	154.58
Bonds and debentures	5 (a)	969.44	-	-	969.44
Others	5 (a)	9.38	-	-	9.38
<b>Derivatives designated as hedges</b>					
Mark-to-Market Gain on Forward Contracts	5 (c)	-	350.20	-	350.20
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	5 (c)	27.78	-	-	27.78
<b>Total financial assets</b>		<b>1,006.60</b>	<b>350.20</b>	<b>154.58</b>	<b>1,511.38</b>
<b>Financial liabilities</b>					
<b>Derivatives not designated as hedges</b>					
Foreign exchange forward cover at FVPL	10 (b)	-	7.55	-	7.55
<b>Derivatives designated as hedges</b>					
Foreign exchange forward cover at FVOCI	10 (b)	-	10.87	-	10.87
<b>Total financial liabilities</b>		<b>-</b>	<b>18.42</b>	<b>-</b>	<b>18.42</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>					
<b>At April 1, 2015</b>					
<b>Financial assets</b>					
Loans	5 (b)	-	4.30	-	4.30
Security deposits	5 (c)	-	-	315.50	315.50
Advances	5 (c)	-	10.10	-	10.10
Fixed deposits with Banks with maturity period more than twelve months	5 (c)	-	96.70	-	96.70
Margin Money Deposit Accounts	5 (c)	-	3.63	-	3.63
Interest Accrued on Deposits	5 (c)	-	7.19	-	7.19
<b>Total financial assets</b>		<b>-</b>	<b>121.92</b>	<b>315.50</b>	<b>437.42</b>
<b>Financial Liabilities</b>					
Borrowing	10 (a)	-	33,449.14	47.79	33,496.93
Security deposits more than 12 months	10 (b)	-	11.62	-	11.62
<b>Total financial liabilities</b>		<b>-</b>	<b>33,460.76</b>	<b>47.79</b>	<b>33,508.55</b>

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds, bonds and debentures are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

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Level 2: The fair value of financial instruments that are not traded in an active market (such as traded bonds, debentures, government securities and commercial papers) is determined using Fixed Income Money Market and Derivatives Association of India (FIMMDA) inputs and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Valuations of Level 2 instruments can be verified to recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels 1 and 2 during the period. The group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period. and transfers out of fair value hierarchy level as at the end of reporting period.

### (ii) Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted preference shares, where the fair values have been determined based on present values where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2017 and March 31, 2016:

		(₹ million)
Particulars		Preference shares
As at April 1, 2015		154.58
Gains/losses recognised in profit or loss		14.69
As at March 31, 2016		169.27
Gains/losses recognised in profit or loss		16.11
As at March 31, 2017		185.38

# Notes

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## (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted

Particulars	Fair Value (₹ million)			Significant unobservable inputs	Probability-weighted range			Sensitivity
	March 31, 2017	March 31, 2016	April 01, 2015		March 31, 2017	March 31, 2016	April 01, 2015	
Preference Shares	185.38	169.27	154.58	Discount Rate	9.5%	10%	10%	<p><b>March 31, 2017</b> : Increase in discount factor by 50 basis points (bps) would decrease fair value by ₹ 7.86 million and decrease in discount rate by 50 bps would increase fair value by ₹ 8.26 million.</p> <p><b>March 31, 2016</b> : Increase in discount factor by 50 basis points (bps) would decrease face value by ₹ 7.84 million and decrease in discount rate by 50 bps would increase face value by ₹ 8.28 million.</p> <p><b>April 1, 2015</b> : Increase in discount factor by 50 basis points (bps) would decrease face value by ₹ 8.23 million and decrease in discount rate by 50 bps would increase face value by ₹ 8.73 million.</p>

## (v) Valuation processes :

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

Discussions of valuation processes and results are held between the CFO, and the valuation team at least once every three months, in line with the Group's quarterly reporting periods.

The main level 3 inputs for preference shares used by the Group are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the

time value of money and the risk specific to the asset.

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Group's internal credit risk management team.

- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

## Notes

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### (vi) Fair value of Financial assets and liabilities measured at amortised cost

	March 31, 2017		March 31, 2016		April 01, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Loans	3.65	3.95	6.62	7.72	4.00	4.30
Security deposits	257.30	257.70	331.10	333.40	315.10	315.50
Advances	10.00	10.50	10.00	10.10	10.00	10.10
Fixed deposits with Banks with maturity period more than twelve months	50.76	51.06	63.69	63.78	96.30	96.70
Margin Money Deposit Accounts	2.76	2.96	4.01	4.81	3.23	3.63
Interest Accrued on Deposits	1.13	1.33	9.19	9.39	7.09	7.19
<b>Total</b>	<b>325.60</b>	<b>327.50</b>	<b>424.61</b>	<b>429.20</b>	<b>435.72</b>	<b>437.42</b>
<b>Financial liabilities</b>						
Borrowing	33,250.74	33,250.74	32,560.02	32,560.02	33,496.93	33,496.93
Security deposits more than 12 months	20.36	21.46	17.99	18.29	11.02	11.62
<b>Total</b>	<b>33,271.10</b>	<b>33,272.20</b>	<b>32,578.00</b>	<b>32,578.31</b>	<b>33,507.95</b>	<b>33,508.55</b>

(₹ million)

The carrying amount of trade receivable, trade payable, capital creditors, current portion of loans and cash and cash equivalents are considered to be the same as their value, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rates. They are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair value for long term security deposits are based on discounted cash flow using a

current borrowing rate. They are classified as level 3 fair value in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The carrying amount of long term borrowings is approximately equal to it's fair value since the borrowings are at floating rate of interest. Also, the carrying amount of short term borrowing is considered to be approximately same as it's fair value due to it's short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 26 - Financial risk management

The Group's activities expose it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects of the financial performance of the Group, derivatives financial instruments, such as foreign exchange contracts, foreign currency swap contracts are entered to hedge certain foreign currency risk exposure and interest rate swap to hedge variable interest rate exposures. derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.

This note explain the sources of risk which the Group is exposed to and how the Group manages the risk and impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts, plain Vanilla Foreign currency options
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in Bonds	Sensitivity analysis	Portfolio diversification

The Group's risk management is carried out by the Risk Management committee, under policies approved by the Board of Directors. Group Risk Management committee identifies, evaluates and hedge financial risk in close cooperation with Group companies. The Board provides policy for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### (A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

#### (i) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank and financial institution, foreign exchange transactions and other financial instruments.

The Group determines default by considering the business environment in which the Group operates and other macro-economic factors. The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business;
- Actual or expected significant changes in the operating results of the counterparty;
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

- iv) Significant increase in credit risk on other financial instruments of the same counterparty;
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

## Trade Receivable

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse. The following table gives details in respect of percentage of revenue generated from the top ten customers.

(₹ million)		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from top ten customers	64.43%	66.10%

## Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, Derivative financial instruments, investments in government securities and bonds, and investments in mutual funds. The Group has diversified portfolio of investment with various number of counter-parties which have good credit ratings, good reputation, good past track records and reviews and hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Group.

Expected credit loss for trade receivables under simplified approach:

## Ageing of Trade receivable is as follows As at March 31, 2017

								(₹ million)
Ageing	Not Due	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 - 180 days past dues	Beyond 181 days past dues	Total
Gross Carrying Amount	5,340.88	3,050.77	883.91	105.64	94.39	148.56	-	9,624.15
Expected Loss Rate	-	-	-	-	-	16%	-	-
Allowance for Doubtful	-	-	-	-	-	23.54	-	23.54
Carrying amount of trade receivables (net of impairment)	5,340.88	3,050.77	883.91	105.64	94.39	125.02	-	9,600.61

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## As at March 31, 2016

Ageing	Not due	0 - 30 days past dues	31 - 60 days past dues	61 - 90 days past dues	91 - 120 days past dues	121 - 180 days past dues	Beyond 181 days past dues	Total
Gross Carrying Amount	6,071.31	1,330.71	659.09	13.60	113.15	340.10	-	8,527.96
Expected Loss Rate	-	-	-	-	5%	7%	-	
Allowance for Doubtful	-	-	-	-	5.50	23.45	-	28.95
Carrying amount of trade receivables (net of impairment)	6,071.31	1,330.71	659.09	13.60	107.65	316.65	-	8,499.01

## As at April 01, 2015

Ageing	Not due	0 - 30 days past dues	31 - 60 days past dues	61 - 90 days past dues	91 - 120 days past dues	121 - 180 days past dues	Beyond 181 days past dues	Total
Gross Carrying Amount	2,391.13	1,499.37	112.80	141.35	39.25	293.47	-	4,477.37
Expected Loss Rate	-	-	-	-	18%	1%	-	
Allowance for Doubtful	-	-	-	-	7.23	3.12	-	10.35
Carrying amount of trade receivables (net of impairment)	2,391.13	1,499.37	112.80	141.35	32.02	290.35	-	4,467.02

## Reconciliation of loss allowance provision - Trade receivables

	Amount
Allowance for doubtful debts on April 01, 2015	10.35
Change in Allowance for doubtful debts	18.60
Allowance for doubtful debts on March 31, 2016	28.95
Change in Allowance for doubtful debts	(5.41)
<b>Allowance for doubtful debts on March 31, 2017</b>	<b>23.54</b>

The Group mitigates its credit risk routing its sales either under letter of credit or are under cover of credit insurance policy.

## B. Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### (i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Expiring with one year (Export bills discounting, Bank overdraft etc.)	7,871.28	7,815.48	5,993.67
Expiring beyond one year (bank loans)	5,160.55	12,842.73	12,699.38
<b>TOTAL</b>	<b>13,031.83</b>	<b>20,658.21</b>	<b>18,693.05</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## (ii) Maturities of Financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

### As at March 31, 2017

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non derivatives</b>							
Borrowings	12,622.53	894.69	2,494.70	7,836.03	13,653.05	4,948.73	42,449.73
Trade payables	7,433.16	78.25	5.92	-	-	-	7,517.33
Other financial liabilities	573.86	-	-	99.28	11.14	-	684.28
<b>Total non derivatives liabilities</b>	<b>20,629.55</b>	<b>972.94</b>	<b>2,500.62</b>	<b>7,935.31</b>	<b>13,664.19</b>	<b>4,948.73</b>	<b>50,651.34</b>
<b>Derivatives</b>							
Forward contracts	22.22	-	-	-	-	-	22.22
<b>Total derivatives liabilities</b>	<b>22.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.22</b>

### As at March 31, 2016

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non derivatives</b>							
Borrowings	14,218.08	689.76	1,717.63	5,527.45	14,005.36	6,626.51	42,784.79
Trade payables	6,652.03	0.27	-	-	-	-	6,652.30
Other financial liabilities	858.73	-	-	135.89	-	-	994.62
<b>Total non derivatives liabilities</b>	<b>21,728.84</b>	<b>690.03</b>	<b>1,717.63</b>	<b>5,663.34</b>	<b>14,005.36</b>	<b>6,626.51</b>	<b>50,431.71</b>
<b>Derivatives</b>							
Forward contracts	-	-	-	-	-	-	-
<b>Total derivatives liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### As at April 01, 2015

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non derivatives</b>							
Borrowings	15,626.46	1,924.69	3,652.34	5,966.22	11,815.64	4,656.94	43,642.29
Trade payables	4,353.57	0.26	-	-	-	-	4,353.83
Other financial liabilities	363.39	-	-	45.05	-	-	408.44
<b>Total non derivatives liabilities</b>	<b>20,343.42</b>	<b>1,924.95</b>	<b>3,652.34</b>	<b>6,011.27</b>	<b>11,815.64</b>	<b>4,656.94</b>	<b>48,404.56</b>
<b>Derivatives</b>							
Forward contracts	8.23	-	10.19	-	-	-	18.42
<b>Total derivatives liabilities</b>	<b>8.23</b>	<b>-</b>	<b>10.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.42</b>



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## C. Market risk

### (i) Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's risk management policy and procedures.

#### (a) Foreign currency risk exposure

The Group exposure to foreign currency risk at the end of the reporting period in Indian Rupees (millions) as follows

As at	March 31, 2017				March 31, 2016				April 01, 2015			
	USD	EUR	GBP	Others*	USD	EUR	GBP	Others*	USD	EUR	GBP	Others*
<b>Foreign Currency Financial Assets</b>												
Trade Receivables	8,602.56	72.52	409.84	-	7,264.19	48.07	585.83	-	4,712.05	68.28	502.71	-
Derivative contracts	(30,114.78)	(9.67)	(81.00)	-	(28,061.85)	-	-	-	(23,383.19)	(7.45)	-	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>(21,512.22)</b>	<b>62.85</b>	<b>328.84</b>	<b>-</b>	<b>(20,797.66)</b>	<b>48.07</b>	<b>585.83</b>	<b>-</b>	<b>(18,671.14)</b>	<b>60.83</b>	<b>502.71</b>	<b>-</b>
<b>Financial liabilities</b>												
Borrowings	4,362.92	-	546.72	-	3,991.93	-	619.81	-	7,218.91	-	595.33	-
Trade payables	1,785.47	156.95	337.95	0.41	2,700.65	86.14	237.38	4.13	1,761.92	103.07	301.97	2.38
Forward Contracts	(292.75)	(163.43)	-	-	(68.00)	(285.53)	-	-	(135.72)	-	-	(192.54)
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>5,855.64</b>	<b>(6.48)</b>	<b>884.67</b>	<b>0.41</b>	<b>6,624.58</b>	<b>(199.39)</b>	<b>857.19</b>	<b>4.13</b>	<b>8,845.11</b>	<b>103.07</b>	<b>897.30</b>	<b>(190.16)</b>

\* Holding all other variables constant

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## (b) Foreign currency sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments arises from foreign forward exchange contracts.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fixed rate borrowings	10,219.48	13,611.10	15,979.92
Floating rate borrowings	23,031.25	18,948.91	18,882.85
<b>Total borrowings</b>	<b>33,250.73</b>	<b>32,560.01</b>	<b>34,862.77</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Borrowings -Term Loan	10.11%	23,031.25	69%	10.25%	18,948.91	58%	10.89%	18,882.85	54%
Net exposure to cash flow interest rate risk	-	23,031.25	-	-	18,948.91	-	-	18,882.85	-

## (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Increase by 50 basis points (March 31, 2016 - 50 basis points)*	(115.16)	(94.74)
Decrease by 50 basis points (March 31, 2016 - 50 basis points)*	115.16	94.74

\* Holding all other variables constant

## (iii) Price risk

### (a) Exposure

The Group is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio in accordance with the limits set by the risk management policies.

### (b) Sensitivity

The table below summarises the impact of increases/decreases of 0.75% increase in price of Mutual Fund / Bond.

Particulars	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Increase in price 0.75% (March 31, 2016 - 0.75%)*	7.82	0.58
Decrease in price 0.75% (March 31, 2016 - 0.75%)*	(7.82)	(0.58)

\* Holding all other variables constant

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Impact of hedging activities

Disclosure of effects of hedge accounting on financial positions:

March 31, 2017	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedging Ratio	Change in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognizing effectiveness
	Assets	Liabilities	Assets	Liabilities				
<b>Cash flow hedge</b>								
<b>Foreign exchange risk</b>								
Forward contracts(USD-₹)	30,114.78	292.75	1,641.15	(15.28)	01-Apr-17 to 31-Mar-18	1:1	2,053.16	(2,053.16)
Forward contracts (EURO-₹)	9.67	163.43	0.21	(6.85)	01-Apr-17 to 31-Mar-18	1:1	-	-
Forward contracts (GBP-₹)	24.58	-	0.26	-	01-Apr-17 to 31-Mar-18	1:1	-	-
Forward contracts (GBP-USD)	56.42	-	6.00	-	01-Apr-17 to 31-Mar-18	1:1	-	-
<b>March 31, 2016</b>								
<b>Cash flow hedge</b>								
<b>Foreign exchange risk</b>								
Forward contracts (USD-₹)	28,061.85	68.00	567.23	(0.86)	01-Apr-16 to 31-Mar-17	1:1	525.71	(525.71)
Forward contracts (EURO-₹)	-	285.53	-	0.65	01-Apr-16 to 31-Mar-17	1:1	-	-
<b>April 01, 2015</b>								
<b>Cash flow hedge</b>								
<b>Foreign exchange risk</b>								
Forward contracts (USD-₹)	23,383.19	135.72	339.33	(4.35)	01-Apr-15 to 31-Mar-16	1:1	NA	NA
Forward contracts (EURO-₹)	7.45	-	0.73	-	01-Apr-15 to 31-Mar-16	1:1	NA	NA
Forward contracts (JPY-₹)	-	192.54	-	(7.56)	01-Apr-15 to 31-Mar-16	1:1	NA	NA

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Disclosure of effects of hedge accounting on financial performance

March 31, 2017 Type of hedge	Change in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit and loss	Amount reclassified from cash flow hedging reserve to profit and loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	2,053.22	(15.87)	978.76	Revenue

March 31, 2016 Type of hedge	Change in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit and loss	Amount reclassified from cash flow hedging reserve to profit and loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	525.71	(0.21)	297.81	Revenue

The Group's hedging policy allows for effective hedge relationship to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedge item and hedging instrument. The Group uses hypothetical derivative method to assess effectiveness.

## Movement in cash flow hedging reserve

Risk category	Foreign currency risk
<b>Derivative instruments</b>	Forward contracts
<b>(i) Cash flow hedging reserve</b>	
<b>As at April 01, 2015</b>	<b>217.31</b>
Add: Gain recognised in other comprehensive income during the year	515.36
Less: Amounts reclassified to profit or loss	291.94
Less: Deferred tax relating to above	-77.32
<b>As at 31 March, 2016</b>	<b>363.41</b>
Add: Gain recognised in other comprehensive income during the year	2,014.76
Less: Amounts reclassified to profit or loss	957.48
Less: Deferred tax relating to above	-361.92
<b>As at 31 March, 2017</b>	<b>1,058.77</b>

## Note 27 : Capital management

### (a) Risk Management

The Group's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Group's overall strategy remains unchanged from previous year.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation and

other long term borrowings. The Group's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

The Group monitors capital on the basis of the net debt to equity ratio. The Group is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises all components excluding other components of equity (which comprises the cash flow hedges, translation of foreign operations and available-for-sale financial investments).

# Notes

## To Consolidated Financial Statements for the year ended March 31, 2017

The Group's strategy is to maintain a gearing ratio within 2:1. The gearing ratios were as follows:

The following table summarizes the capital of the Group:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non current borrowings	20,160.16	17,921.96	15,994.05
Current borrowings	11,720.77	13,532.61	12,570.25
Current maturities of long term debt and finance lease obligations	1,232.77	1,023.52	4,870.39
Less: cash and cash equivalent	1,238.01	1,060.51	1,989.78
Net debt	31,875.69	31,417.58	31,444.91
<b>Total equity</b>	<b>24,326.75</b>	<b>20,112.45</b>	<b>15,015.82</b>
Gearing ratio	1.31	1.56	2.09

(i) Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the approved range for gearing ratio is 2 times to 2.57 times, and
- the ratio of Debt Service Coverge (DSCR) Ratio must be atleast 1.2 times.

The Group has complied with these covenants throughout the reporting period. As at 31 March 2017, the DSCR ratio was 3 times (March 31, 2016 : 4.70 times).

(b) Dividend

Partoculars	March 31, 2017	March 31, 2016
<b>Equity Share</b>		
Final dividend for the year ended March 31, 2016 of ₹ 0.05 (March 31, 2015 of ₹ 7.50) per fully paid share (Dividend distribution tax for the year ended March 31, 2016 : ₹ 10.23 million, March 31, 2015 : ₹ 153.39 million)	50.24	753.48
Interim dividend for the year ended March 31, 2017 of Nil (March 31, 2016 of ₹ 6.50) per fully paid share (Dividend distribution tax for the year ended March 31, 2017 : Nil, March 31, 2016 : ₹ 242.05 million)	-	1,255.91
<b>10% Non- Cumulative Redeemable Preference Shares</b>		
Interim dividend for the year ended March 31, 2016. (Dividend distribution tax for the year ended March 31, 2017 : Nil, March 31, 2016 : ₹ 20.05 million)	-	31.50
<b>Dividend not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 0.65 per fully paid equity share (31 March 2016 - ₹ 0.05). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	653.07	50.24

## Note 28 : Segment Information

i) Information about Primary Business Segment

**Identification of Segments:**

The Group is engaged in the business of Home Textiles which includes towels , bath robes, barth rugs/ mats, area rugs, carpet, bedsheets, utility bedding and fashion bedding and generation of Power which in the context of Ind AS 108 on Segment Reporting are considered to constitute separate primary segments.

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

## Segment assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Assets and liabilities which can not be allocated to any of the business segment are shown as unallocable.

## Inter Segment revenue:

Sales between segments are carried out at arm's length and are eliminated on consolidation.

## Segment Information for the year ended March 31, 2017

Segment Information for the year ended March 31, 2019					
				(₹ million)	
Sr. No.	Particulars	Home Textiles	Power	Unallocable	Total
1	Segment Revenue				
	External Revenue	65,981.47	423.96	-	66,405.43
	Inter Segment Revenue	0.02	1,664.26	-	-
	Gross Revenue *	65,981.49	2,088.22	-	66,405.43
2	Segment Result before Interest and Tax	11,166.90	(65.70)	-	11,101.20
	Less: Interest Expenses	-	-	1,582.58	1,582.58
	Add: Interest Income	-	-	484.03	484.03
	Less: Exceptional Item	5,004.85	(357.33)	-	4,647.52
	Profit before Tax	6,162.05	291.63	(1,098.55)	5,355.13
	Current Tax	-	-	1,244.87	1,244.87
	Deferred Tax	-	-	486.52	486.52
	Profit after Tax (before adjustment for Non controlling Interest)	6,162.05	291.63	(2,829.94)	3,623.74
	Less : Share of Profit / Loss transferred to Non controlling entities	6.26	41.86	-	48.12
	Profit after Tax (after adjustment for Non controlling Interest)	6,155.79	249.77	(2,829.94)	3,575.62
3	Segment Assets	67,521.59	3,215.80	2,545.76	73,283.16
	Segment Liabilities	43,346.00	1,956.80	3,653.62	48,956.42
	Capital Employed	24,175.60	1,259.00	(1,107.86)	24,326.73
	Capital Expenditures	7,302.05	0.37	-	7,302.42
	Depreciation and Amortisation	4,702.72	351.52	-	5,054.24
	Non Cash expenditure other than Depreciation and Amortisation	8.67	-	-	8.67

\*Total Gross revenue is after elimination of inter segment revenue of ₹ 1,664.28 million.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Segment Information for the year ended March 31, 2016

(₹ million)

Sr. No.	Particulars	Home Textiles	Power	Unallocable	Total
<b>1</b>	<b>Segment Revenue</b>				
	External Revenue	58,882.29	356.20	-	59,238.49
	Inter Segment Revenue	-	2,506.88	-	-
	<b>Gross Revenue *</b>	<b>58,882.29</b>	<b>2,863.08</b>	<b>-</b>	<b>59,238.49</b>
<b>2</b>	<b>Segment Result before Interest and Tax</b>	12,316.98	488.21	-	12,805.19
	Less: Interest Expenses	-	-	2,368.03	2,368.03
	Add: Interest Income	-	-	307.49	307.49
	Add: Exceptional Item	-	-	-	-
	Profit before Tax	12,316.98	488.21	(2,060.54)	10,744.65
	Current Tax	-	-	2,695.80	2,695.80
	Minimum Alternative Tax Credit Availed	-	-	-	-
	Deferred Tax	-	-	557.69	557.69
	Profit after Tax (before adjustment for Non controlling Interest)	12,316.98	488.21	(5,314.03)	7,491.16
	Less : Share of Profit / Loss transferred to Non controlling entities	20.07	106.09	-	126.16
	Profit after Tax (after adjustment for Non controlling Interest)	12,296.91	382.12	(5,314.03)	7,365.00
<b>3</b>	<b>Segment Assets</b>	61,208.90	3,505.50	776.75	65,491.15
	Segment Liabilities	40,307.84	2,438.00	2,632.86	45,378.70
	Capital Employed	20,901.06	1,067.50	(1,856.11)	20,112.45
	Capital Expenditures	11,339.16	12.87	-	11,352.03
	Depreciation and Amortisation	3,301.88	416.36	-	3,718.24
	Non Cash expenditure other than Depreciation and Amortisation	12.70	-	-	12.70

\*Total Gross revenue is after elimination of inter segment revenue of ₹ 2,506.88 million.

## ii) Information about Secondary Geographical Segments:

(₹ million)

	India		Outside India		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
External Revenue	7,765.60	5,464.97	58,639.83	53,773.52	66,405.43	59,238.49
Carrying Amount of Segment Assets*	58,010.16	59,663.04	14,426.93	4,958.74	72,437.09	64,621.78
Carrying Amount of Segment Liabilities*	40,622.51	37,625.01	4,680.17	5,120.73	45,302.68	42,745.74
Capital Expenditure	7,260.60	11,320.17	41.82	31.86	7,302.42	11,352.03

\* Carrying Amount of Segment Assets & Liabilities are excluding the Tax Assets & Liabilities (net).

### Notes:

- (a) The segment revenue in the geographical segments considered for disclosure 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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 29 : Interests in other entities

### (a) Subsidiaries

The list of group's subsidiaries is stated below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business

Name of entity	Place of business/ Country of Incorporation	Ownership interest held by the Group				Ownership interest held by non-controlling interests				Principal activities
		31-Mar-17	31-Mar-16	01-Apr-15		31-Mar-17	31-Mar-16	01-Apr-15		
		%	%	%	%	%	%	%	%	
Anjar Integrated Textile Park Private Limited (AITP)	India	100.00	100.00	100.00		-	-	-	Development of Textile Park	
Welspun Anjar SEZ Private Limited (WASEZ)	India	100.00	100.00	100.00		-	-	-	Development of Industrial Park	
Besa Developers and Infrastructure Private Limited (BESA)	India	100.00	100.00	100.00		-	-	-	Real Estate	
Welspun Global Brands Limited (WGBL) (formerly known as Welspun Retail Limited)	India	98.03	98.03	98.03		1.97	1.97	1.97	Trading in Home Textile Product	
Welspun USA Inc. (WUSA)	U.S.A.	98.64	98.64	98.64		1.36	1.36	1.36	Trading in Home Textile Product	
Welspun Captive Power Generation Limited (WCPGL)	India	77.00	68.00	68.00		23.00	32.00	32.00	Power Generation	
Welspun Decorative Hospitality LLC (WDHL) (Held through WUSA)*	U.S.A.	-	-	98.64		-	-	1.36	Trading in Home Textile Product	
Welspun Holdings Private Limited, Cyprus (WHPL)	Cyprus	98.17	98.17	98.17		1.83	1.83	1.83	Investment	
Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL)	U.K.	98.17	98.17	98.17		1.83	1.83	1.83	Investment	
CHT Holdings Limited (CHTHL) (Held through WHTUKL)	U.K.	98.17	98.17	98.17		1.83	1.83	1.83	Investment	
Christy Home Textiles Limited (CHTL) (Held through CHTHL)	U.K.	98.17	98.17	98.17		1.83	1.83	1.83	Investment	
Christy Europe GmbH (Held through CHTL)	Germany	98.17	98.17	98.17		1.83	1.83	1.83	Trading in Home Textile Product	
Welspun UK Limited (WUKL) (Held through CHTL)	U.K.	98.17	98.17	98.17		1.83	1.83	1.83	Trading in Home Textile Product	
Christy 2004 Limited (Held through WUKL)	U.K.	98.17	98.17	98.17		1.83	1.83	1.83	Trading in Home Textile Product	
Christy Lifestyle LLC (Held through WUKL)	U.S.A.	98.17	98.17	98.17		1.83	1.83	1.83	Trading in Home Textile Product	



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Name of entity	Place of business/ Country of Incorporation	Ownership interest held by the Group			Ownership interest held by non-controlling interests			Principal activities
		31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	
		%	%	%	%	%	%	
Christy UK Limited (CUKL) (Held through CHTL)	U.K.	98.17	98.17	98.17	1.83	1.83	1.83	Trading in Home Textile Product
ER Kingsley (Textiles) Limited (Held through CHTL)	U.K.	98.17	98.17	98.17	1.83	1.83	1.83	Trading in Home Textile Product
Welspun Mauritius Enterprises Limited (WMEL)	Mauritius	98.03	98.03	98.03	1.97	1.97	1.97	Investment
Novelty Home Textiles S A DE C V (Held through WMEL)	Mexico	98.03	98.03	98.03	1.97	1.97	1.97	Manufacturing of Textile Products
Welspun Zucchi Textiles Limited (WZTL)	India	100.00	100.00	100.00	-	-	-	Manufacturing of bathrobes
Welspun Flooring Limited (WFL)**	India	100.00	100.00	100.00	-	-	-	Manufacturing of Home Textile Product

\* On June 8, 2015, Welspun Decorative Hospitality LLC (WDHL) was Liquidated.

\*\* On March 1, 2016, Welspun Flooring Limited (WFL) was Incorporated as 100% Subsidiary Company.

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

### (b) Non-controlling interests (NCI)

Set out below is summarised financial information for Welspun Captive Power Generation Limited limited that has non-controlling interests that is material to the group.

The amounts disclosed for subsidiary is before inter-company eliminations.

Summarised Balance Sheet	Welspun Captive Power Generation Limited		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current assets	805.71	704.40	685.33
Current liabilities	893.37	297.50	712.87
<b>Net current assets</b>	<b>(87.66)</b>	<b>406.90</b>	<b>(27.54)</b>
Non-current assets	2,409.99	2,801.14	3,258.92
Non-current liabilities	1,063.41	2,140.55	2,368.40
<b>Net non-current assets</b>	<b>1,346.58</b>	<b>660.59</b>	<b>890.52</b>
<b>Net assets</b>	<b>1,258.92</b>	<b>1,067.49</b>	<b>862.98</b>
<b>Accumulated NCI</b>	<b>289.55</b>	<b>341.60</b>	<b>276.15</b>

(₹ million)

Summarised statement of profit and loss	Welspun Captive Power Generation Limited	
	Year Ended 31 March 2017	Year Ended 31 March 2016
Revenue	2,088.17	2,863.09
Profit for the year	190.94	323.64
Other comprehensive income	0.50	(0.64)
<b>Total comprehensive income</b>	<b>191.44</b>	<b>323.00</b>
Profit allocated to NCI	43.92	103.36
Dividends paid to NCI	-	31.51

(₹ million)

Summarised cash flows	Welspun Captive Power Generation Limited	
	Year Ended 31 March 2017	Year Ended 31 March 2016
Cash flows from operating activities	1,109.69	988.08
Cash flows from investing activities	0.04	51.64
Cash flows from financing activities	(1,244.03)	(1,052.66)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(134.30)</b>	<b>(12.94)</b>

(₹ million)

### (c) Transactions with non-controlling interests

The Group has 68% stake in Welspun Captive Power Generation Limited on April 1, 2016. On September 23, 2016, the group acquired an additional 9% stake for ₹ 143.83 million. Immediately prior to the purchase, the carrying amount of the existing 68% non-controlling interest was ₹ 978.82 million. The carrying amount of the 9% non-controlling interest acquired in Welspun Captive Power Generation Limited was ₹ 113.60 million. The group recognised a decrease in non-controlling interests of ₹ 113.60 million and a decrease in equity attributable to owners of the parent of ₹ 14.19 million. The effect on the equity attributable to the owners of Welspun India Limited during the year is summarised as follows:

	31-Mar-17	31-Mar-16
Consideration paid to non-controlling interests	127.79	-
Carrying amount of non-controlling interests acquired	113.60	-
Excess of consideration paid recognised in retained earnings within equity	14.19	-

(₹ million)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 30 : Related Party Disclosures

### (i). Relationships

(a) Control	Holding Company	Krishiraj Trading Limited (KTL) (up to September 27, 2016) MGN Agro Properties Private Limited (up to March 29, 2017) Prasert Multiventure Private Limited (PMPL) (with effect from March 30, 2017)
(b) 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)
		AYM Syntex Limited (AYMSL) (Formerly known as Welspun Syntex Limited) (WSL)
		Welspun Zucchi Textiles Limited (WZTL)
		Welspun Projects Limited (WPL)
		Welspun Enterprise Limited (WENL)
		WS Trading and Holding Private Limited (WTHPL)
		WS Alloy Holding Private Limited (WAHPL)
		Welspun Energy UP Private Limited (WEUPL)
		Welspun Realty Private Limited (WRPL)
		Remi Metals Gujarat Limited (RMGL)
		Welspun Steel Limited (WPSL) (Formerly Known as Power and Steel Limited)
		Welspun Wintex Limited (WWL)
		Welspun Mercantile Limited (WML)
		Mertz Estates Limited (MEL) (Formerly known as Mertz Securities Limited) (MSL)
		Welspun Energy Limited (WEL)
		Wel-treat Enviro Management Organisation (WEMO)
		Methodical Investment and Trading Company Private Limited (MITCPL)
		Welspun FinTrade Limited (WFTL)
		Welspun Finance Limited (WFL)
		Welspun Foundation for Health and Knowledge (WFHK)
		Worli Realty Private Limited (Worli Realty)
		Western Tradelink
		Welspun Pipes Limited (WPIL)
		Welspun & Infra Developers Limited (WIDL)
		Technopark Advisors Limited (TAPL)
(c) Key Management Personnel		Dipali Goenka (DBG)
		R. R. Mandawewala (RRM)
(d) Relatives of Key Management Personnel		Balkrishan Goenka (BKG)
		Radhika Goenka (RBG)
		Abhishek Mandawewala (ARM)
		Khushboo Mandawewala (KAM)
		Yash Mandawewala (YRM)
		Vanshika Goenka (VBG)

### (ii). Terms and conditions

- All transactions were made on normal commercial terms and conditions and at market rates.
- All outstanding balances are unsecured and repayable in cash.

To Consolidated Financial Statements for the year ended March 31, 2017

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

PARTICULARS														Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control										Total	
Holding Company		and with whom transactions have taken during the year												c/f											
KTL	WCL	AYMSL	WPL	WENL	WTHPL	WAHPL	WEUPL	WRPL	RMGL	WPSL	WWL	WML	WFTL	MEL											
Transactions during the year																									
Loans, Advances and Deposits given																									
-	-	-	-	-	-	-	-	-	-	143.83	-	-	-	-	143.83										
Repayment of Loans, Advances and Deposits given																									
-	-	-	-	-	-	-	-	17.17	-	-	-	-	-	-	17.17										
-	-	-	-	-	-	-	-	(17.87)	-	-	-	-	-	-	(17.87)										
Repayment of Loans, Advances and Deposits received																									
-	0.60	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60										
-	(0.60)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.60)										
Purchase of Goods (Including Taxes)																									
-	64.40	1101.26	-	-	-	-	-	-	183.03	-	-	-	-	-	1,348.69										
-	(34.75)	(792.95)	-	(7.41)	-	-	-	-	(66.61)	-	-	-	-	(3.79)	(905.51)										
Purchase of Services/ Expenses incurred																									
-	11.12	-	-	-	-	-	53.11	-	796	-	-	-	0.04	-	72.23										
-	(14.46)	-	-	-	-	-	(37.08)	-	(3.57)	-	-	-	(3.55)	(0.05)	(58.71)										
Sale of Goods/ DEPB Licenses *																									
-	31.53	0.03	-	2.09	-	-	0.03	-	45.44	-	-	-	-	-	79.12										
-	(37.55)	(36.98)	-	-	-	-	-	-	(40.26)	-	-	-	-	-	(454.79)										
Sale of Services/ Expenses incurred																									
-	10.45	-	-	0.14	-	-	-	-	0.04	-	-	-	-	-	10.63										
-	(20.02)	(1.30)	-	(5.53)	-	-	(2.03)	-	(0.28)	-	-	-	(0.05)	-	(29.21)										
Purchase of Fixed Assets / Capital Goods																									
-	32.17	-	-	34.04	-	-	-	-	-	-	-	-	-	-	66.21										
-	(23.35)	-	-	(30.93)	-	-	-	-	(437.53)	-	-	-	-	-	(491.81)										
Commission on Corporate Guarantee																									
-	(2.24)	-	-	-	-	-	-	-	(5.60)	-	-	-	-	-	(7.84)										
Remuneration and Commission																									
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Investment Made during the year																									
-	-	-	-	-	-	#	-	-	-	-	-	-	-	-	-										
-	-	-	-	-	(#)	(#)	-	-	143.83	-	-	-	-	-	143.83										
Provision for Diminution in Value of Investments Written Back																									
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Equity Dividend Paid +																									
25.25	-	(13.34)	-	-	-	-	-	-	-	-	-	-	-	-	(13.34)										
(378.62)	#	-	-	-	-	-	-	-	#	4.21	5.62	-	-	#	35.08										
-	(0.01)	-	-	-	-	-	-	-	(#)	(63.19)	(84.35)	-	(0.06)	-	(526.42)										
Interim Equity Dividend Paid ++																									
(631.37)	-	-	-	-	-	-	-	-	#	-	-	-	-	-	-										
-	(0.02)	-	-	-	-	-	-	-	(#)	(105.32)	(140.58)	-	(0.10)	-	(877.39)										
Corporate Social Responsibility Expenses																									
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Closing Balance																									
Loans, Advances and Deposits received (including interest accrued but not due)																									
-	598.27	-	-	-	-	-	-	-	-	-	-	-	-	-	598.27										
-	(599.81)	(0.26)	-	(115)	-	-	-	-	-	-	-	-	-	-	(601.22)										
-	[2.4]	-	-	-	-	-	-	-	-	-	-	-	-	-	[2.4]										
Loans, Advances and Deposits given (including interest accrued on loan)																									
-	-	-	-	1.26	-	-	-	188.22	-	-	-	-	75.00	-	264.48										
-	(0.36)	-	-	(0.14)	-	-	-	(233.60)	-	-	-	-	(75.00)	-	(309.10)										
-	[0.03]	[4.19]	-	-	-	-	-	[251.47]	-	-	-	-	[75]	-	[8]										
Trade Receivables (Net of Bills Discounted with Banks)																									
-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	-	0.04										
-	(1.82)	-	-	(0.58)	-	-	(0.05)	-	-	-	-	-	-	-	(2.45)										
Trade and Other Payables																									
-	0.03	130.79	-	1.01	-	-	-	-	-																

Year 2015-16 figures are given in round brackets and Year 2014-15 in square brackets

Amount is inclusive of taxes

\* As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole the amount pertaining to KMP's are not included in the above table.

Dividend paid of Financial Year 2015-16

++ Interim Dividend paid of Financial Year 2015-16

# Amount is below the rounding norms adopted by the Company

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

PARTICULARS	Total b/f	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										Key Management Personnel **					Relatives of Key Management Personnel					TOTAL (₹ million)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
		Reality Tradelink										WMSL	WFL	WFHK	WOSPL	Worli	Western	WPIL	WIDL	TAPL	DBG		RRM	BKG	RBG	ARM	KAM	YRM	VBG																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Year 2015-16 figures are given in round brackets and Year 2014-15 in square brackets

\* Amount is inclusive of taxes

\*\* As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole the amount pertaining to KVPs are not included in the above table.

+ Dividend paid of Financial Year 2015-16

++ Interim Dividend paid of Financial Year 2015-16

# Amount is below the rounding norms adopted by the Company

## Notes

To Consolidated Financial Statements for the year ended March 31, 2017

### Note 31 : Capital and other commitments:

#### (a) Capital Commitments

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances)	400.67	2,875.28	3,664.63

#### (b) Other Commitments

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Guarantees	47.09	113.28	185.29
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 Group will fulfill, in future, a specified amount of export obligation within a specified time. Amount of duty saved on imports of above goods against which export obligation is yet to be fulfilled by the Group is ₹ 17.66 million as at March 31, 2016 (₹ 61.82 million as at March 31, 2015). Amount of Export Commitments on above.	-	141.28	500.20

### Note 32 : 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 ₹ 35.60 per equity share (closing market price as on June 30, 2009). 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	₹ 35.60 (Face Value ₹ 10)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Summary of Stock Options	March 31, 2016		April 1, 2015	
	No. of Stock Options	Weighted Average Exercise Price (₹)	No. of Stock Options	Weighted Average Exercise Price (₹)
Options outstanding at the beginning of the year	12,600	35.60	118,500	35.60
Options granted during the year	-	-	-	-
Options exercised during the year	12,600	35.60	98,900	35.60
Options cancelled/ lapsed during the year	-	-	7,000	35.60
Options outstanding at the end of the year	-	-	12,600	35.60
Options vested but not exercised at the year end	-	-	12,600	35.60

There are no options outstanding as at March 31, 2017.

The Group has availed the exemption provided by Ind AS 101 regarding share based payment transactions and accordingly has not applied Ind AS 102 – Share based payment to equity instruments that vested before date of transition to Ind AS. Refer Note 39.

## Note 33 : Earnings per Share

Particulars	(₹ million)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit available for Equity Share holders (A)	3,575.62	7,365.00
Number of Equity Shares for Basic Earnings Per Share		
- Weighted Number of equity shares outstanding during the year (B)	1,004,724,050	1,004,694,986
- Weighted Number of diluted equity shares outstanding during the year (C)	1,004,724,050	1,004,694,986
Basic Earnings per share (A/B) (₹)	3.56	7.33
Diluted Earnings per share (A/C) (₹)	3.56	7.33
Nominal value of an equity share (₹)	1.00	1.00

## Note 34 : Leases

Where the Company is a lessee:

### Operating Lease

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

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

Particulars	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than 1 year	157.25	149.32	144.30
Later than 1 year and not later than 5 years	356.98	482.75	495.09
Later than 5 years	33.07	81.13	171.82

The aggregate rental expenses of all the operating leases for the year are ₹ 417.39 million (FY 2015-16: ₹ 358.71 million, FY 2014-15: ₹ 278.22 million).

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 35 : Contingent Liabilities:

Description	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Excise, Customs and Service Tax Matters	310.90	330.79	341.24
Stamp Duty Matter	4.74	4.74	4.83
Sales Tax Matters	51.64	76.75	56.45
Income Tax Matters	162.94	70.13	140.82
Claims against the group not acknowledged as debts	52.24	52.24	50.75

(a) It is not practicable to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Group does not expect any reimbursements in respect of the above contingent liabilities.

### Excise, Customs, Service Tax and Sales Tax Matters

The Group has ongoing disputes with Indian tax authorities mainly relating to availment of cenvat credit and input tax credit on certain items. As of March 31, 2017, the Group has demands from various indirect tax authorities in Indian jurisdiction, which are being contested by the Group on appeal amounting to ₹ 362.54 million.

### Income Tax Matters

The Group has ongoing disputes with Indian Income tax authorities relating to tax treatment of certain items. These mainly includes disallowed expenses, tax treatment of certain expenses claimed by the Group as deductions, and computation of, or eligibility of, certain tax incentives or allowances. As of March 31, 2017 the Group has contingent liability in respect of demands from direct tax authorities in India which are amounting to ₹ 162.94 million.

**Note 36 :** Details of Research and Development expenses incurred during the year, debited under various heads of Statement of Profit and Loss are given below:

Particulars	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Material Consumption	204.75	177.22
Employee benefits expenses	95.07	85.94
Others	172.41	173.33
<b>Total</b>	<b>472.23</b>	<b>436.49</b>

Details of Capital Expenditure incurred during the year for Research and Development is given below:

Particulars	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Plant and Machinery	99.39	404.76
<b>Total</b>	<b>99.39</b>	<b>404.76</b>

## Note 37

There are no financial assets or financial liabilities which are subject to offsetting as at March 31, 2017, March 31, 2016 and April 1, 2015 since, the entity neither has enforceable right or an intent to settle on net basis or to realise the asset and settle the liability simultaneously. Further, the Group has no enforceable master netting arrangements and other similar arrangements as at March 31, 2017, March 31, 2016 and April 1, 2015.



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

**Note 38 :** Additional information mandated by Schedule III of the Companies Act, 2013 regarding Subsidiary companies considered in the consolidated financial statements:

Name of Entity	Net assets / (liabilities) i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets / (liabilities)	Amount (₹ million)	As a % of consolidated profit / (loss)	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Parent</b>								
<b>Welspun India Limited</b>								
31 March, 2017	88.24%	21,465.54	81.33%	2,947.12	1.09%	8.46	67.13%	2,955.58
31 March, 2016	92.33%	18,569.99	83.28%	6,238.91	3.75%	2.30	82.64%	6,241.21
<b>Subsidiaries</b>								
<b>Indian</b>								
<b>Welspun Global Brands Limited</b>								
31 March, 2017	16.95%	4,124.40	10.53%	381.57	89.60%	697.82	24.52%	1,079.39
31 March, 2016	15.10%	3,037.37	8.72%	653.13	237.26%	145.69	10.58%	798.82
<b>Welspun Zucchi Textiles Limited</b>								
31 March, 2017	0.41%	99.59	0.08%	3.07	0.00%	-	0.07%	3.07
31 March, 2016	0.48%	96.52	0.00%	(0.09)	0.00%	-	0.00%	(0.09)
<b>Welspun Flooring Limited</b>								
31 March, 2017	-0.01%	(2.88)	-0.28%	(9.98)	0.00%	-	-0.23%	(9.98)
31 March, 2016	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
<b>Besa Developers and Infrastructure Private Limited</b>								
31 March, 2017	-0.06%	(14.43)	0.00%	0.04	0.00%	-	0.00%	0.04
31 March, 2016	-0.07%	(14.47)	0.00%	0.06	0.00%	-	0.00%	0.06
<b>Anjar Integrated Textile Park Private Limited</b>								
31 March, 2017	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
31 March, 2016	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
<b>Welspun Anjar SEZ Private Limited</b>								
31 March, 2017	8.28%	2,015.06	0.50%	18.01	0.00%	-	0.41%	18.01
31 March, 2016	9.93%	1,997.05	0.00%	0.18	0.00%	-	0.00%	0.18
<b>Welspun Captive Power Generation Limited</b>								
31 March, 2017	2.31%	562.30	3.87%	140.14	0.05%	0.38	3.19%	140.52
31 March, 2016	1.88%	378.46	3.01%	225.44	-1.37%	(0.84)	2.97%	224.61

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

Name of Entity	Net assets / (liabilities) i.e., total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets / (liabilities)	Amount (₹ million)	As a % of consolidated profit / (loss)	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Foreign</b>								
Welspun Holdings Private Limited								
31 March, 2017	1.86%	451.30	0.03%	1.26	-0.05%	(0.40)	0.02%	0.86
31 March, 2016	2.24%	450.41	-0.01%	(0.43)	0.14%	0.08	0.00%	(0.34)
Welspun Home Textiles UK Limited								
31 March, 2017	1.49%	361.55	-0.01%	(0.45)	5.32%	41.46	0.93%	41.01
31 March, 2016	1.59%	320.54	-0.04%	(2.79)	-12.22%	(7.50)	-0.14%	(10.29)
Welspun Mauritius Enterprises Limited								
31 March, 2017	0.22%	53.30	-0.02%	(0.76)	0.00%	0.01	-0.02%	(0.75)
31 March, 2016	0.27%	54.06	-0.01%	(0.71)	0.31%	0.19	-0.01%	(0.52)
Novelty Home Textiles S A DE C V								
31 March, 2017	-0.01%	(3.62)	0.00%	-	0.05%	0.39	0.01%	0.39
31 March, 2016	-0.02%	(4.01)	0.00%	-	0.42%	0.26	0.00%	0.26
CHT Holdings Limited*								
31 March, 2017	1.79%	435.94	-3.14%	(113.64)	1.80%	14.05	-2.26%	(99.59)
31 March, 2016	2.68%	538.17	1.59%	119.06	-17.12%	(10.51)	1.44%	108.55
Welspun USA Inc.*								
31 March, 2017	4.97%	1,208.45	-0.21%	(7.56)	5.44%	42.34	0.79%	34.78
31 March, 2016	5.83%	1,173.37	5.40%	404.52	-139.95%	(85.93)	4.22%	318.58
Inter-company Elimination and Consolidation Adjustments								
31 March, 2017	-27.89%	(6,785.12)	5.98%	216.79	-4.43%	(34.47)	4.14%	182.32
31 March, 2016	-34.29%	(6,897.18)	-3.63%	(272.28)	26.13%	16.04	-3.39%	(256.24)
Non-controlling Interest in all subsidiaries								
31 March, 2017	1.46%	355.28	1.33%	48.12	1.13%	8.79	1.29%	56.91
31 March, 2016	2.05%	411.97	1.68%	126.16	2.64%	1.62	1.69%	127.79
<b>Total</b>								
31 March, 2017	<b>100.00%</b>	<b>24,326.75</b>	<b>100.00%</b>	<b>3,623.74</b>	<b>100.00%</b>	<b>778.82</b>	<b>100.00%</b>	<b>4,402.56</b>
31 March, 2016	<b>100.00%</b>	<b>20,112.45</b>	<b>100.00%</b>	<b>7,491.16</b>	<b>100.00%</b>	<b>61.40</b>	<b>100.00%</b>	<b>7,552.56</b>

\*Amounts after consolidation with their subsidiaries

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 39 : First-time adoption of Ind AS

### Transition to Ind AS

These are the group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015. In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected The Group's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

##### A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The group has applied same exemption for investment in associates and joint ventures.

##### A.1.2 Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency

translation differences in accordance with Ind AS 21 from the date a subsidiary was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

##### A.1.3 Deemed cost for Property, Plant and Equipment (PPE) and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

##### A.1.4 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Group has elected to apply this exemption for its investment in equity investments.

##### A.1.5 Share-based payment transaction

The Group has availed the exemption provided by Ind AS 101 regarding share based payment transactions and accordingly has not applied Ind AS 102 – Share based payment to equity instruments that vested before date of transition to Ind AS.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## A.2 Ind AS mandatory exceptions

### A.2.1 Estimates

The Group's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Upon an assessment of the estimates made under Previous GAAP, the Group has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Previous GAAP.

### A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### A.2.3 Impairment of financial assets

Ind AS 101 requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS.

### A.2.4 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of

Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 for export bills discounted prospectively after the date of transition to Ind AS.

## B Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements.

The Group has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Reconciliation of equity as at date of transition (April 1, 2015)

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		24,441.84	-	24,441.84
Capital work-in-progress		1,564.16	-	1,564.16
Goodwill		1,785.07	-	1,785.07
Intangible assets		43.13	-	43.13
<b>Financial assets</b>				
- Investments	1	14.98	22.18	37.16
- Loans		4.00	-	4.00
- Other financial assets	3	454.08	(22.36)	431.72
Non-current tax assets		147.69	-	147.69
Deferred Tax Assets	11	640.47	265.47	905.94
Other non-current assets		1,079.91	-	1,079.91
<b>Total non-current assets</b>		<b>30,175.33</b>	<b>265.29</b>	<b>30,440.62</b>
<b>Current assets</b>				
Inventories		11,006.25	-	11,006.25
<b>Financial assets</b>				
- Investments	1, 2	1,404.92	(280.90)	1,124.02
- Trade receivables	13	4,467.02	-	4,467.02
- Cash and cash equivalents		1,989.78	-	1,989.78
- Bank balances		1,262.54	-	1,262.54
- Loans		7.90	-	7.90
- Other financial assets		1,589.80	-	1,589.80
Current Tax Assets		-	-	-
Other current assets	3, 4	5,668.76	34.79	5,703.55
<b>Total current assets</b>		<b>27,396.97</b>	<b>(246.11)</b>	<b>27,150.86</b>
<b>Total assets</b>		<b>57,572.30</b>	<b>19.18</b>	<b>57,591.48</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		1,004.60	-	1,004.60
<b>Other equity</b>				
Reserves and surplus	16	13,541.96	(54.41)	13,487.55
Other reserves	1, 9,11	(228.07)	467.56	239.49
<b>Equity attributable to owners</b>		<b>14,318.49</b>	<b>413.15</b>	<b>14,731.64</b>
Non-controlling interest	14	378.21	(94.03)	284.18
<b>Total equity</b>		<b>14,696.70</b>	<b>319.12</b>	<b>15,015.82</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	14	15,946.26	47.79	15,994.05
- Other financial liabilities		11.02	-	11.02
Non-current tax liabilities		1,038.01		1,038.01
Provisions		20.00	-	20.00
Employee benefit obligations		-	-	-
Deferred tax liabilities (Net)	11	1,121.44	(309.39)	812.05
Other non-current liabilities	4	-	749.42	749.42
<b>Total non-current liabilities</b>		<b>18,136.73</b>	<b>487.82</b>	<b>18,624.55</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	12,13	10,013.89	2,556.36	12,570.25
- Trade payables	12	6,910.19	(2,556.36)	4,353.83
- Other financial liabilities		5,354.44	-	5,354.44
Provisions	5	916.05	(906.83)	9.22
Employee benefit obligations		542.96	-	542.96
Other current liabilities	4	1,001.34	119.07	1,120.41
<b>Total current liabilities</b>		<b>24,738.87</b>	<b>(787.76)</b>	<b>23,951.11</b>
<b>Total liabilities</b>		<b>42,875.60</b>	<b>(299.94)</b>	<b>42,575.66</b>
<b>Total equity and liabilities</b>		<b>57,572.30</b>	<b>19.18</b>	<b>57,591.48</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of equity as at March 31, 2016

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	31,486.60	72.52	31,559.12
Capital work-in-progress		1,832.00	-	1,832.00
Goodwill	15	1,775.34	33.22	1,808.56
Intangible assets		116.51	-	116.51
Financial assets				
- Investments	1	29.92	8.68	38.60
- Loans		6.62	-	6.62
- Other financial assets	3	425.90	(7.91)	417.99
Non-current tax assets		138.10	-	138.10
Deferred Tax Assets	11	373.61	356.80	730.41
Other non-current assets		867.43	-	867.43
<b>Total non-current assets</b>		<b>37,052.03</b>	<b>463.31</b>	<b>37,515.34</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
<b>Current assets</b>				
Inventories		11,046.36	-	11,046.36
Financial assets				
- Investments	1, 2	533.35	(286.83)	246.52
- Trade receivables	13	6,134.77	2,364.24	8,499.01
- Cash and cash equivalents		1,060.51	-	1,060.51
- Bank balances		182.47	-	182.47
- Loans		4.43	-	4.43
- Other financial assets		621.18	-	621.18
Current tax assets		0.86	-	0.86
Other current assets	3, 4	6,060.87	253.60	6,314.47
<b>Total current assets</b>		<b>25,644.80</b>	<b>2,331.01</b>	<b>27,975.81</b>
<b>Total assets</b>		<b>62,696.83</b>	<b>2,794.32</b>	<b>65,491.15</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		1,004.73	-	1,004.73
<b>Other equity</b>				
Reserves and surplus	16	18,960.90	(563.20)	18,397.70
Other reserves	1,9,11	(89.05)	387.11	298.06
<b>Equity attributable to owners</b>		<b>19,876.58</b>	<b>(176.09)</b>	<b>19,700.49</b>
Non-controlling interest	14	502.92	(90.96)	411.96
<b>Total equity</b>		<b>20,379.50</b>	<b>(267.05)</b>	<b>20,112.45</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	10,14	17,877.15	44.81	17,921.96
- Other financial liabilities		17.99	-	17.99
Non-current tax liabilities		1,305.33	-	1,305.33
Provisions		21.37	-	21.37
Employee benefit obligations		-	-	-
Deferred tax liabilities (Net)	11	1,436.78	(109.14)	1,327.64
<b>Total non-current liabilities</b>	4	<b>-</b>	<b>586.77</b>	<b>586.77</b>
<b>Total non-current liabilities</b>		<b>20,658.62</b>	<b>522.44</b>	<b>21,181.06</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	12,13	7,720.06	5,812.55	13,532.61
- Trade payables	12	10,100.61	(3,448.31)	6,652.30
- Other financial liabilities		2,104.43	-	2,104.43
Provisions	5	66.94	(60.47)	6.47
Employee benefit obligations		673.00	-	673.00
Other current liabilities	4	993.66	235.17	1,228.83
<b>Total current liabilities</b>		<b>21,658.70</b>	<b>2,538.94</b>	<b>24,197.64</b>
<b>Total liabilities</b>		<b>42,317.32</b>	<b>3,061.38</b>	<b>45,378.70</b>
<b>Total equity and liabilities</b>		<b>62,696.82</b>	<b>2,794.33</b>	<b>65,491.15</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Reconciliation of total comprehensive income for year ended March 31, 2016

				(₹ million)
	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
Revenue from operations	6, 7	53,876.51	(908.68)	52,967.83
Other operating income	4	5,918.14	352.52	6,270.66
Other Income	1, 2, 3, 7	915.14	(10.74)	904.40
<b>Total revenue</b>		<b>60,709.79</b>	<b>(566.90)</b>	<b>60,142.89</b>
<b>Expenses</b>				
Cost of materials consumed	7	23,043.88	(18.33)	23,025.55
Purchases of stock-in-trade		3,294.08	-	3,294.08
Changes in inventory of finished goods, work-in-progress and stock-in-trade		274.06	-	274.06
Employee benefits expense	8	5,364.26	2.37	5,366.63
Depreciation and amortization expense	4,15	3,750.17	(31.93)	3,718.24
Other expenses	3, 6, 7,10	12,243.23	(891.58)	11,351.65
Finance costs	14	2,362.36	5.67	2,368.03
<b>Total expenses</b>		<b>50,332.04</b>	<b>(933.80)</b>	<b>49,398.24</b>
<b>Profit before tax</b>		<b>10,377.75</b>	<b>366.90</b>	<b>10,744.65</b>
<b>Income Tax Expense</b>				
- Current Tax		2,695.80	-	2,695.80
- Deferred Tax	11	528.60	29.09	557.69
<b>Total Income Tax Expense</b>		<b>3,224.40</b>	<b>29.09</b>	<b>3,253.49</b>
<b>Profit for the year</b>		<b>7,153.35</b>	<b>337.81</b>	<b>7,491.16</b>
<b>Other Comprehensive Income</b>	17	-	61.40	61.40
<b>Total Comprehensive Income</b>		<b>7,153.35</b>	<b>399.21</b>	<b>7,552.56</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Notes to first time adoption	As on March 31, 2016	As on April 1, 2015
<b>Total equity (Shareholder's funds) as per previous GAAP</b>		<b>20,379.50</b>	<b>14,696.69</b>
<b>Adjustments</b>			
- Effect of change in method of recognising grants	4	(504.07)	(855.30)
- Effect of measuring investments at fair value through profit and loss	2	(290.40)	(305.09)
- Effect on account of reversal of proposed dividend	5	60.47	906.83
- Effect on account of goodwill	15	33.22	-
- Tax effects of adjustments	11	465.80	619.52
- Others	1,3,10,14,17	(32.07)	(46.83)
<b>Total Adjustments</b>		<b>(267.05)</b>	<b>319.13</b>
<b>Total Equity as per IndAS</b>		<b>20,112.45</b>	<b>15,015.82</b>



# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes to first time adoption	(₹ million)
		As per Ind AS
<b>Profit/ (Loss) as per the previous GAAP</b>		<b>7,153.35</b>
<b>Adjustments:</b>		
- Effect of measuring investments at fair value through profit and loss	2	14.69
- Effect of change in method of recognising grants	4	352.52
- Remeasurement of post employment benefit obligation	8	(2.38)
- Borrowings- Transaction cost adjustments	10	8.65
- Goodwill	15	33.22
- Tax effects of adjustments	11	(29.08)
- Others	1, 3, 4,14	(39.81)
<b>Total Effect of transition to Ind AS</b>		<b>337.81</b>
<b>Profit/ (Loss) for the year as per Ind AS</b>		<b>7,491.16</b>
Other Comprehensive Income, net of income tax (Hedging Reserve, etc.)	17	61.40
<b>Total Comprehensive Income/ (Loss) for the end</b>		<b>7,552.56</b>

## Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2016

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	16,537.82	3,257.90	13,279.92
Net cash flow from investing activities	(8,012.46)	(1.41)	(8,011.05)
Net cash flow from financing activities	(9,454.53)	(3,256.39)	(6,198.14)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(929.17)</b>	<b>0.10</b>	<b>(929.27)</b>
Cash and cash equivalents as at 1 April 2015	1,989.78	0.00	1,989.78
<b>Cash and cash equivalents as at 31 March 2016</b>	<b>1,060.61</b>	<b>0.10</b>	<b>1,060.51</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### C. Notes to first-time adoption:

#### Note 1: Fair valuation of investments

Under the previous GAAP, investments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value at initial and subsequent recognition at fair value (other than preference shares which are subsequently measured at amortised cost). The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016. This increased the retained earnings

by ₹ 3.57 million as at March 31, 2016 (April 1, 2015 - ₹ 24.19 million).

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2016. This increased FVOCI – Equity investments reserve by ₹ 22.02 million as at March 31, 2016 (April 1, 2015 - ₹ 22.18 million).

#### Note 2: Investment in compound financial instrument (Preference shares valued at amortised cost)

Under the previous GAAP, investment in preference shares is recorded at the transaction price. Under Ind AS, investment in preference shares is treated as financial asset. Such asset is recorded at fair value at initial recognition and subsequently measured at

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

amortised cost using effective interest rate method (except those subsequently measured at fair value). The difference between fair value and transaction price on initial recognition is recognised in retained earnings. As a result of this adjustment, retained earnings as at March 31, 2016 is decreased by ₹ 290.40 million (April 1, 2015 - decreased by ₹ 305.09 million). The profit for the year ended March 31, 2016 higher by ₹ 14.69 million as result of recognising income using effective interest rate method.

## Note 3: Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 7.91 million as at March 31, 2016 (April 1, 2015 ₹ 22.36 million). The prepaid rent Increased by ₹ 8.26 million as at March 31, 2016 (April 1, 2015 - ₹ 21.60 million). Total equity decreased by ₹ 0.76 million as on April 1, 2015. The profit for the year and total equity as at March 31, 2016 increased by ₹ 1.10 million due to amortization of the prepaid rent of ₹ 25.75 million which is partially off-set by the notional interest income of ₹ 26.85 million recognised on security deposits.

## Note 4: Government Grants:

The Company receives VAT incentives from the government of Gujarat under Gujarat Textile Policy 2012 based on the amount of capital expenditure made on eligible investments. The impact of change in method of recognising grants has resulted in decrease in the equity by ₹ 504.07 million as at March 31, 2016 (April 01, 2015- ₹ 855.30 million) and profit for the year ended March 31, 2016 increased by ₹ 351.23 million.

Further, under previous GAAP, Government grant received as "Capital Contribution" was deducted from related property, plant and equipment and depreciation was provided on net property, plant and equipment balance. However, under Ind AS, such grant is shown separately in the balance sheet as "Deferred Income" income is accrued in the ratio of depreciation on related assets. Consequent to the above, the total equity as at March 31, 2016

decreased by ₹ NIL (April 1, 2015 - NA) and profit for the year ended March 31, 2016 decreased by ₹ NIL. Revenue for the year is increased by 1.29 million and corresponding impact on depreciation ₹ 1.29 million.

## Note 5: Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 60.47 million as at March 31, 2016 (April 1, 2015- ₹ 906.83 million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

## Note 6: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 19.06 million. There is no impact on the total equity and profit.

## Note 7: Variable Consideration

Under previous GAAP, Claims, discounts and rebates paid to customers were recorded as part of expenses in the Statement of Profit and Loss. However, under Ind AS, these expenses are netted off against Revenue. This change has resulted in decrease in total revenue and total expenses for the year ended March 31, 2016 by ₹ 927.74 million. Further, under previous GAAP, cash discounts received were recorded as part of other income in the statement of profit or loss. However, under Ind AS, these are netted off against cost of material consumed. This change has resulted in decrease in other income and cost of material consumed for the year ended March 31, 2016 by ₹ 18.33 million. There is no impact on the total equity and profit.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 8: Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 2.38 million. There is no impact on the total equity as at March 31, 2016.

## Note 9: Foreign currency translation reserve

The group elected to reset the balance appearing in the foreign currency translation reserve to Nil as at 1 April 2015. Accordingly, translation reserve balance under previous GAAP of ₹ 567.40 million has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

## Note 10 : Borrowings - Non Convertible Debentures

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred or capitalised if incurred before the capitalisation date in case of specific borrowings. Accordingly, borrowings as at March 31, 2016 have been reduced by ₹ 8.65 million with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount.

## Note 11 : Deferred tax

Deferred taxes impact of the above adjustments, wherever applicable have been recognised on transition to Ind AS.

## Note 12 : Supplier Financing

Under previous GAAP, acceptances are disclosed as part of Trade payables. However under Ind AS, the Company need to look at the substance of the arrangement and need to determine whether the original trade payable has been extinguished or not based on the fact of arrangements. Company has analyzed its arrangements with the vendors and banks and has determined that the trade payables

has been extinguished under the arrangement and should be de-recognised resulting in new liability to bank which has been presented under short-term borrowings. This change has resulted in an increase in borrowings and corresponding decrease in trade payables by ₹ 3,448.31 million as at March 31, 2016 (₹ 2,556.36 million as at April 1, 2015). There is no impact on the total equity and profit.

## Note 13 : Export Bills discounted

The Company transfers certain trade receivables under the debt factoring arrangements. Under previous GAAP, the Company has derecognized trade receivable on discounting of same with Banks. Under Ind AS, these arrangements do not qualify for de-recognition, due to the recourse arrangement in place. Consequently the proceeds received from transfer are recorded as loans from banks / financial institutions and classified under short-term borrowings. This change has resulted in an increase in borrowings and trade receivables by ₹ 2,364.24 million as at March 31, 2016 (₹ 1,365.74 million as at April 1, 2015). There is no impact on the total equity and profit.

## Note 14 : Compound Financial Instruments (Liability)

Under previous GAAP, redeemable preference shares were classified as part of total equity and Non controlling interest. Dividends paid on these preference shares were adjusted against retained earnings and not recognised as finance cost in profit or loss. However, under Ind AS, the preference shares issued are classified as compound instrument as it contains discretionary dividend/ off market interest rate and are split into separate equity and liability components. The net effect of this change is increase in total equity as at March 31, 2016 of ₹ 98.12 million (₹ 92.45 million as at April 1, 2015) and Increase in Liability as at March 31, 2016 of ₹ 53.46 million (₹ 47.79 million as at April 1, 2015) and decrease in profit for the year ended March 31, 2016 of ₹ 5.67 million due to recognition of interest on the liability component on effective interest basis.

## Note 15 : Goodwill

Goodwill on consolidation have been recognized separately under Ind-AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortisation expenses and exchange gains and losses.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2017

## Note 16 : Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

## Note 17 : Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

## Note 40 : Events occurring after the reporting date

Refer Note 27(b) for the final dividend recommended by the board of directors which is subject to the approval of shareholders in the ensuing annual general meeting.

Signatures to Notes to Consolidated financial statements

**For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors**

Firm Registration No: 012754N/ N500016

**Mehul Desai**  
Partner  
Membership No. 103211

**Balkrishan Goenka**  
Chairman  
DIN: 00270175

**Rajesh Mandawewala**  
Managing Director  
DIN : 00007179

**Dipali Goenka**  
CEO and Jt. MD  
DIN: 00007199

**Altat Jiwani**  
Chief Financial Officer

**Shashikant Thorat**  
Company Secretary

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

Place: Mumbai  
Date: April 25, 2017

## NOTES

This image shows a full page of blank handwriting practice paper. It features 20 evenly spaced, horizontal blue lines running across the entire width of the page. The lines are thin and consistent in color, providing a guide for letter height and placement. There are no margins, text, or other markings on the page.

## NOTES

This image shows a single sheet of white paper with horizontal blue lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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WIL/SEC/2017

April 25, 2017

<b>Bombay Stock Exchange Limited</b> Department of Corporate Services, SP. J. Towers, Dalal Street, Mumbai – 400 001 (Scrip Code-514162)	<b>National Stock Exchange of India Limited</b> Listing Compliance Department Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 (Symbol: WELSPUNIND)
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Dear Sirs/ Madam,

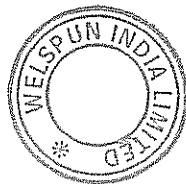
**Subject: Declaration pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, Altaf Jiwani, Chief Financial Officer of Welspun India Limited (CIN: L17110GJ1985PLC033271) having its Registered Office at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370110, India, hereby declare that, in terms of the provision of Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, vide notification No. SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016 and Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, the Statutory Auditors of the Company, Price Waterhouse Chartered Accountants LLP (Firm Registration Number 012754N/N500016) have issued an Audit Report with unmodified opinion on the Audited Financial Results of the Company (Standalone & Consolidated) for the quarter and year ended on March 31, 2017.

Kindly take this declaration on your records.

Thank you,

For Welspun India Limited

  
**Rajesh Mandawewala**  
Managing Director  
DIN: 00007179

  
**Altaf Jiwani**  
Chief Financial Officer


Welspun India Limited

Welspun House, 5th Floor, Kamala City, Senapati Bapat Marg, Lower Panel (West), Mumbai 400 013, India.

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Registered Address: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110, India.

T: +91 2836 661111 F: +91 2836 279 010

Works: Survey No. 76, Village Harsol, Apat, District Valsad, Gujarat 396 101, India

T: +91 260 2437437 F: +91 260 2243708

Corporate Identity Number: L17110GJ1985PLC033271

# Business Responsibility Report

Welspun India strongly believes in its requisite of conducting business operations sustainably, and now with Welspun 2.0 on the roll, maximum emphasis on sustainable business practice and inclusive growth has been laid. WIL, along with its treasured stakeholders, is collaborating and exchanging ideas across the value chain to create sustainable solutions that will have a positive long-term impact.

Our vision and mission is to leverage our scale to create better products, strengthen communities and protect the environment. We believe our determination and focus will create shared value for all.

Our long-term track-record has shown every effort made to embrace sustainability and integrate principles in to our business operations and strategy. We fiercely are committed to working in-line with India's initiatives also incorporating principles treasured in the Business Responsibility Framework.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identification Number (CIN) of the Company	L17110GJ1985PLC033271
Name of the Company	Welspun India Limited (WIL)
Registered Address	Welspun City, Village Versamedi, Taluka Anjar, District, Kutch, Gujarat 370 110, India
Website	<a href="http://www.welspunindia.com/">http://www.welspunindia.com/</a>
E-mail ID	Companysecretary_WIL@welspun.com.
Financial Year reported	2016-17
Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of other textiles (NIC code: 139)
List three key products/ services that the Company manufactures/ provides (as in balance sheet)	1. Bedsheets 2. Towels 3. Rugs
Total number of locations where business activity is undertaken by the Company	
Number of International Locations (Provide details of major 5)	1. United States 2. Canada 3. United Kingdom 4. Europe 5. Japan
Number of National Locations	3 locations – Mumbai, Anjar and Vapi
Markets served by the Company - Local/ State/ National/ International	We serve both the national and international market

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) In million	1,004.73
2. Total Turnover (INR) in million	57,215.82
3. Total profit after taxes (INR) in million	3,065.51
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average net profits (%)	2.59%

### List of activities on which CSR expenditure has been incurred:

S. No.	Theme	Project or activity details
1.	Promoting education	<ul style="list-style-type: none"> <li>Development of primary school in Versamedi village</li> <li>Para Teacher Program</li> <li>Adult literacy and scholarship programs</li> <li>Construction of Vedshala and promoting study of Vedas</li> </ul>
2.	Healthcare and sanitation	<ul style="list-style-type: none"> <li>Construction of toilets under govt approved CSR scheme</li> <li>Conducting medial camps and preventive healthcare programs in villages</li> </ul>
3.	Community empowerment	<ul style="list-style-type: none"> <li>Construction of bus stand and providing street lighting</li> <li>Setting up RO water plants in villages</li> <li>Establishing a skill centre</li> </ul>
4.	Environmental sustainability	<ul style="list-style-type: none"> <li>Tree plantation and environmental awareness program</li> <li>Setting up a waste water reuse plant</li> <li>Setting up a bio-gas plant</li> </ul>
5.	Women empowerment	<ul style="list-style-type: none"> <li>Promoting girls for national level swimming</li> <li>Donation to girls hostel and allied CSR activities</li> </ul>

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, we have 20 subsidiaries.  
These include:

1. Anjar Integrated Textile Park Developers Private Limited
2. Besa Developers and Infrastructure Private Limited
3. Christy 2004 Limited (UK)
4. Christy Home Textiles Limited (UK)
5. Christy Lifestyle LLC (USA)
6. Christy UK Limited (UK)
7. Christy Welspun GmbH (Germany)
8. CHT Holdings Limited (UK)
9. E. R. Kingsley (Textiles) Limited (UK)
10. Novelty Home Textiles S.A. de C.V. (Mexico)
11. Welspun Anjar SEZ Limited
12. Welspun Captive Power Generation Limited
13. Welspun Flooring Limited
14. Welspun Global Brands Limited
15. Welspun Holdings Private Limited (Cyprus)
16. Welspun Home Textiles UK Limited (UK)
17. Welspun Mauritius Enterprises Limited (Mauritius)
18. Welspun UK Limited (UK)
19. Welspun USA, Inc. (USA)
20. Welspun Zucchi Textiles Limited

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent

### company? If yes, then indicate the number of such subsidiary company(s)

The subsidiaries actively manage and carry out their own BR initiatives, which are in line with the policies of the Welspun Group and Welspun India Limited.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Currently, the suppliers/vendors and distributors undergo assessments on their social performance (SA 8000) and quality checks. We have shared our relevant policies with all our suppliers and business partners and they are expected to ensure compliance.

## SECTION D: BR INFORMATION

### 1. Details of Director/ Directors responsible for BR?

Details of the Director/ Directors and BR head responsible for implementation of the BR policy /policies and details of BR Head

1. DIN Number	00007179
2. Name	Mr. Rajesh Mandawewala
3. Designation	Managing Director
4. Telephone Number	022 - 66136000
5. Email Id	Companysecretary_WIL@welspun.com.

**The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, is composed of nine principles of Business Responsibility.**

<b>Principle 1</b> Businesses should conduct and govern themselves with ethics, transparency and accountability	<b>Principle 2</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<b>Principle 3</b> Businesses should promote the well-being of all employees
<b>Principle 4</b> Businesses should respect the interests of, and be responsive towards all stakeholders	<b>Principle 5</b> Businesses should respect and promote human rights	<b>Principle 6</b> Businesses should respect, protect and make efforts to restore the environment
<b>Principle 7</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	<b>Principle 8</b> Businesses should support inclusive growth and equitable development	<b>Principle 9</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner

## 2. Principle-wise (as per NVGs) BR Policy/policies

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for#...	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy confirm to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director?	Y	N	Y	N	N	N	NA	Y	N
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	N	N	N	N	N	NA	Y	N
6.	Indicate the link for the policy to be viewed online?	All policies are shared directly with respective stakeholders. Some of our policies are available at <a href="http://www.welspunindia.com/about-us.php#We_at_Welspun">http://www.welspunindia.com/about-us.php#We_at_Welspun</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	NA	N	N

**Notes:** #WIL has the following policies covering the 9 principles: Criteria for making payments to non-executive directors, Modern Slavery Act Transparency Statement (WBBL), Dividend Distribution Policy, Code of Conduct Insider Trading Policy, Code of Fair Disclosure, Policy on Related Party Transactions, WIL Whistleblower Policy and Vigil Mechanism, Policy on Material Subsidiary, Code of Conduct and Ethics, Familiarization Program, CSR Policy, Records and Archival Management Policy, List and threshold of dissemination of information to the stock exchanges, Environmental Management Policy (Vapi & Anjar) and Human Resources Policy, Nomination & Remuneration Policy, Forex Policy, Board Diversity Policy, Ethics and Compliance Policy, Investment Policy, Risk Management Policy, Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

If answer to S. No. 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task						NA			
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

## 3. Governance related to Business Responsibility

### a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The Board of Directors meet every quarter to discuss applicable BR issues and assess the BR performance of the Company.

**b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is WIL's first Business Responsibility Report. WIL publishes a sustainability report based on the Global Reporting Initiative (GRI) framework and guidelines.

WIL's Sustainability Report for FY 2015-16:  
[http://www.welspunindia.com/environment\\_management/Welspun%20Sustainability%20Report\\_2015-16%20\(1\).pdf](http://www.welspunindia.com/environment_management/Welspun%20Sustainability%20Report_2015-16%20(1).pdf)

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1:

#### Businesses should conduct and govern themselves with ethics, transparency and accountability

We build trust with our stakeholders by committing to adhere to compliance, disclosure, responsible and ethical business conduct. Our sustainability approach is based on the principles of transparency and accountability. Across the organisation, we strive to ensure highest levels of adherence to these principles. Our governance structure has facilitated a high level of integration and cohesion across the systems and processes, enhancing our ability to seize opportunities and responding to emerging challenges.

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

Ethics and transparency are fundamental tenets of how we operate every day. As a responsible corporate citizen, we carry out all our business activities with utmost integrity. We have several policies in place which underline commitment towards ethical conduct in everything we do.

Our employees are required to comply with the Code of Conduct and Ethics Policy. It forms a part of the HR manual and covers corporate responsibilities to employees and associates; basic ethics and code of conduct for employees and associates; responsibilities and obligations to all stakeholders; fair compensation; fair transactions; safety of employees and responsibility towards society.

WIL's Code of Conduct is applicable to our business partners, vendors and contractors, and we ensure that they are aware of, understand and adhere to its standards. Furthermore, we have a clause incorporated in supplier agreements which informs them of our policy of zero tolerance towards any unethical practices

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Nature of Complaint	No. of stakeholder complaints received	No. of stakeholder complaints resolved	No. of stakeholder complaints pending as on end of the financial year
Non-receipt of dividend warrants	60	60	0
SEBI Complaints	11	11	0
Stock exchange complaints	1	1	0
Violation of Code of Business Conduct and Ethics	1	1	0
Complaint filed with the National Green Tribunal (NGT)	1	0	1

Complaints from external stakeholders like suppliers and contractors are raised directly to business teams and are addressed by them on a case by case basis. Also, there was no complaint reported by any Director or employee of the Company under our vigil/whistle blower mechanism.

## Principle 2:

### Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Welspun is committed to the cause of sustainable growth in textiles sector along with community development, as reflected in our corporate social value creation vision and sustainability initiatives. We will strengthen our partnerships across value chain to further the cause of ensuring cotton from sustainable sources. We have steadily imbibed sustainability into our operations to ensure effectiveness of our activities, enable resource optimisation and conserve natural resources.

We have initiated an Life Cycle Assessment (LCA) to help us identify improvement opportunities and align product design and innovation towards reducing environmental impacts from cradle to grave. The output of this assessment will helps us

design products that are more sustainable and a lesser impact on the environment. We engage with our supply chain to promote best practices and minimise impacts right from sourcing raw materials to delivering our products to customers.

We have also aligned the manufacturing of certain amount of products to be as per Global Organic Textile Standard (GOTS) which ensure textile products are manufactured in an organic way, right from the harvesting of raw materials to manufacturing processes. In addition, our facilities in Anjar and Vapi are OEKO-TEX® Standard 100 certified and follow the REACH regulations that restrict the use of harmful substances in our manufacturing processes. Initiatives to reduce the impact of our operations are incorporated from the early stages of production. We also reuse cotton waste to lower its consumption.

#### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Value Addition	Product Category	Sustainability Aspects
Organic / Fair Trade	Towels, Sheets, Rugs	Sustainable farming practices
Better Cotton Initiative	Towels, Sheets, Rugs	Cotton from sustainable sources
Natural	Towels, Sheets, Rugs	Chemical free
Recycled Polyester	Bath and Area Rugs	Environment friendly-recycled
Cotton / Recycled Poly Blend	Sheets	Environment friendly-recycled
100% Recycled Micro Fibre	Bath Rugs	100% recyclable synthetic product
Spun	Rugs, Deck Pillows, Cushions, Quilts	Women empowerment and livelihoods, conservation of traditional crafts, waste to wealth

#### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

WIL has undertaken several initiatives for managing the amount of energy and water used across our operations. Details of these initiatives have been provided under Principle 6.

#### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Cotton is an important raw material and we are aware of the environmental impacts with regards to high amounts of water as well pesticides consumed. We also are aware of the impacts such as climate change that affect the production of cotton. Keeping this in mind, we have initiated procurement of cotton from Better Cotton Initiative (BCI) vendors to ensure that the cotton we use in our production comes from responsible sources that enables reduction of environmental impact from cotton production as well as improves livelihoods and socio-economic status in cotton producing areas. We work with BCI supply chain partners in India as well as in countries like US, Australia and Africa. Predominantly it is in India where we source our BCI cotton from certified projects in states of Gujarat, Odisha, Maharashtra, Madhya Pradesh, Telangana and Andhra Pradesh.

We also use organic cotton which is a sustainable agriculture produce mainly from India (Odisha, Gujarat and Maharashtra). Our emphasis is on organic projects which demonstrate the traceability of the cotton up to the farmer level.

Some of our other initiatives to promote sustainable sourcing include:

- Our vendor evaluations and supplier audits consist of social and environmental aspects
- For some of our customers, we have incorporated stringent standards and assessments to evaluate suppliers on environmental, social, governance and safety aspects.
- All locations are SA 8000 certified and we make our suppliers aware of this performance criteria which includes - child labour, forced labour, freedom of association and collective bargaining, health and safety, discrimination, disciplinary practices, working hours and remuneration.
- Annual supplier meets are organised, where we emphasise our environmental and social expectations

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

As much as 74% of our goods and services are sourced locally. We acknowledge and promote local procurement for economic development of the region. We also work with local businesses and generate productive local employment by hiring talent from near our locations to meet requirements for services like waste handling, housekeeping, logistics and machine operations.

SPUN is an initiative by WIL to change the lives of women of the Great Rann of Kutch by co-opting them into the revival of the dying arts and crafts of the region. Products are fashioned at our local village centers and are

marketed with the aim of creating a global brand identity with a contemporary edge, rooted in handcrafted traditions and home-grown aesthetics. By reviving traditional arts and indigenous techniques such as block printing, kantha embroidery, mirror work and applique techniques, this project seeks to connect rural women artisans and craftsman with urban markets.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)**

While we have systems in place to recycle water, we are expanding our recycling capabilities. We have entered into a concession agreement with Anjar Nagar Palika (ANP) and Gandhidham- Adipur Nagar Palika (GNP) and are in the process of setting up a 30 MLD sewage treatment plant with the necessary allied works, in order to recycle and reuse the waste water generated in these cities. This would enable recycling and reusing of sewage water which will be used for our operations thus decreasing the intake of freshwater for our manufacturing processes. By the end of 2025, we aim to meet our total fresh water entirely by treated RO processed water from this sewage treatment plant.

We also focus on intelligent recycling of waste and we adhere to the 3R and D system i.e. Reduce, Reuse, Recycle and Disposal. We reuse the waste as an alternate source of material, which can be consumed in other operations of our business. At Anjar, we reuse coal ash, which is a waste generated from our operations. Instead of landfill disposal, bricks are now made from fly ash which are utilised in building worker colonies near our operations in Anjar.

We have installed a biogas plant at Anjar that converts bio degradable waste to energy. The kitchen waste as well as horticulture waste is sent to the biogas plant that generates energy for cooking meals in our canteen at Anjar.

Some of our other initiatives include recycling of PET bottles that are sent to Stree Mukti Sanghatana, a local women's Self-Help Group for recycling, and we have been using recycled notepads in training centres made from paper waste generated from our corporate office.



### Principle 3:

#### Businesses should promote the well-being of all employees

We strongly believe that the ability to meet our organisational goals is directly linked to the effort put forth by our people and their well-being. We are committed to nurturing a diverse and an engaged workforce, continuously investing in their training, development and well-being, providing opportunities for career growth and ensuring a safe and congenial workplace environment. Human capital development has always been a strategic priority for WIL.

The Human Resources (HR) team at WIL focuses on building a stable but a dynamic organisation by adopting the core values embedded in our people, processes and practices. We have transformed our employee value proposition by augmenting key HR processes, namely – talent resourcing, employee engagement, competency development,

performance management and recognition.

As an organisation, we respect the rights of our people and have implemented robust policies to ensure that these are upheld across all of our operations. We celebrate our differences and capitalise on the intrinsic values of a diverse workforce, including gender, race, colour, religion, age, nationality or any other factor. We also employ employees with disabilities (we employ employees with impaired hearing in our factories and give them a chance to earn their livelihood). We have committed to ensuring that 20% of our workforce by 2020 are women.

As an equal opportunity employer, we believe in meritocracy. To this end we have instituted a fair and an objective system to evaluate our people's performance, ensuring that it is aligned with our broader strategic objectives and operational goals.

1.	Total number of employees	29091
2.	Total number of employees hired on temporary/contractual/casual basis	6478
3.	Number of permanent women employees	3722
4.	Number of permanent employees with disabilities	175
5.	Do you have an employee association that is recognised by management?	All employees at our facilities in Vapi are members of an employee association.
6.	Percentage of your permanent employees is members of this recognised employee association?	50.5%
7.	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	

No.	Category	Complaints filed during the financial year	Complaints pending as on end of the financial year
(i)	Child labour/ forced labour/ involuntary labour	0	0
(ii)	Sexual Harassment	0	0
(iii)	Discriminatory employment	0	0

#### 8. Percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

WIL pursues the highest standards of employee engagement by imparting their workforce with requisite skills training and providing resources essential to perform their job functions, thus reinforcing an environment of excellence through learning and development. Around 77% of employees were given training in FY 2016-17.

Our approach to people management continually cultivates leadership qualities and encourages employees to learn and explore at all stages, to enable them to be the leaders of tomorrow. Learning is a vital part of our culture, and we believe that it is best achieved through observation, experimentation and reflection. At WIL, our training and development programme is aligned with the development needs of our people and our business goals.



To understand the training requirement of individual, psychometric tests are conducted. To meet the specific needs of each individual, training needs were identified and Individual Development Plan were prepared for each team member. Customised programmes were launched with new training techniques like Simulation, Role Plays, Outbound trainings etc. Team wise skill directory was also framed based on competency framework to set standard skillset requirement for the business.

At the plant level, programmes for supervisory staff were launched and executed and at the Head Office, a series of learning interventions were initiated through 'Corporate Studio'. Varied range of programmes like Impactful Communication, Personal Brand Management, Negotiation Skills, Presentation skills, Time Management, Interpersonal Skills, Business Etiquettes etc. were covered. Behavioural training workshops were also initiated at the worker level.

At WIL, constant efforts are made to align employee expectations with business requirements. To ensure the same, the Company started the Internal HR survey initiative. Based on feedback received, the HR team moved their focus from employee communication to the next level-Employee Development. A need for various training and development initiatives was felt across business and therefore, HR team took up the initiative of bringing up customised employee development approach.

Our key learning and development initiatives include:

- **Manav Vikas Kendra Centre for Skill Training:** As a part of our skill development efforts, we provide our employees with technical training that enables them to perform high precision technical jobs efficiently. We design and provide behavioral, functional and technical training to our workforce and executives, to impart the necessary skills to perform their jobs, inculcate the industrial culture, develop interpersonal relations and encourage self-development

- **SWASTI Foundation:** This is a specially designed training programme for the workforce to build awareness around common health problems, enhance communication skills, build knowledge about personal finance, create awareness about gender roles and develop leadership skills.
- **Leadership Development:** We are committed to nurturing talent from within our organisation and develop a strong succession planning for the employees who have the potential to ascend to top management roles. Under the LDP programme, we run a Leadership Academy that comprises modules like strategic thinking, execution excellence, emotional intelligence, better engagement and customer centricity, influencing skills, relation management and drive change management.
- **Saksham:** The aim of this project is to enable employees to become trainers, who are then capable enough to train other employees and to provide a platform to move towards the next step of multi skilling.

#### **Principle 4:**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

Understanding the stakeholders' concerns and expectations is an essential part of WIL's sustainability approach. Through regular formal and informal engagements, we develop mutually beneficial relationships with our stakeholders.

We firmly believe in an inclusive participatory approach that values the voices of our stakeholders. Engaging with our stakeholders helps us establish and maintain an inclusive relationship with them. While the inputs from our stakeholders help us understand their needs and expectations, addressing their concerns help us to establish lasting partnerships based on trust.

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

We have initiated a comprehensive exercise for identifying all our stakeholders, understanding their needs and mapping the nature of respective engagements. This was part of our materiality assessment exercise. Currently, we consider customers, community, regulators and government entities, supply chain partners and the workforce as our key stakeholders

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

Yes, we have identified disadvantaged, vulnerable & marginalised stakeholders which include, rural communities, individuals with disabilities and special needs, women and the youth.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

- **Employing people with special needs:** We have 175 employees with hearing, speaking impairments and other disabilities in our Vapi and Anjar locations. We aim to further increase the disabled employee count by 5% in the next few years as per our effort to integrate them into the mainstream. In addition to providing special training for hearing and speech impaired employees, they are given a special pouch with a whistle and a notepad to enable them to communicate with other employees. All staff members are trained in sign language and sensitised toward the needs of these employees.
- **Promoting gender diversity:** A significant section of our employees at our Anjar and Vapi plants are women and it is fairly common for them to leave their jobs after getting married. To encourage them to continue working we provide married couples accommodation on priority. In addition, we have trained and employed over 700 women at our eight CSV (Corporate Social Value) centres at our plant. We also provide trained women with flexible “work from home” employment

options. Further to that, we aim to increase the women employees at our locations to 30% in the coming few years. A special girls’ hostel has been set up in Anjar and Vapi.

- **Community outreach:** Our social impact programmes are implemented through the Welspun Foundation for Health and Knowledge (WFHK), which is active wherever we have a business presence. Details of our CSR initiatives are provided under Principle 8.

**Principle 5:**

**Businesses should respect and promote human rights**

Human rights issues relevant to our operations are covered under our Code of Conduct and Ethics Policy, Prevention of Sexual Harassment (POSH) Policy, Whistle-blower Policy and Human Resource related policies and practices. These policies ensure that human rights are not violated and there is zero tolerance for human rights violations at WIL.

We are committed to respecting the rights of individuals, and treat our people with trust, respect and dignity. With a view to promote the rights of our people and enable a decent and ethical work place, our locations are SA8000 certified.

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

Our code of conduct promotes respect for human rights and we provide a free, fair and a discrimination free environment to our employees. We encourage our employees to raise any concern they may have and we have laid down procedures for addressing such concerns. Under our whistle blower policy, a fair and a transparent mechanism has been provided to report any violation to our code of conduct.

We do not deal with any supplier/contractor if it is in violation of local laws pertaining to human rights and we do not employ any person below the age of 18. Use of forced or compulsory labour is prohibited at any of our units and we discourage the same with our suppliers and contractors.

The above policies apply to WIL and are extended to subsidiaries and business partners. Relevant policies are shared with our suppliers and contractors and they are expected to uphold human rights.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

There were no complaints related to human rights issues like child labour, forced or involuntary labour or discriminatory employment or sexual harassment in FY2016-17.

**Principle 6:**

**Businesses should respect, protect, and make efforts to restore the environment**

WIL is committed to environmental leadership in all of our business activities. Our global environmental management system ensures our company is vigilant in protecting the environment in all its operations.

Protecting and conserving our environment is integral to our business philosophy. All our facilities have a robust environment management systems in place that ensures environment friendly operations and we regularly engage with our local communities for developing conservation initiatives.

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others**

WIL strives at all levels to conserve natural resources and energy. Optimisation of consumption and well planned wastage control & recycling measures are implemented at all facilities. Going beyond just compliance with applicable Health, Safety and Environment (HSE) legislations, we strive to ensure that all managerial decisions including selection/ procurement of materials, machinery equipment, placement of personnel and setting up of projects are integrated with the broader goals of our CSR policy

Our approach to environmental management extends to our subsidiaries and covers our suppliers or contractors.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

We are aware of the fast depleting natural resources and are making efforts to judiciously and efficiently use the available resources in our operations. In order to make our business sustainable in the long run, we are continuously putting in efforts to minimise our energy consumption and improving the green cover around our operation.

At WIL, we believe that effective management follows effective measurement. We are committed to both, managing and minimising our environmental footprint. We will be exploring a host of initiatives to reduce energy consumption across our operations, including investment in renewable energy, energy efficiency projects and employee initiatives.

WIL has undertaken several initiatives in the areas of energy efficiency, emissions management and water management across locations to minimise its environmental impact.

Some of these initiatives include:

**Energy and climate change:** We believe that there are multiple strategic advantages that can be realised by exploring several of energy conservation measures through periodic energy audits and proactive maintenance of equipment. We have saved significant energy through various energy efficiency measure like installing VFDs, digital temperature controllers, LED fixtures, etc. We are committed to exploring renewable energy applications at our facilities. We also work on various energy saving initiatives in our processes that range from waste heat recovery, installation of energy efficient machines, process modifications etc. We saved a total of 2.99 GWh of energy during FY 2016-17, which is equivalent to 2392 MTCO<sub>2</sub> (carbon emissions).

**Water and effluent management:** Welspun has taken several steps towards water recycling as water is an important element of our operation. To reduce our dependency on the Narmada river or fresh water consumption, we have tied-up with Anjar, Gandhidham – Adipur

Nagar Palika and have set a 30 MDL sewage treatment plant with necessary linked works, in order to recycle and reuse the waste water generated in these cities and surrounding areas increasing sustainability. Our “Waste Water Recovery” plant which has multi-level treatment stages which manages effluents thus helping in recovery. This STP installed facility has a capacity to process 30 million litres of water per day and around 85% of water is recovered from STP (Sewage Treatment Plant) and used at another facility nearby. This ensures efficient waste water recycling facility for regions that do not have one therefore reducing water pollution and health risks associated with it.

We also focus on intelligent recycling of waste and we adhere to the 3R and D system i.e. Reduce, Reuse, Recycle and Disposal. We reuse the waste as an alternate source of material, which can be consumed in other operations of our business. At Anjar, we reuse coal ash, which is a waste generated from our operations. Instead of landfill disposal, bricks are now made from fly ash which are utilised in building worker colonies near our operations in Anjar.

We have installed a biogas plant at Anjar that converts bio degradable waste to energy. The kitchen waste as well as horticulture waste is sent to the biogas plant that generates energy for cooking meals in our canteen at Anjar.

Some of our other initiatives include recycling of PET bottles that are sent to Stree Mukti Sanghatana, a local women’s Self-Help Group for recycling, and we have been using recycled notepads in training centres made from paper waste generated from our corporate office.

**Waste management:** Our objective is not limited to waste reduction across our operational stages; however, we also focus on intelligent recycling of waste. We reuse the waste as an alternate source of material, which can be consumed in other operations of our business. Across all our facilities, we regularly monitor the waste generated from our operations and identify areas for waste reduction, recycling and reuse. Waste disposal is carried out through appropriate methods and directed to authorised channels of disposal as per the by-laws of respective State Pollution Boards.

In our endeavour to reduce our waste to landfill we have initiatives like recycling of waste paper and PET bottles in our corporate office. In our factory at Anjar, food as well as horticulture waste is converted to biogas which is used in our kitchens as fuel for cooking purposes. At our Vapi factory, food waste from canteens is converted to manure for plants. We also encourage employees to dispose of their e waste in the office to ensure e waste does not end up in landfills.

We have also made rugs from waste rags.

**Chemical management:** We go beyond our local compliance when it comes to sustainability and we use the chemicals as per the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations. In our bed sheets processes, we make use of Bioscouring, which replaces chemicals with enzymes in the process of de-sizing and pre-treatment of cotton fabric. We are actively working on reducing the consumption of soda ash which is used in our processes for fixing of reactive dyes. This will not only help reduce our chemical consumption but also the efforts required for treat wastewater.

Further we also follow the Restricted Chemicals List to ensure no hazardous chemicals are used in our processes as well the MRSL (Manufacturing Restricted Substance List) which goes a step ahead than RSL and restricts hazardous substances potentially used and discharged into the environment during manufacturing, not just those substances that could be present in finished products.

### 3. Does the Company identify and assess potential environmental risks? Y/N

Yes, Environmental risk related to climate change, energy, waste & water management has been identified & necessary steps have been taken to mitigate them. These are included in our Sustainability Report available at <http://www.welspunindia.com/environment-management.php>

**4. Does the Company have any project related to Clean Development Mechanism? If yes, whether any environmental compliance report is filed?**

No, we do not have any Clean Development Mechanism (CDM) projects.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, we have taken several initiatives across our operations in areas related to energy efficiency, emissions management and water management. Details are provided in response to Q2.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions and waste generated were within permissible limits given by CPCB/SPCB.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

We have received 1 notice from the National Green Tribunal during FY2016-17, which is pending resolution as of end of FY 2016-17.

**Principle 7:**

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

We believe that driving change and taking efforts towards effective policy development fosters industrial growth. WIL prefers to be a part of the policy development process and hence, actively participates in all forms, but has not been lobbying on any specific issue.

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

We are a part of a number of associations that enable value addition to the textile and apparel industry:

<b>Name of Association/Industry Body</b>	<b>Broad areas of engagement</b>
Federation of Indian Chambers of Commerce and Industry (FICCI)	Governance and administration; economic reforms; inclusive development policies, energy security; water; food security; sustainable business principles, others
● FICCI Ladies Organization (YFLO)	
● FICCI FLO	
● FICCI Apparel, FICCI YFLO	
YPO-Young President's Organization	
The Associated Chambers of Commerce of India (ASSOCHAM)	
Indian Merchants Chamber	
TEXPROCIL (The Cotton Textiles Export Promotion Council)	
SRTEPC (The Synthetic & Rayon Textile Export Promotion Council)	
Bombay Chamber of Commerce & Industries	

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Through our representation in the above mentioned bodies, we participate in relevant forums that are of interest to our industry and our stakeholders. All such engagements are done in line with our code of conduct.

## Principle 8:

### Business should support inclusive growth and equitable development

Welspun impacts lives by working with our communities through a diverse range of social interventions that aimed at securing stable and sustainable futures. Our corporate social responsibility (CSR) approach transcends the core pillars of sustainable development and is rooted in strengthening educational foundation, improving access to healthcare services, empowering people and conserving the environment

We have a corporate social responsibility (CSR) policy which is overseen by the CSR committee of the Board. In line with our CSR policy, we undertake activities that are aligned to schedule VII of Companies Act, 2013.

#### 1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Our CSR activities are carried out through Welspun Foundation for Health and Knowledge (WFHK), which is active wherever we have a business presence. WFHK works across a diverse spectrum spanning sustainable livelihood, hygiene and sanitation, health, education and gender.

Key focus areas:

- **Smart and sustainable villages:** We aim to promote a modern vision for villages in India, where they are technology enabled and sustainable. A 'Smart and Sustainable Village' would provide communities with employment, while creating ancillary livelihood opportunities leveraging 'smart' technologies and green growth opportunities. By 2020, we commit to working together with 20 villages to implement replicable smart solutions, that not only empower a better way of life, but also secure a healthier environment for residents by promoting greener living.
- **Women empowerment:** Our focus has been on enabling women to create alternative livelihoods and improve their earning capacities. Economic independence amongst women improves

gender equality, advances their social status and increases civic participation. Vocational training and skills enhancement centers have been established to provide opportunities for women to learn and develop new skill sets such as garment making and sewing. Each training center is structured as a social enterprise and managed like a professional business with targets, quality standards and efficiency metrics.

- **Promoting education:** Many of the schools around our operations do not have modern amenities, are poorly equipped and lack infrastructure. This leads to poor teaching quality, increasing drop-out rates and sub-standard learning. Over the course of the next five years, by 2020, we plan to extend the reach of our education projects to 1,100 schools in Anjar.
- **Improving access to healthcare:** We are committed to promoting and protecting community health through a range of initiatives from delivering preventive healthcare services, improving community hygiene and sanitation, providing clean drinking water, awareness and blood donation drives, and improving the quality of healthcare infrastructure.
- **Environmental conservation:** Recognising concerns over climate change, we strive to reduce our environmental footprint and mitigate our emissions through tree plantation. Our tree plantation activities are designed for multiple benefits to the natural environment and our rural communities. We launched a campaign to provide villages with vegetable and fruit saplings. Residents are also encouraged to nurture saplings and plant them near their homes.



S. No.	Theme	Project or activity details
1.	Promoting education	<ul style="list-style-type: none"> <li>• Development of primary school in Versamedi village</li> <li>• Para Teacher Programme</li> <li>• Adult literacy and scholarship Programme</li> <li>• Construction of Vedshala and promoting study of Vedas</li> </ul>
2.	Healthcare and sanitation	<ul style="list-style-type: none"> <li>• Construction of toilets under govt approved CSR scheme</li> <li>• Conducting medial camps and preventive healthcare Programme in villages</li> </ul>
3.	Community empowerment	<ul style="list-style-type: none"> <li>• Construction of bus stand and providing street lighting</li> <li>• Setting up RO water plants in villages</li> <li>• Establishing a skill centre</li> </ul>
4.	Environmental sustainability	<ul style="list-style-type: none"> <li>• Tree plantation and environmental awareness Programme</li> <li>• Setting up a waste water reuse plant</li> <li>• Setting up a bio-gas plant</li> </ul>
5.	Women empowerment	<ul style="list-style-type: none"> <li>• Promoting girls for national level swimming</li> <li>• Donation to girls hostel and allied CSR activities</li> </ul>

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?**

Our social programmes are implemented through the Welspun Foundation for Health and Knowledge (WFHK), which is active wherever we have a business presence. WFHK engages with local stakeholders, through a consultative and collaborative approach to identify community needs and design programmes that engage, empower and inspire visionary futures. Our corporate social responsibility (CSR) approach transcends the core pillars of sustainable development and is rooted in strengthening educational foundation, improving access to healthcare services, empowering people and conserving the environment.

**3. Have you done any impact assessment of your initiative?**

Welspun Foundation for Health and Knowledge (WFHK) has engaged an external consultant to carry out impact assessments of our corporate social responsibility projects.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

CSR expenditure in FY 2016-17 was ₹ 7,93,16,000. Details of projects undertaken are provided in Q1.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

All our initiatives, whether implemented directly by Welspun Foundation for Health and Knowledge (WFHK) or in partnership with another agency, are meant to address the direct needs of the intended beneficiaries. Since the projects are linked to the needs of the communities they are meant to serve, community buy-in is ensured in this manner.

**Principle 9:**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

We are a customer centric organisation and aim to consistently deliver on our promise of excellence. Welspun India Limited is one of the world's leading home textile manufacturers and one of the largest home textiles exporter to the US. We have a global footprint, with markets in the US, Canada, UK, Europe and Japan. We are the supplier of choice for top retail stores across 50 countries, which reflects our determination to deliver quality at our best.

We continuously undertake product improvement projects for enhancing overall customer engagement experience and ensuring consistency between all service interfaces. We are also committed to increasing public awareness regarding WIL's services and products and its role in society.

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

No cases or complaints were filed or are pending as on end of FY 2016-17.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Yes, certain requirements on the usage of product and specifications of the product are clearly mentioned depending on the customer base to which the product caters to. Also, customers are kept informed specifically on wash care requirements and environmental credentials (e.g. OEKO-TEX® Standard 100, GOTS, Organic Content Standard) as applicable specifically for products in our environmental portfolio.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?**

No cases or complaints were filed or are pending as on end of FY 2016-17.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

WIL's journey from being a process oriented to a customer-centric organisation is aided by a host of service improvement, awareness generation, engagement enhancement and satisfaction measurement projects undertaken by our dedicated customer services department.

We endeavour to raise customer satisfaction levels, provide consistent product delivery experience and provide timely redressal to customer complaints and concerns. Individual departments seek feedback depending on the specific products, the feedback we obtain is used to ensure that we deliver the best to our customers.