



# Well on track

Annual Report FY 2017-18

# Contents

1

## COMPANY OVERVIEW

01-31

- 01 Well On Track
- 02 Innovation-driven leadership
- 04 Brand Portfolio
- 06 WIL's products & solutions
- 08 Moments that we cherish
- 10 Extending reach globally
- 12 Chariman's message
- 16 Financial performance
- 18 Priorities on track
- 22 Well on track to reinforce integrity
- 24 Well on track to strengthen brands
- 26 Well on track to craft fabulous innovation
- 28 Investing in talent management
- 30 Sustainability and community well being



Scan this code with a QR reader app on your smart phone or tablet and know more about us

2

## STATUTORY REPORTS

32-89

- 32 Management Discussion and Analysis
- 54 Director's Report
- 82 Corporate Governance Report

3

## FINANCIAL STATEMENTS

90-234

- 91 Standalone Financial Statements
- 159 Consolidated Financial Statements

## 2017-18 Highlights

**₹61,318 Mn**

TOTAL INCOME

**₹12,046 Mn**

EBITDA

**₹3,850 Mn**

PROFIT AFTER TAX (AFTER  
MINORITY INTEREST)

**₹3.83**

EPS



# Well on track

We believe, leadership is all about questioning the status quo, navigating the next, setting new trends and moving beyond them.



It is also about placing the customer and his/her aspirations at the heart of all strategy. Our decades-rich track record validates this corporate philosophy.

We have always crafted new pathways of progress on the strength of innovation, refreshed brands strategy and early adoption of emerging technologies.

During the year, we continued to expand our market presence, drive the innovation engine, strengthen our brands and elevate our operational benchmarks. Our agenda of talent development, community empowerment and sustainability also remained high on the radar.

*Supported by imagination and insight, ahead-of-the-curve technology, passionate teamwork, and Welspun 2.0 values at the core of our business strategy, we are well on track... To accomplish our Vision 2022 roadmap.*



# Innovation-driven leadership

FOR OVER THREE DECADES, WE ARE CONTINUOUSLY WEAVING A WIDE RANGE OF INNOVATION, SUPPORTED BY STRONG LEADERSHIP AND A ROBUST DISTRIBUTION NETWORK. WE ARE INDIA'S LARGEST EXPORTER OF HOME TEXTILE PRODUCTS, OFFERING A DIVERSIFIED PRODUCT PORTFOLIO.



WIL, part of the US\$ 2.3 billion Welspun Group, is the world's largest home textile player with presence in bed, bath and flooring segments. With a distribution network in more than 50 countries and world-class manufacturing facilities in India, WIL supplies to 17 of the top 30 global retailers. The Company is the largest exporter of home textile products from India.

A differentiated end-to-end solutions provider in home textiles, WIL has presence in multiple geographies,

including the US, Europe, Australia, Japan, China and the Middle East, apart from the domestic market.

Our omni-channel capabilities are enabling us to expand our reach across e-commerce platforms. We also continue to strengthen our relationships with hospitality and healthcare segments. WIL is well on track to meet the changing consumer preferences, driven by its differentiation strategy based on branding, innovation, sustainability and patented traceability solution, along with sustained focus on the domestic market.

## Key differentiators

- Leading market player with a wide product range
- Vertically integrated presence with significant capabilities
- Global distribution network with reputed clients
- Diversified brand portfolio
- Culture of innovation
- Sustainable business practices
- Consistent focus on free cash flow
- Experienced Board and management with a proven track record

## Definitive strengths

- One of the largest home textile companies globally, with presence in bed, bath and flooring segments
- Ranked #1 in Home Textile Supplier Giants to USA by Home & Textiles Today magazine for 5 times in the preceding 6 years
- Exports home textile products to over 50 countries
- Supplier to 17 of the top 30 global retailers
- Uniquely positioned for cross-selling due to customer reach, competitive manufacturing and global delivery model
- Every 5th towel and every 10th bedsheet sold in the US is manufactured by WIL
- Since 2005, WIL's textile business has posted a 22% CAGR revenue growth
- 30 unique innovations introduced globally, enabling industry leadership

## Operational highlights

- 19% growth in domestic retail business
- Christy – 70% growth in the e-commerce business
- Launched Wel-Trak – industry defining traceability solution
- Added four more innovations during the year
- Long-term credit rating upgraded to 'AA'



# Brand Portfolio

## THE BRAND SPECTRUM

WIL offers exciting home textile brands for discerning customers around the world. These brands have their own unique characteristics and winning edge. These comprise premium and luxury segment, products inspired by high-tech innovation, interactive products based on technology, licensed products.

### Premium & Luxury



Launched in 2004, 'Spaces' is an outcome of WIL's global design expertise and innovation excellence. The wide range of bed linen, bath products and other home furnishing accessories are a perfect combination of trendy, bold designs married with innovative superior quality for comfort living. 'Spaces' makes a house feel like home as it appeals to the aspirations of home-owners. The brand is focussed on tapping domestic market and has presence in more than 200 shop-in-shops like Shoppers Stop, Lifestyle, Home Town and @home.

### Comforting Innovation



Hygro cotton® is a patented spinning technology that uses a hollow core cotton yarn. The fabric made from Hygro cotton® is ultra-soft, ultra-absorbent and plumps up after every wash, thus keeping its soft and plush feel.

Hygro cotton® also helps to regulate the temperature of the fabric, keeping it cool in the summers and warm in the winters, which makes it an ideal sheeting product. Sheets and towels made from Hygro cotton® are extremely popular in all markets. The technology has good traction in hospitality and domestic market.



With a legacy of 150 years, Christy is one of UK's largest and best-known brands, offering a wide range of luxury towels, bed linen and home accessories. Known for its craftsmanship, Christy is inspired by innovation, luxury, integrity and trust. Christy has also been introduced in US, China and Middle East.



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



Welspun's patented Wel-Trak™ process, supplemented by scientific traceability from Oritain™, is the most comprehensive end-to-end fiber tracking process. Wel-Trak™ allows consumers to track the fiber used in the product to the farm where it was produced.

## Interactive Textiles



**tilt**  
**SpinTales**

'Tilt' is a new brand of WIL that focuses on seamless integration of smart technology with home textiles. It is secured under the Interactive Textile Article and Augmented Reality System patent, which augments reality home décor. The first product, 'SpinTales', is an interactive and innovative bed set and rug for kids aged three and above. With innovative technology, a free app designed for the duvet cover and rug allows the user to experience adventures in augmented reality and engage in interactive games.

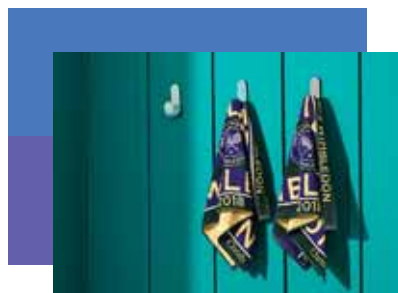
## Sustainability & Empowerment



**spun**  
threads with a soul

Spun combines Welspun India's highly evolved design with traditional weaves and printing styles. It is an initiative focused on reviving crafts of the country and empowering women, artisans, farmers and weavers. Spun has a slew of handcrafted textiles including quilts, decorative pillows and other bedding accessories.

## Coveted Licenses



**minions**

**ROYAL  
ASCOT**



**FIFA**  
For the Game. For the World.

**Disney**  
© Disney

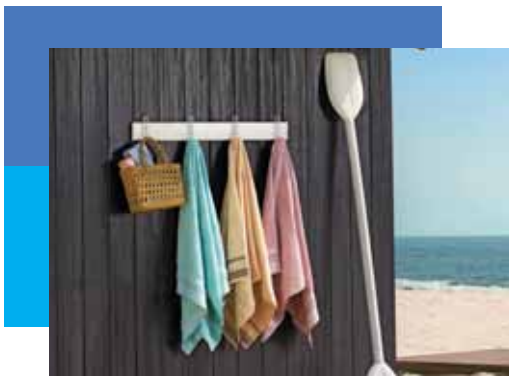




# WIL's Products & Solutions

## Towels

WIL manufactures an extensive variety of towels to suit the requirements of different customers. The product range includes wash cloths, face towels, hand towels, bath towels, bath sheets and beach towels.



### Our strength

*We are the leading supplier of bath towels in the US. Every 5<sup>th</sup> towel sold in the US today is manufactured by WIL.*

## Bedding solutions

WIL focuses on improving customer experience with innovative bedding solutions.



### Utility Bedding

WIL manufactures pillow fillers, mattress pads and down-alternative filled comforters at its Anjar facility in Gujarat. The range also includes fashion core comforters in solid and stripes.



### Our strength

*A wide product and brand portfolio, backed by WIL's unmatched design capabilities and innovation, makes it a complete bedding solutions provider.*

### Bed Sheets

WIL's bed sheets are available in solid-colour flat and fitted sheets, damask stripes, intricate jacquards and woven dobby patterns, across all thread counts in cotton and blended yarn/fabric, giving each sheet a unique character.



### Fashion Bedding

WIL's trend savvy design studios develop unique printed and woven textured patterns for bedrooms.



## Rugs and Carpets

WIL added bath rugs manufacturing facility with an annual capacity of 8 million pieces in 2009. Later, the Area Rugs category was added. With machine tufting and hand tufting capabilities, WIL manufactures cotton, nylon, polyethylene terephthalate (PET) and polyester filament-based Drylon and Resilon yarn rugs and the bi-component fibre rugs called Kushlon. The Area rugs are design intensive and add a style quotient to corners and places.



### Our strength

*Multi-fibre capabilities, focussing on worldwide consumer requirements related to Area Rugs and Carpets.*

## Flooring Solutions

Welspun Flooring is planned to be a fully integrated and independent flooring vertical. The wide range of flooring products, to be manufactured, include carpet tiles, broadloom carpets and area rugs, and artificial grass. WIL aims to become a one-stop flooring solutions provider for domestic and international markets.



# Moments that we cherish

## 1991

Welspun Winilon Silk Mills Pvt. Ltd. was renamed Welspun Polyester India Ltd. and listed on stock exchanges.



## 1993

Terry Towels plant was set up at Vapi in Gujarat, India.

## 1995

Welspun Polyester India Ltd. becomes Welspun India Ltd. (WIL) that shaped the textile business to its current form.



## 2000

Welspun USA was incorporated as a wholly-owned subsidiary of Welspun India Ltd. (WIL).

## 2005

- The facility in Anjar, Gujarat was set up
- Entry into the bedsheets category



## 2006

Acquisition of Christy – 150 years old towel manufacturing company and the most prestigious towel brand in the UK.

## 1985

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



## 2008

Entry into the rugs category



## 2012

Ranked as the No.1 Home Textile exporter to the US.

## 2014

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



## 2015

- Foray into the e-commerce segment with the launch of shopwelspun.com and shopwelspun.in
- SPUN brand was launched globally
- 'Hygro' branding campaign was launched in US

## 2016

India's largest spinning facility under one-roof at Anjar (Gujarat), India was commissioned.



## 2017

- Established industry defining, patented traceability solution - Wel-Trak™
- Forayed into flooring solutions and smart textiles
- Chosen as the No. 1 Home Textiles exporter to the US for the 5th consecutive year by Home & Textiles Today magazine

## 2018

- W2 unit (all women unit) was commissioned
- Ground-breaking ceremony of Welspun flooring took place in Telangana
- FIFA license for World Cup towels
- Wel-Trak branded products reach customer shelves





# Extending reach globally



- Warehouses
- Manufacturing Facility

- Corp HQ/ Marketing Offices
- Country Served



DEBENHAMS

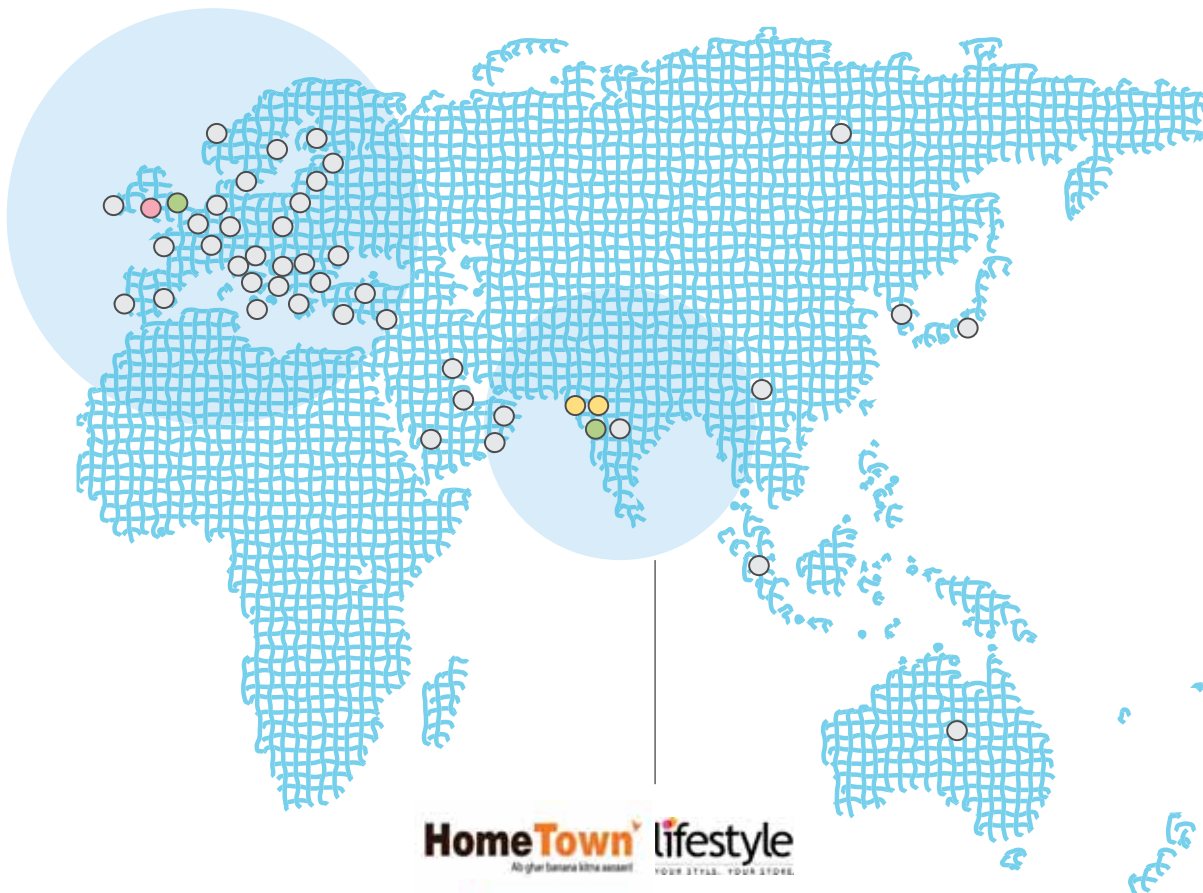
HOUSE OF FRASER  
SINCE 1849



John Lewis



Sainsbury's



**HomeTown** lifestyle  
Allo ghar banani kiya aasani! YOUR STYLE. YOUR STORE.



Delivery and Reach in  
Over **50** Countries

# Chairman's Message

**19.6%**

EBITDA MARGIN

**₹3,850 Mn**PROFIT AFTER TAX  
(AFTER MINORITY INTEREST)

*"FY18 was a challenging yet satisfactory year. While we faced various challenges, including destocking by retailers, transition to GST, currency appreciation, consumer preference for online channel etc., we were successful in converting these into opportunities. Your company maintained its leadership position and has made itself ready to move to the next trajectory. Our future growth and value creation will be driven by our differentiation strategy based on branding, innovation, sustainability and our patented traceability solution, along with our focus on the domestic market"*







*Our most recent patent is for Wel-Trak, our industry-defining traceability solution. Wel-Trak has been further strengthened with scientific traceability through chemical fingerprinting from Oritain™ and it has now become the most comprehensive traceability solution in textiles, with its ability to track from the final product right back to the farm.*



My dear fellow stakeholders,

IT IS WITH GREAT EAGERNESS THAT I LOOK FORWARD TO SHARING MY THOUGHTS ON WELSPUN INDIA WITH YOU EVERY YEAR. THIS GIVES ME AN OPPORTUNITY NOT ONLY TO INTROSPECT ON WHAT WE DID IN THE YEAR GONE BY, BUT ALSO SHARE MY VISION FOR THE COMPANY, FOR THE FUTURE.

As you might know, FY18 was a challenging year for the home textile industry, with most of the issues transitory and some structural. On the one hand, the increasing consumer preference for online channels led to destocking by brick-and-mortar retailers, thus leading to lower overall demand for home textile exporters. On the other hand, currency appreciation and teething issues in the transition to GST affected us. In order to tackle these challenges and convert them into opportunities, your company followed the differentiation strategy by focusing on brands, innovations, sustainability and its patented traceability solution.

#### **PILLARS OF OUR GROWTH**

I shared with you last year that our growth strategy is based on five pillars. I want to highlight here some of these steps taken in the last year on these, which we will continue to build on in the future.

#### **Innovation & Patents**

Innovation has been the cornerstone of new product development at Welspun. Even this year was no exception; your company increased its portfolio to 30 unique inventions across the globe in the textile space. We have also increased the share of innovative products in the total sales to 37% this year from 36% last year.

One of the most successful innovations “Hygro cotton” contributed more than USD 175 million to the sales this year. Our most recent patent is for Wel-Trak, our industry-defining traceability solution. Wel-Trak has been further strengthened with scientific traceability through chemical fingerprinting from Oritain™ and it has now become the most comprehensive traceability solution in textiles, with its ability to track from the final product right back to the farm.

#### **Brands**

During the year, we continued with our endeavor to strengthen and expand the share of the B2C business. An established brand portfolio not only improves financials but also reduces risk. We have reinvigorated the “Christy” brand in UK by making it more appealing to the younger generation. The strength of the brand helped us to reach customers directly, with more than 10% of “Christy” coming from online channels. In the domestic market, your company revisited and redesigned the brand strategy for the brand “Spaces”. We launched a new campaign around the brand which was well-received by customers. We also won accolades from our channel partners for being the best brand in home textiles.

# Chairman's Message (contd.)



We are also focussing on widening our ingredient brand portfolio. I am happy to share that 'Wel-Trak' is already available as an ingredient brand across multiple retailers in the US. Your company plans to replicate the success of 'Hygro cotton' with Wel-Trak as well as a many other ingredient brands.

Our efforts helped us increase the share of branded products to 17% of total sales from 16% last year. However, I believe that we still have a long way to go and we are continuously working towards that.

## New Markets

While we have an undisputed leadership position in the US, we want to replicate similar success in other key markets also. We are constantly looking at other markets to grow our business and diversify our risks. These include markets such as Europe, Japan, Middle East and Australia, apart from the most important growth market, India.

India continues to be one of the fastest growing large economies in the world, with low market share of branded players in home textiles. With GST implementation providing a more level playing field for organised players, we are well-prepared to capture the untapped domestic market potential through our portfolio of owned and licensed brands. The upcoming flooring solutions portfolio will also be majorly domestic-market focused.

## New Channels

In this era of rising e-commerce and mobile-commerce, it is essential to have an omni-channel presence in order to reach customers effectively. WIL has been relentlessly working on being an omni-channel player in the last few years. During the year, the Company further built on its capabilities. We are capable of serving customers ordering through our own portals as well as those coming through the website of retail partners in US, UK and India.

We are also working on becoming the preferred sourcing partner for the private labels of e-commerce platforms, which will help us gain a stronger foothold in the e-commerce space. We are also collaborating with exclusive online Direct-to-Consumer players in order to tap that growing opportunity.

We believe there is huge potential in the US hospitality and wellness markets. The Company's recent foray into these channels has yielded initial success, which gives us confidence of growing significantly in these businesses in the coming years.

## New Products

We follow a strategy of entering new product lines every few years, in order to boost growth and to reduce product concentration risks. In line with this strategy, the Company is foraying into flooring solutions with a planned investment of Rs. 11 billion. The facility to manufacture area rugs, carpet tiles and other flooring solutions will be located in Telangana, which will help us serve the domestic market better.

Technical textiles also provide another big opportunity for future growth. The company is already manufacturing wet wipes and has set up a needle-punch facility at its Anjar plant for other specialized products. Your Company is also looking for untapped opportunities in the basic bedding, comforters and quilts segments.

## SUSTAINABILITY

Welspun believes in being a business house which is not only consistent with the environment, but also helps sustain the same in the long run. Its social commitment includes sustainability and inclusive growth. It makes me proud to say that your company has removed its dependence on the Narmada river for fresh water and has made the whole water available to the locals. This has

been made possible with a Sewage Treatment Plant (STP), which treats sewage water collected from nearby villages and makes it available for the manufacturing process.

Even under the successful SPUN initiative, the Company has 1,200+ women engaged across 10 vocational centres. These centres have produced 540K bed sheets and developed 2.29 mn products till date. Your company has trained a total of more than 10,000 youth in FY18 under the Welspun's skill development programme.

#### WELL ON TRACK

Our mission is to transform Welspun in to a renowned global Institution and

constantly staying at the forefront to set industry benchmarks. We have already laid the foundation for this, through the above mentioned initiatives and are ready for the next trajectory. I firmly believe that we are on the right path to achieve Vision 2022 and create significant stakeholder value. We will continue to delight our customers through innovation and technology in order to achieve inclusive and sustainable growth to remain eminent in our business. Our mission is to transform Welspun in to a renowned global Institution and constantly staying at the forefront to set industry benchmarks. We have already laid the foundation for this, through the above mentioned initiatives and are ready for the next trajectory.

#### SPUN INITIATIVE

**2.29** Mn

DEVELOPED PRODUCTS  
TILL DATE

**1,200+**

WOMEN ENGAGED ACROSS  
10 VOCATIONAL CENTRES

## VISION 2022

**\$2** Bn

REVENUE



**NIL**

NET DEBT



**50%**

INNOVATIVE/ BRANDED  
SHARE



**20%**

WOMEN EMPLOYEES



**20%**

SHARE OF DOMESTIC  
REVENUE



I firmly believe that we are on the right path to achieve Vision 2022 and create significant stakeholder value. We will continue to delight our customers through innovation and technology in order to achieve inclusive and sustainable growth to remain eminent in our business.

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 be able to stay well on track to reach new heights and set benchmarks for the whole industry.

Sincerely,

Best Regards,  
Balkrishan Goenka



# Financial performance

## FY18 KEY HIGHLIGHTS

**₹61,318 Mn**

TOTAL INCOME

**19.6%**

EBITDA MARGIN

**₹3,850 Mn**

PROFIT AFTER TAX  
(AFTER MINORITY INTEREST)

**1.16x**

NET DEBT TO EQUITY

**2.51x**

NET DEBT TO EBITDA

**11.3%**

ROCE (PRE-TAX)

**₹907 Mn**

FREE CASH FLOW

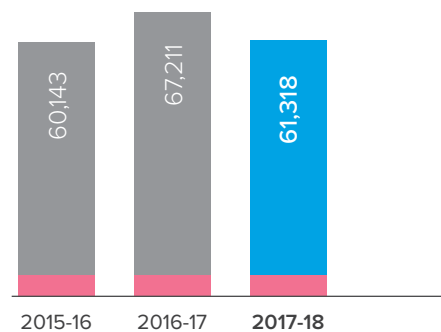
**₹0.65**

PER SHARE TOTAL  
DIVIDEND

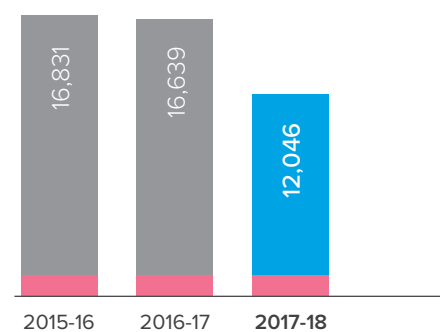




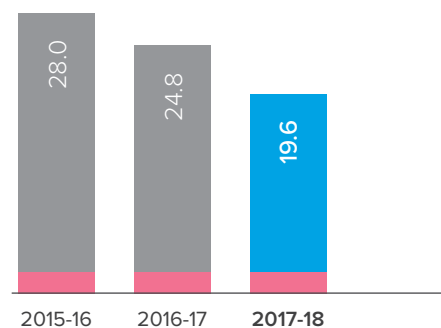
### Total Income (₹ in million)



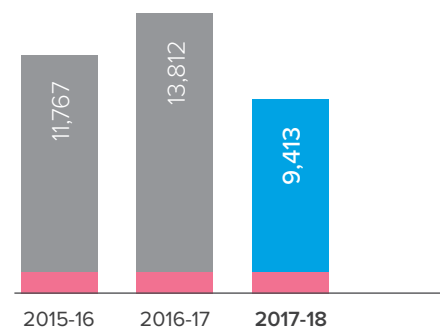
### EBITDA (₹ in million)



### EBITDA Margin (%)

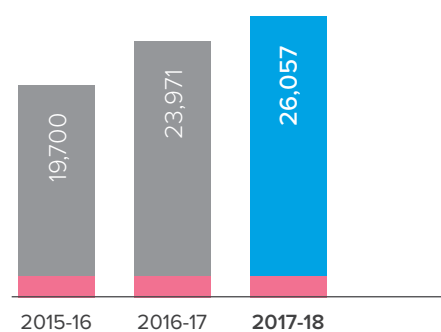


### Cash Profit \* (₹ in million)

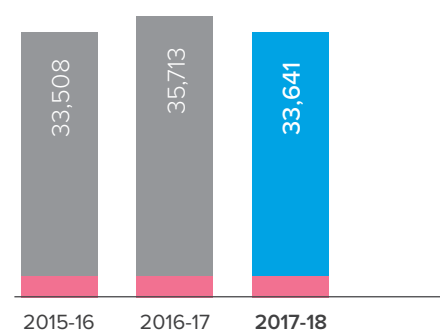


\* Cash profit = PBDT before exceptional less current tax

### Net Worth (₹ in million)

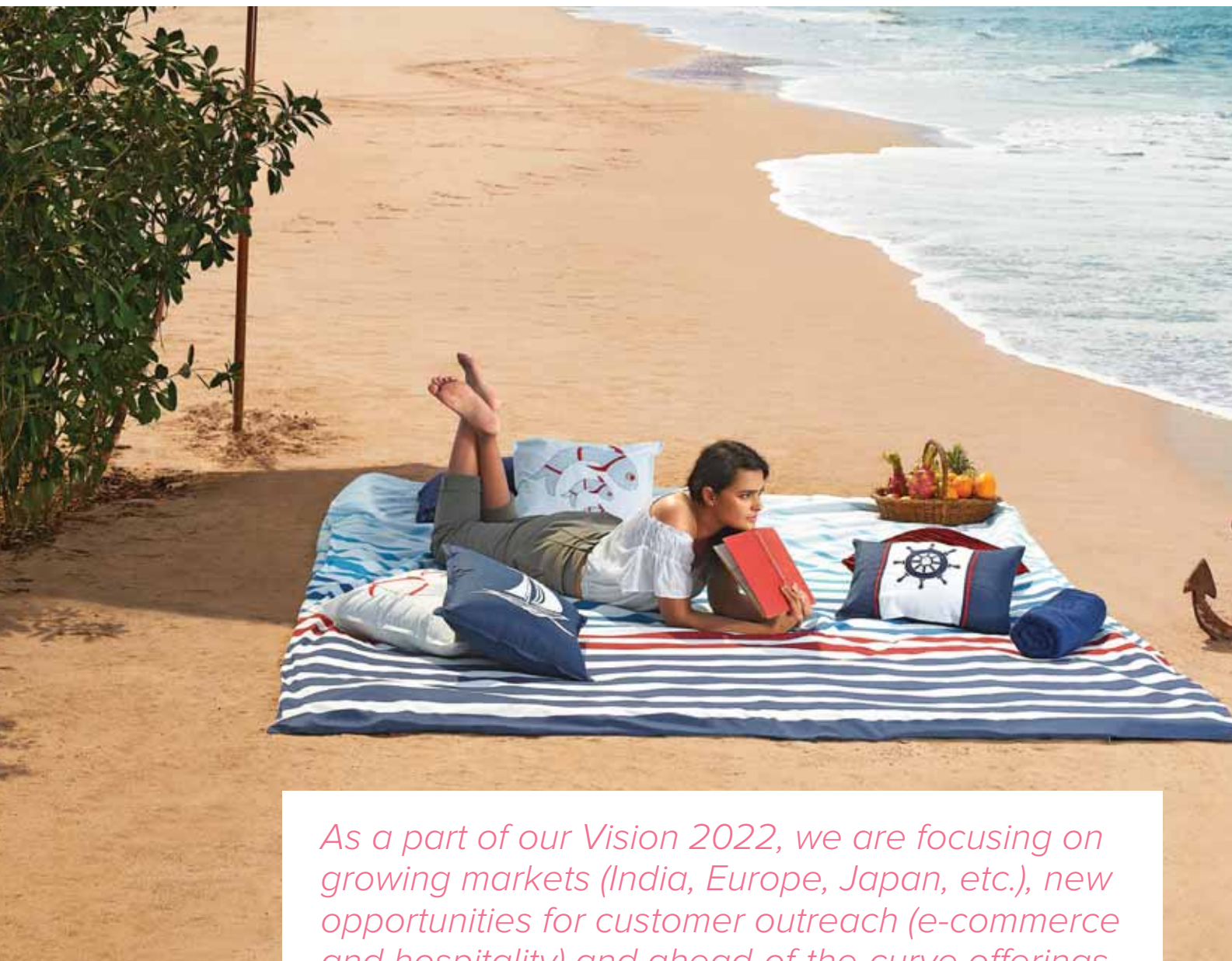


### Net Fixed Assets (₹ in million)



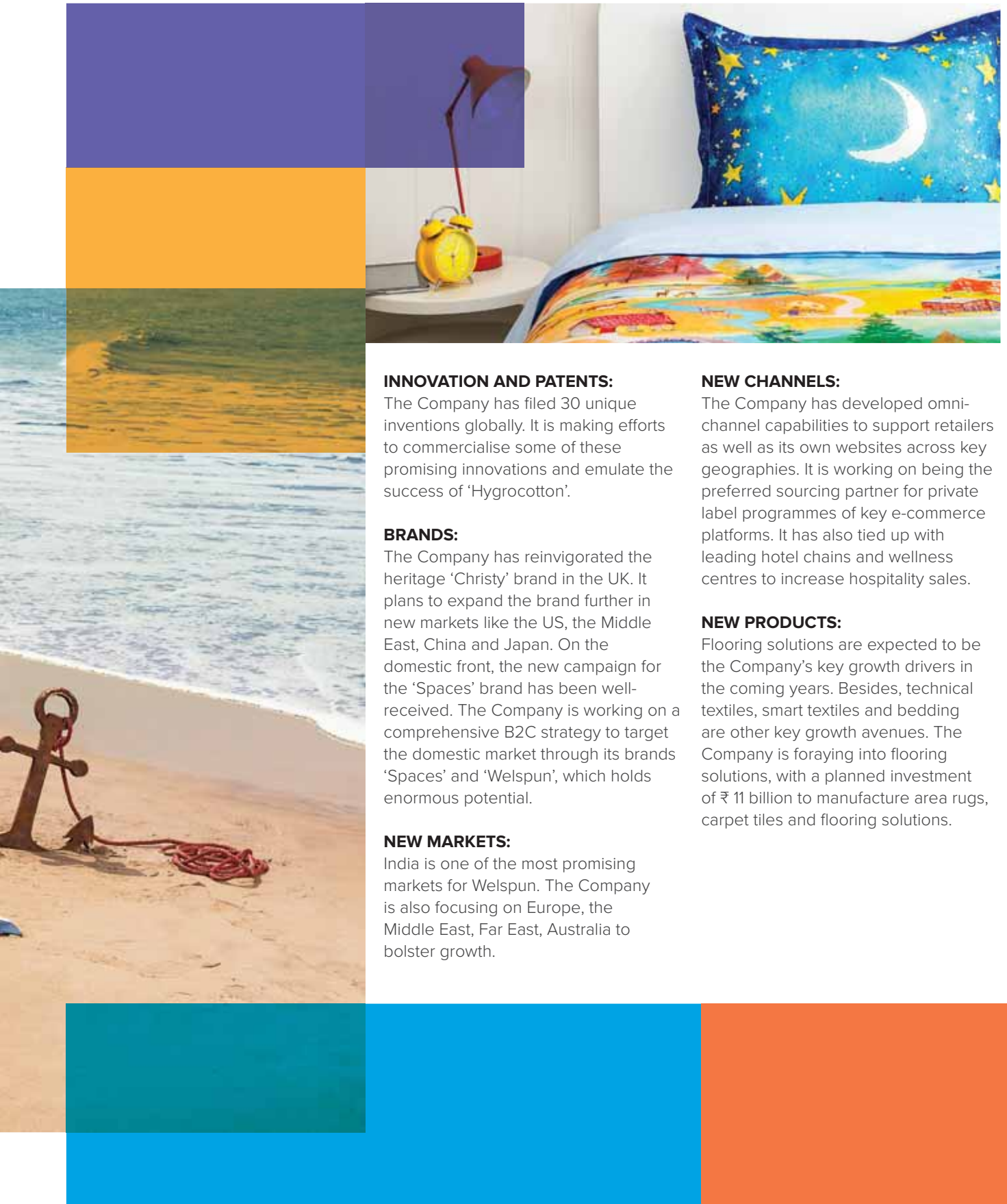
# Priorities on track

WE BEGAN OUR JOURNEY WITH A CLEAR VISION OF ENRICHING CUSTOMER EXPERIENCE BY VIRTUE OF OUR INNOVATION THAT SETS NEW TRENDS ACROSS GLOBAL MARKETS. OUR BUSINESS APPROACH IS TO EMPOWER AND CREATE SUSTAINED VALUE FOR ALL STAKEHOLDERS, WHILE REMAINING FULLY COMMITTED TO OUR VISION 2022.



*As a part of our Vision 2022, we are focusing on growing markets (India, Europe, Japan, etc.), new opportunities for customer outreach (e-commerce and hospitality) and ahead-of-the-curve offerings (flooring solutions and advanced textiles).*



**INNOVATION AND PATENTS:**

The Company has filed 30 unique inventions globally. It is making efforts to commercialise some of these promising innovations and emulate the success of 'Hygro cotton'.

**BRANDS:**

The Company has reinvigorated the heritage 'Christy' brand in the UK. It plans to expand the brand further in new markets like the US, the Middle East, China and Japan. On the domestic front, the new campaign for the 'Spaces' brand has been well-received. The Company is working on a comprehensive B2C strategy to target the domestic market through its brands 'Spaces' and 'Welspun', which holds enormous potential.

**NEW MARKETS:**

India is one of the most promising markets for Welspun. The Company is also focusing on Europe, the Middle East, Far East, Australia to bolster growth.

**NEW CHANNELS:**

The Company has developed omni-channel capabilities to support retailers as well as its own websites across key geographies. It is working on being the preferred sourcing partner for private label programmes of key e-commerce platforms. It has also tied up with leading hotel chains and wellness centres to increase hospitality sales.

**NEW PRODUCTS:**

Flooring solutions are expected to be the Company's key growth drivers in the coming years. Besides, technical textiles, smart textiles and bedding are other key growth avenues. The Company is foraying into flooring solutions, with a planned investment of ₹ 11 billion to manufacture area rugs, carpet tiles and flooring solutions.

**We are building more capabilities to meet and exceed ever-changing consumer expectations and stakeholder commitments.**







Our steadfast focus on operational efficiency, brands and innovation accelerate our growth momentum.



A close-up photograph of several red industrial valves or actuators. Each valve has a white, ribbed handle. The valves are arranged in a row, with the central one in sharp focus and the others blurred in the background. The lighting is soft, highlighting the textures of the red metal and white plastic.

# Well on track to reinforce integrity

WE CONTINUE TO INVEST IN PROCESSES, PRACTICES AND TECHNOLOGY TO ENHANCE OPERATIONAL EFFICIENCY. THE OBJECTIVE IS TO EVOLVE A GLOBALLY BENCHMARKED APPROACH TO ACHIEVE CONTINUAL IMPROVEMENT OF PERFORMANCE. WE WORK EXTENSIVELY ON SETTING INDUSTRY TRENDS AND ENHANCING STAKEHOLDER TRUST IN OUR CORPORATE BRAND EVERY STEP OF THE WAY.





To align our supply chain with our growing scale, we have put in place an industry-defining, multi-level traceability system called 'Wel-Trak', which can trace back a finished product to its original raw material source. This revolutionary and industry-defining process ensures that customers and consumers can trace the source of the cotton raw materials throughout the supply chain from farm to the retail shelf. The process includes:



Selection of dedicated cotton source with tracking to farms



Technology based tracking system from the gin to our warehouse



Tracking and Tracing Process flow in a vertically integrated manufacturing unit, patented as Wel-Trak™

#### PARTNERSHIP WITH ORITAIN GLOBAL LIMITED

We have partnered with Oritain Global Limited to augment the validation of home textile supply chain; and to support Wel-Trak process by an independent verification of origin. This partnership provides independent validation of Welspun's supply chain by using a method of chemical fingerprinting to identify the origin of the cotton fibre used for its home textile products. This exclusive tie-up with Oritain's traceability technology supplements Wel-Trak™; and demonstrates its commitment to full transparency and traceability of its home textile products throughout the supply chain.

#### Benefits

**Independent testing:** Instead of relying on packaging or barcodes, Oritain tests natural properties within the product itself through third-party laboratories and sampling

- 🌱 **'Product Test':** Oritain measures what exists naturally in the product; additional foreign traces like spray are not required
- 🌱 **Manufacture friendly:** No changes to the manufacturing process are required
- 🌱 **Consumer trust:** Audits are conducted throughout the supply chain to ensure product integrity
- 🌱 **No worries:** Brands can have confidence that what they are supplied is traceable back to its origin in a hassle-free manner

Wel-Trak technology allows tracing of cotton from farms to the gin, to the spinning and to the weaving stage as well as the point of sale. It has been one of Welspun's pioneering initiatives to strengthen its supply chain and processes in a record four-month span.

Cotton classed and RFID tagged/ bar coded at source



Classed Cotton shipped from source



Validation on entry at Welspun Warehouse

HVI/ AFIS fiber testing to validate quality before entry of cotton into system

Bale Movement to Spinning tracked via RFID reader





# Well on track to strengthen brands

WE LEVERAGE DESIGN THINKING AND TECHNOLOGY INNOVATION FOR DELIVERING FAST FASHION TO OUR CUSTOMERS. CHANGING FASHION AND ASPIRANT COMFORT LEVELS DRIVE THE CHANGING CONSUMER DYNAMICS, AND WE AT WIL HAVE THE DEEP UNDERSTANDING THAT HELP US FULFILL THE EVER-CHANGING EXPECTATIONS. THE COMPANY AIMS TO CREATE CUSTOMER JOY THROUGH INNOVATIVE OFFERINGS AND BUILD A ROBUST AND INCLUSIVE BUSINESS, A BUSINESS WHICH EMPOWERS AND CREATES SUSTAINED VALUE FOR ALL ITS STAKEHOLDERS.



On the domestic market front, the Company revisited and redesigned the brand strategy of the domestic market brand 'Spaces'.

- Use of 360-degree marketing approach by increasing customer touchpoints, including social media, POS, in-store, PR news, TV, outdoor, radio, customer service
- Spaces is now repositioned as a thoughtful brand, which understands the existing and latent needs of consumers and delivers products and solutions to satisfy their requirements
- Spaces is now well-known among consumers and is now among the top 3 brands in the bath and bed category, in terms of consumer awareness, based on independent research



# 5%

CONTRIBUTION  
TO TOTAL SALES  
THROUGH  
ECOMMERCE

# 4,26,091

FACEBOOK FANS AS  
ON MARCH 31, 2018

# 200+

PRESENCE IN  
SHOP-IN-SHOPS



During the year, we strengthened the Christy brand in the UK. With this initiative, we have consolidated our leadership in the branded space in the UK, with focus on the young and aspirational consumer base. The Christy brand is also being introduced globally including the US, China and the Middle East.

- New users recruited using digital and social media channels
- Coveted associations like Wimbledon, Rugby World Cup and Royal Ascot
- New brand identity and advertising campaign developed
- 2-tier Christy Range developed: Christy England and Christy Living
- Own Ecommerce business grew by 71%







# **Well on track to craft fabulous innovation**

WE BELIEVE, INNOVATION NEEDS AN ENABLING ENVIRONMENT TO FLOURISH. OUR DECADES-RICH EXPERIENCE, VERTICALLY INTEGRATED FACILITIES ACROSS THE MANUFACTURING CHAIN, CAPABILITY TO DEVELOP NEW TECHNOLOGIES AND FOSTER GLOBAL ALLIANCES PROVIDE THE FOUNDATION TO INCUBATE REFRESHING IDEAS.



We have evolved 30 unique innovations. During 2017-18, 37% of sales was contributed by our innovative products, developed and owned by the Company.

The key initiatives undertaken during the year comprise:

- 🌱 Receipt of notice of allowance for patent application: Textile based augmented reality systems and methods; the relevant product uses an app, designed for the duvet cover and rug, which allows the user to experience the world of augmented reality.
- 🌱 One of WIL's new patented towel technologies was adopted by few large retailers from the US; the towel offers a unique combination of performance and aesthetics.
- 🌱 In addition to having its own innovation laboratory, WIL collaborated with esteemed institutions (universities from USA, Germany, Hong Kong and India), technology partners and industry associations to develop new products and processes.
- 🌱 Received patent for traceability solutions: Welspun's Wel-Trak™ process, supplemented by scientific traceability from Oritain™ is now the most comprehensive end-to-end fiber tracking process.
- 🌱 Commenced the digital printed towel by using cutting-edge technology for the first time in India.
- 🌱 Represented the product portfolio in international exhibitions, keeping in mind health and wellness.

# 37%

CONTRIBUTION OF  
INNOVATIVE PRODUCTS  
TO SALES





# Investing in talent management

WE BELIEVE, INNOVATION NEEDS AN ENABLING ENVIRONMENT TO FLOURISH. OUR DECADES-RICH EXPERIENCE, VERTICALLY INTEGRATED FACILITIES ACROSS THE MANUFACTURING CHAIN, CAPABILITY TO DEVELOP NEW TECHNOLOGIES AND FOSTER GLOBAL ALLIANCES PROVIDE THE FOUNDATION TO INCUBATE REFRESHING IDEAS.



## Employee engagement initiatives

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:



### AMBER

We introduced an AI chatbot, Amber, to receive feedback from employees. This initiative helps us to understand and address areas of concern to improve operational efficiency and deliver on customer expectations.

### SHINING STAR 2.0

Shining Star 2.0 is a more evolved version of its predecessor. The employees are encouraged to outperform in one's own functional area or introduce a new process. The criteria of selection are sustainability, financial impact, among others.



Women empowerment is at the core of our philosophy. Welspun 2 is the female only unit (BS – Cut and Sew) at Anjar. As of 31st March 2018, there are 782 employees working in the unit. The female percentage, as of 31st March, stands at 22.7%, across all locations.

### SKIP LEVEL AND DEPARTMENT MEETINGS

Skip level meetings are one-on-one conversations between an employee and his/her head of the department (HOD). On the other hand, department meetings are held quarterly for each department of the organisation. During department meetings, the respective HOD connects with all employees in the department, shares major quarterly updates, discusses strategic initiatives, listens to concerns of employees and tries to offer relevant suggestions.

### TREE OF DEEDS

The 'Tree of Deeds' initiative celebrates our Group's core value of inclusive growth. As part of this initiative, our teams are encouraged to contribute to community wellbeing in myriad ways.

### Near-miss accident drive awards

This award was initiated to promote safety at plant locations. The workers were motivated to report incidents/ areas, which could be prone to accidents, to their supervisors. Such employee initiatives are regularly recognised and rewarded.

## Training and Development

### SUPERVISORY DEVELOPMENT PROGRAMMES

- ✿ Conducted training programmes for all supervisors at plant locations; focus areas included methodologies to achieve people excellence and execution excellence
- ✿ Conducted Executive Presence Programme by Dale Carnegie; focus areas included building better communication skills, along with skills for planning, organizing and inspiring others
- ✿ Imparted spinning training at plant locations; focus areas included spin plan, process optimisation and textile technology



### HER HEALTH TRAINING

The HER health project aimed to achieve the following objectives through the project in Welspun Anjar and Vapi plant:

- ✿ Provide support to better address the healthcare needs of workers' families and single working women at Welspun
- ✿ Empower workers' female partners and single women to address personal and family health challenges
- ✿ Improve health knowledge and related behaviour of these women and provide need-based health services

# Sustainability and community wellbeing

OUR HIGH ETHICAL STANDARDS ENSURE WE OPERATE RESPONSIBLY AND MANIFESTLY, WHILE PUTTING SUSTAINABILITY AND COMMUNITY WELLBEING AT THE CORE OF OUR OPERATIONS. OUR CITIZENSHIP INITIATIVES ARE DRIVEN BY WELSPUN FOUNDATION FOR HEALTH AND KNOWLEDGE (WFHK). THE FOUNDATION IS GUIDED BY 3ES, COMPRISING EDUCATION, ENVIRONMENT & HEALTH AND EMPOWERMENT OF WOMEN & YOUTH. THROUGH OUR WIDE RANGE OF COMMUNITY INTERVENTIONS, WE ENSURE A SUSTAINABLE FUTURE FOR ALL.

## EDUCATION

Through our various initiatives in the field of education, we aim to provide access to quality education to students in rural areas. We help create a conducive environment for learning in government-run schools.

### Quality education project

Through our 'Quality Education Project', we cover 41 government-run schools in Anjar (Gujarat), reaching out to over 10,000 students. The concept of para teachers is aimed at resolving the Pupil-Teacher Ratio (PTR) in government-run schools in Anjar. The para teachers are appointed for specific subjects on a retainer basis; and they play a key role in handholding students to improve their academic performance.

### Bringing Ajay back to school

Ajay, a 12-year-old from the village of Shinugra in Anjar (Gujarat), had been missing school for five years. He was working as a daily wage labourer with his parents to help the family make ends meet. However, our para teacher initiative encouraged Ajay to return to school.



Ajay is now a regular student at school and his academic performance is improving steadily, thanks to the dedicated efforts of his teacher Shital Rathod. Welspun India identified the para teacher to teach Hindi and English to Standard Vth students and support students through need-based counselling.

### Project with Pratham

Our project with Pratham aims at identifying children who require accelerated learning support, and work with them directly through the learning camp intervention.

The learning camps run teaching-learning initiatives that stretch over six to ten days; and are repeated several times in the same school during the year. These camps are conducted by Pratham staff and community volunteers to enhance the learning outcomes of primary school students. The project was initiated in September 2017 with 15 government-run schools in Anjar (Gujarat).

### Digital education - Project Gyaankunj

Project Gyaankunj is aimed at enhancing classroom interactivity and teaching-learning process with the help of technology. While digitisation of schools across Valsad, Kutch and Bharuch district has been undertaken, Welspun Foundation has signed a Memorandum of Understanding (MoU) with the Government of Gujarat to digitise 500 primary schools of Gujarat by 2020, impacting 1 lakh students.

At present, Welspun India has installed digital software in 20 schools, impacting 4,600 students. The school teachers have been provided training on how to operate the software and a regular monitoring of the classroom sessions is undertaken to ensure proper usage of the software. This initiative has significantly improved classroom performance, with growing participation by students.

**4,600**

NUMBER OF STUDENTS,  
WHO BENEFITED THROUGH  
PROJECT GYAANKUNJ



## EMPOWERMENT

Empowerment of women is one of the key focus areas for Welspun India. Economic independence among women promotes gender equality, advances their social status and increases civic participation. Through



our various empowerment programmes we enable women for alternative livelihoods.

### Sponsorship to sportswomen

Welspun Foundation for Health & Knowledge (WFHK) provides financial assistance to women from various disciplines of sports to enable them to have a path-breaking career in sports, both nationally and internationally. Currently, we are financially supporting 10 talented girls, coming from challenging backgrounds, to build their career in sports and make India proud.

Our vision is to benefit over 20,000 women in the villages of Vapi and Anjar.

### Women hygiene and sanitary pads

We provide women the opportunity to earn their livelihoods; and at the same time promote health and hygiene standards among rural women. We have set up a sanitary pad-making centre at Vatar village near Vapi (Gujarat) in May 2016. The centre makes 100% biodegradable sanitary pads; and is run by Self-Help Groups (SHG) formed by Welspun India called SETU.

Currently, we reach out to 4,000 women in rural India with this initiative. We aim to impact more than 20,000 women in the villages of Vapi and Anjar (Gujarat), making the centre self-sustainable.

## ENVIRONMENT & HEALTH

Welspun India strives towards improving community health and reducing its environment footprint. 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, organising awareness and blood donation drives, and improving the quality of healthcare infrastructure.

### Plantation

As part of our green initiatives, Welspun India planted around 10,000 saplings in 25 villages of Anjar, including schools, households, hospitals and temples, among others. We also launched a campaign to provide villages with vegetable and fruit saplings.

### Sustainable farming

Under sustainable farming, Welspun India's cotton farming initiatives have reached out to more than 1,000 farmers of 48 villages in Nakhatrana (Kutch, Gujarat). Apart from plantation, this activity also helps in generating livelihood for farmers.



### Sanitation

Lack of adequate sanitation is a major issue faced by the country. As part of our initiative to make India open-defecation free, Welspun India built over 5,000 sanitation blocks in Vapi and Anjar (Gujarat), benefiting over 50 villages.

### Project Navchetana

To curb malnutrition and anaemia in children in the age group of 0-5 years, and reproductive age women, our project 'Navchetna' is initiated in total 15 villages of Anjar and Vapi in Gujarat. Through regular household visits, focused group discussions and monitoring height-weight, there has been a significant shift of the children from red belt (severely malnourished) to green belt. Out of the 152 children, 130 children who were malnourished have been brought to green belt.

## MAKING SMART VILLAGES A REALITY

Welspun India aims at promoting the implementation of smart villages model in the country, led by 5Es including e-connectivity, environment, education, essential infrastructure and empowerment. The idea is to develop modern and sustainable villages that would provide communities with employment, while creating ancillary livelihood opportunities by leveraging technologies and green growth opportunities.



By 2020, we plan to work 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.

# Management Discussion and Analysis



*India remains the preferred sourcing destination for cotton Home Textiles. Welspun continues to maintain its global market leadership keeping innovation, branding and sustainability at its core. We have laid the foundation for our next phase of growth, which will be driven by new product lines such as flooring solutions and new markets such as the domestic market.*

Rajesh R Mandawewala  
Managing Director



The Management Discussion and Analysis (MDA) should be read in conjunction with the Audited Consolidated Financial Statements of Welspun India Ltd ('Welspun' or 'WIL' or the 'Company'), and the notes thereto for the year ended 31st March, 2018. This MDA covers Welspun's financial position and operational performance for the year ended 31st March, 2018. Currency for this MDA is Indian Rupees unless otherwise indicated. The numbers for the year ending 31st March, 2018 as well as for the previous year are on a consolidated basis and 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 synonyms. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## WELSPUN INDIA LTD-BUSINESS OVERVIEW

Welspun India Limited ('Welspun' or 'WIL' or the 'Company'), part of the US\$ 2.3 billion Welspun Group, is one of the

world's largest home textile manufacturers. It has been ranked the No. 1 home textile supplier to the US for five times in the preceding six years.

Welspun is a leading vertically integrated market player with significant capabilities, which cater to discerning customers worldwide. The Company offers a wide spectrum of home textile products in bath, bedding and flooring solutions.

The Company has always focused on crafting a spectrum of innovations in products and solutions to enrich customer experiences through various combinations of brands, products, technologies and channels. WIL is a differentiated, end-to-end solutions provider in home textiles, uniquely positioned for cross-selling, owing to wide customer reach, competitive manufacturing facilities, wide product portfolio and global delivery model. The Company has established itself as a thought leader within the home textile industry over the years through its focus on innovation, branding and sustainability initiatives.

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. The Company has a



*Our focused efforts to increase the share of B2C business through our own brands, ingredient brands and innovation have started yielding positive results. Wel-Trak, our patented traceability solution is getting widespread acceptance by customers; merchandise with Wel-Trak is already available on the shelves of multiple US retailers. With growing consumer preference for online channels, we have strengthened our Omni-channel capabilities to serve the customers more effectively.*

Deepali Goenka  
CEO & JT. MD



strong presence in key markets, such as USA, Canada and UK. Today, WIL has a 19% market share in towels and 10% in bed linen in the US; and is present across every major store in UK. 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, China and particularly, in the Indian market. Further, the Company has entered new channels like hospitality, ecommerce etc. The Company has been introducing new products regularly to remain in sustainable growth trajectory.

Around 17% of the Company's revenue is contributed by its own brands such as Christy, and Spaces as well as ingredient brands like Hygro, Wel-Trak and licensed brands like Wimbledon, Disney, Minions, FIFA, Royal Ascot, Manchester City and FCB. WIL's strong and consistent emphasis on innovation is evident in the number of patents and innovations (30 unique technologies), in its portfolio. Currently, about 37% of WIL's total revenue comes from innovative products.

#### GLOBAL ECONOMIC OVERVIEW

Global GDP grew by 3.8% in 2017 which was the fastest since 2011. The growth was higher in the second half of the year

with growth exceeding 4% during that period. The annual growth was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters.

In advanced economies, growth in 2017 rebounded to 2.3% from 1.7% in 2016, driven by a pickup in capital spending and strengthening external demand. While growth among Emerging Market and Developing Economy (EMDE) groups accelerated to 4.7% in 2017 from 4.4% in 2016, reflecting firming up of activity within commodity exporters and continued robust growth within commodity importers.

This broad-based recovery can be attributed to a few reasons. First one being the real volume growth in world trade in goods and services of 4.7% in 2017 compared with 2.5% in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years have been suffering from depressed prices, have benefitted from the upswing in demand. In addition, the commodity prices increased sharply in 2017, led by petroleum, helping growth in exporter countries.

Even as global growth and commodity prices have surged, inflation has remained remarkably low, staying below 2% in the major advanced regions. Consequently, monetary policies in the US, Eurozone and Japan have remained highly accommodative.

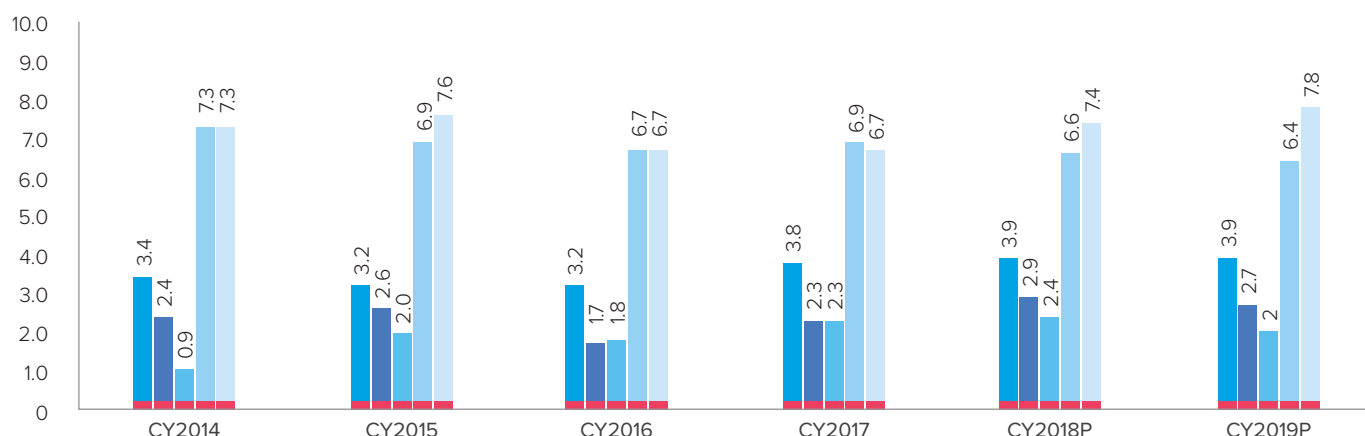
Global growth is expected to rise to 3.9% in both 2018 and 2019. Advanced economies are expected to grow faster than in 2017. Euro area economies are set to narrow excess

capacity with support from accommodative monetary policy whereas expansionary fiscal policy will drive the US economy above full employment. Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance.

Statistics Source: IMF World Economic Outlook April 2018, World Economic Situation Prospectus 2018

## GDP Growth Across Regions

(%)



Source: IMF Report 2018, World Bank, RBI

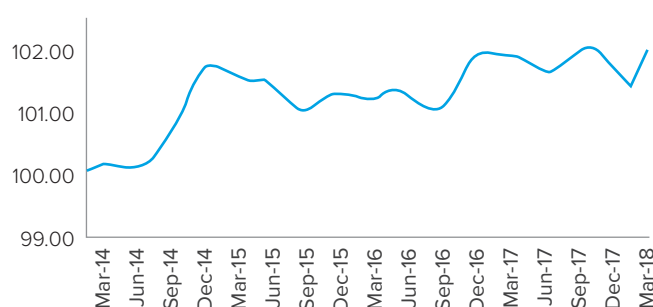
World USA Eurozone China India

## DEVELOPMENTS IN KEY MARKETS

**USA:** The US economy has shown considerable strength in 2017. Consumer confidence, employment statistics, personal consumption as well as new home sales has shown a considerable improvement in the year.

## US Consumer Confidence Index

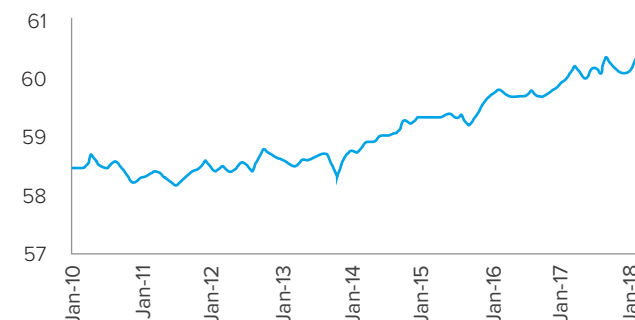
(%)



Source: Consumer Confidence Index (CCI) OECD 2018

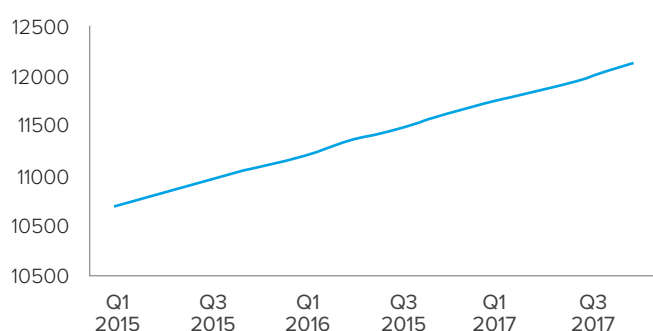
## US Employment Population Ratio

(%)



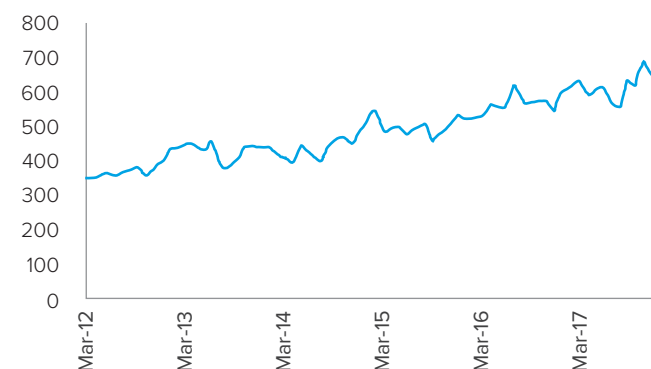
Source: OECD Employment Statistics

## US Personal Consumption Expenditure (USD Bn)



Source : Bureau of Economic Analysis

## US New Home Sales (thousand of units)



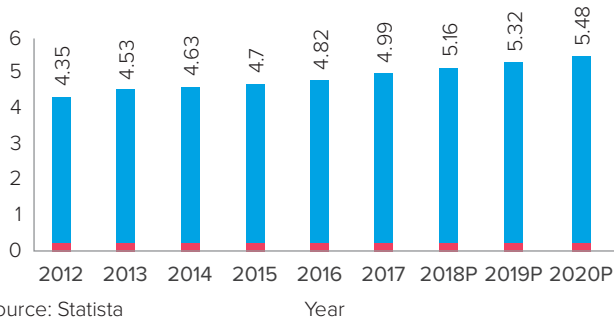
Source: United States Census Bureau



Retail sales has also grown steadily in the last few years and is expected to grow at 3%+ in the next three years.

### US Retail Sales

(trillion USD)



Source: Statista

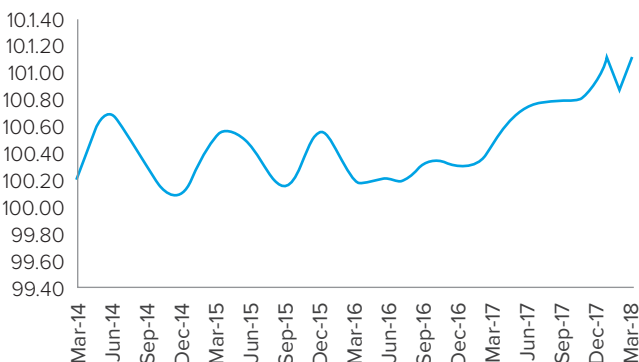
With increased consumer confidence index, higher employment rates, higher personal income / spending and increased new home sales, retail sales are expected to show healthy growth rate in US; therefore the businesses which depend upon demand from US are well poised to participate in the growth.

The United States GDP growth is expected to rise from 2.3% in 2017 to 2.9% in 2018, before moderating slightly to 2.7% in 2019. It reflects the stronger-than-expected activity in 2017, firmer external demand, and the expected macroeconomic impact of the tax reform—particularly lower corporate tax rates and the temporary allowance for full expensing of investment, which is anticipated to stimulate short-term activity. The growth also reflects the higher public spending.

**Europe:** The European economy has shown signs of strength and stability in 2017 after several years of volatility. This is reflected in the highest consumer confidence as well as employment in the last several years.

### Europe Consumer Confidence

(Index)

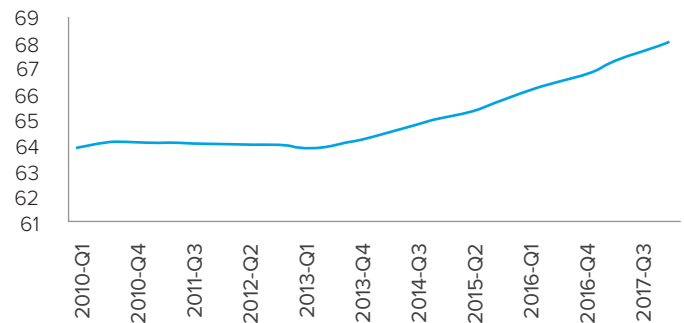


Source: Consumer Confidence Index (CCI) OECD 2018



### Europe Employment Population Ratio

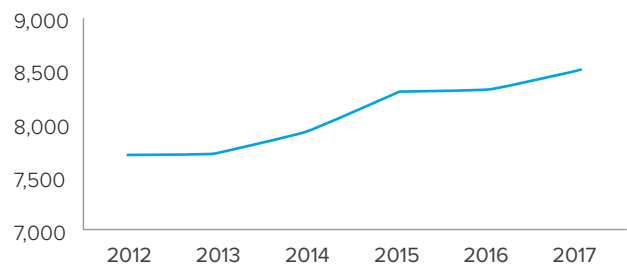
(%)



Source: OECD Employment Statistics

### Europe Personal Consumption Expenditure

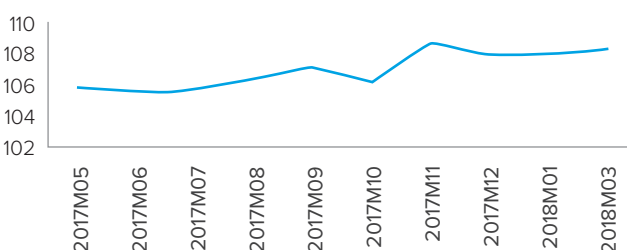
(EUR Bn)



Source: Eurostat

### Europe Retail Sales

(2005 as base 100)



Source: Eurostat

# 17-18%

EUROPE MARKET CONTRIBUTION  
TO WIL'S REVENUE



# 17-18%

## EUROPE MARKET CONTRIBUTION TO WIL'S REVENUE

Retail Sales in Europe has shown an increasing but uneven trend in the last year. Even with the highest ever consumer confidence in the economy, the retail sales has not grown accordingly. Even the retail sales growth varied across the Europe, with being strong in Ireland, the Netherlands, and Portugal but subdued in France, the UK, and Italy.

At the overall level, supported by rising employment and positive sentiment, the recovery in the euro area is projected to pick up slightly from 2.3% in 2017 to 2.4% this year, before moderating to 2% in 2019. It reflects stronger-than-expected domestic demand across the currency area, supportive monetary policy, and improved external demand prospects.

### INDIA

The Indian economy witnessed a growth of 6.7% in FY2018 and emerged as the fastest growing major economy in the world. With Gross Domestic Product (GDP) growth averaging 7.3% between 2014-15 and 2017-18, India can be rated as among the best performing economies in the world. The services sector continued to be the driving force behind the growth. However, FY18 also saw an increasing inflation trend in most part of the year with the CPI inflation ending the year at 4.28% (March 2018). CPI corrected in Q4FY18 after reaching a yearly high in December 2017, with crude prices remaining the key upside risk to inflation.

Looking forward, growth in India is projected to be about 7.4% in CY2018 and 7.8% in CY2019, lifted by strong

private consumption as well as fading transitory effects of demonetisation as well as implementation of GST. The efficiency relating to GST will start reflecting in the coming years in terms of reducing internal barriers to trade, increasing logistics efficiency and improving tax compliance. The reform measures undertaken in 2017-18 are expected to strengthen further in 2018-19 and boost growth momentum.

On the policy front, India's continuous efforts on reforms, such as the "Make in India" initiative coupled with aforesaid initiatives are expected to encourage formal sector activity, broaden the tax base and improve long-term growth prospects. Also, with the introduction of new rules for NPA by Reserve Bank of India coupled with accelerated resolution under the new Insolvency and Bankruptcy Code (IBC) rules, the country can see revival in bank credit growth and economic growth. These efforts will increase a sense of transparency which in turn will increase investor confidence in the banking sector of the country. The process of recapitalisation of public sector banks and resolution of distressed assets under the IBC is expected to improve the business and investment environment.

On the other hand, downside risk to growth estimates emanates from higher crude oil prices. Also, the protectionist tendencies in some of the countries could have an impact on exports growth, while the possibility of tightening of monetary conditions in the developed countries could lead to lower capital inflows. This monetary tightening could also lead to the possibility of financial stress and therefore can be a downside risk.

### FOREIGN EXCHANGE

India's currency has faced considerable volatility for most part of the year vis-à-vis the US dollar; however the last quarter saw a sharp depreciation of the rupee against the dollar.

The rupee opened the financial year at 64.82 vis-à-vis the US dollar in April 2017. At end of September, it peaked to 65.31 but this depreciation was short lived. From December, it again started appreciating, touching 63.55 in January. However, from this point, it depreciated quite rapidly touching the level of 65.11 on March 31, 2018.

Recent depreciation in the currency is expected to be beneficial for exporters, who have been impacted by the transitory effects of GST implementation. Below chart shows the fluctuation of USD INR during FY18.

## USD / INR

(₹ per USD)



Source: Bloomberg

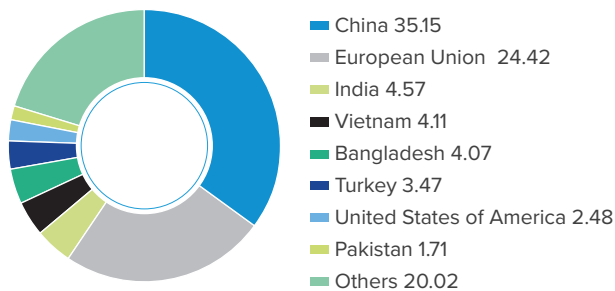
## GLOBAL TEXTILE INDUSTRY AND TRADE

According to the latest WTO data, textile trade has touched US\$ 748 billion. Of the total trade, clothing and apparel reached US\$ 456 billion, while the remaining US\$ 292 billion was for textile trade.

Developing countries like China (35.15%), India (4.57%), Vietnam (4.11%) and Bangladesh (4.07%) lead the Textile and 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 regions like the US and EU.

## Textile and Apparel Exporters

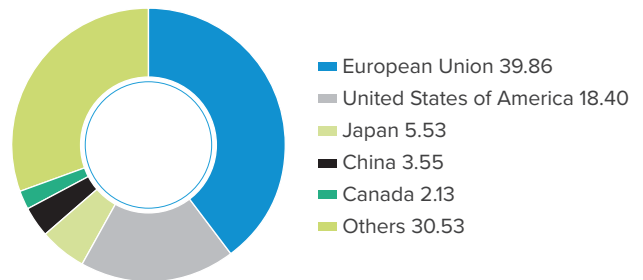
(%)



Source: WTO 2017 statistics for CY 2016

## Textile and Apparel Importers

(%)



Source: WTO 2017 statistics for CY 2016

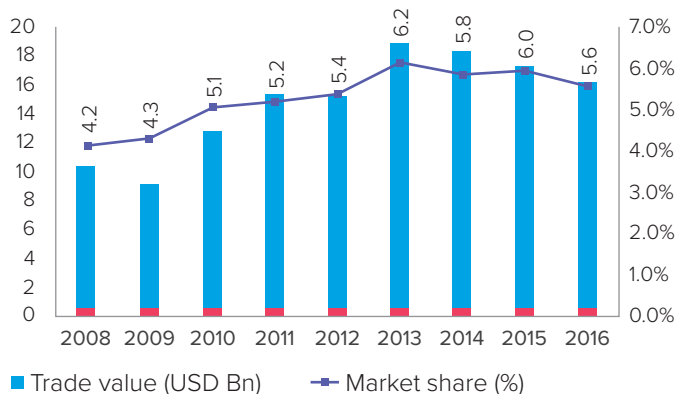
## INDIAN TEXTILE INDUSTRY

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. It works on the fundamental strength of strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk and wool to synthetic / man-made fibres like polyester, viscose, nylon and acrylic. The industry is also labour intensive and is one of the largest employers. It employs ~40 mn workers directly and 60 mn workers indirectly.

The textile industry occupies a significant space in the country as it contributes to 14% of the manufacturing, 4% to the GDP and 13% to the export earnings of the country.

Currently, India is the third largest exporter of textiles and apparels with about 4.6% market share (WTO data), which is behind only China and European Union. This shows the significance of India as a country for the global textiles and apparels industry supply. Considering only the global textile (non-clothing) trade, India's share has been even better, increasing from 4.2% in CY 2008 to 5.6% in CY 2016.

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



Source: WTO, 2016 trade statistics for Textiles



## HOME TEXTILE MARKET

Home textile and furnishing sector comprises a major part of the overall textile industry. It includes terry towels, bed sheets, top of beds, curtains, pillow cases, rugs, carpets etc. Bed and bath linen together constitute about 67% of the home textile industry. The home textiles market directly depends on the rise in household personal disposable income and increasing living standards.

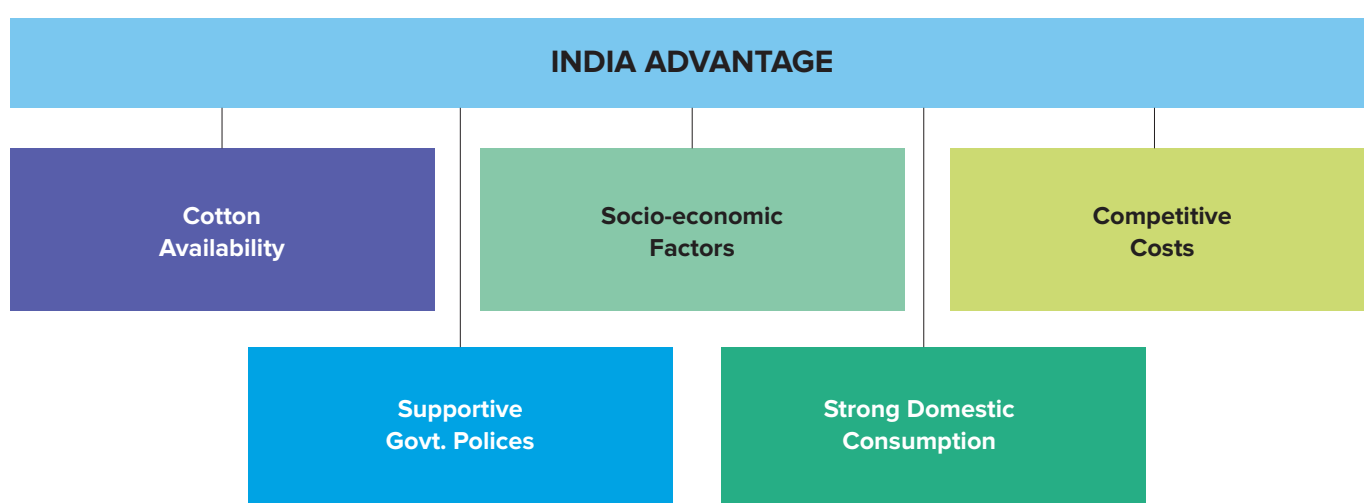
The global home textiles trade was about USD 50 billion (at wholesale level) in 2017 dominated majorly by Asian players wherein India and China shares are at ~11% and ~35% respectively. The home textiles market is expected to reach USD 67 billion in 2020 growing at a CAGR of 8.3% over

2015-2020. While on the retail level, the home textiles trade was about USD 150 billion and is expected to reach USD 203 billion in 2020. On the demand side, United States and Europe are the major markets comprising a third each of the overall market. On the supply front, the major players include India, China, Turkey, Pakistan and Bangladesh.

## INDIA ADVANTAGE IN COTTON HOME TEXTILES

In the home textiles space, India is at a stage where it has huge potential in the export as well as domestic markets. With several competitive advantages as compared to key competing nations, India provides a congenial business environment for the domestic players to have an edge in cost and quality.

The following are the key advantages of India in cotton home textiles industry:



### Cotton Availability

India is the largest producer of cotton as well as a net exporter of cotton and cotton yarn. The country has the distinction of having the world's largest area under cotton cultivation. Its closest competitor in terms of production - China, is a net importer of cotton (refer table). The continuous availability of cotton in India gives an edge to the domestic home textiles players in form of quick raw material supply and lower cotton prices.

World Cotton Balance Sheet 2017-18 (in Mn Metric Tonnes)

Country	Opening Stock	Output	Import	Consumption	Exports	Ending Stock
World	18.9	26.7		26.3		19.2
US	0.6	4.6	-	0.7	3.4	1.0
India	2.4	6.2	0.4	5.3	1.0	2.7
China	10.5	6.0	1.1	8.7	-	8.9
Pakistan	0.5	1.8	0.6	2.3	-	0.6

Source: USDA Cotton Incorporated (May 2018 estimate)

India's advantage of being the largest producer of cotton is expected to continue as India's cotton yield at present is 504 KG/HA which is much lower than overall global average of 596 KG/HA. This indicates a huge future potential to grow in terms of cotton yield and production.

The financial year 2018, saw a higher than expected rise in cotton acreage at 19% and a consequent 11% increase in

crop production, although due to the pink bollworm attack in some parts of the country, the stock available for sale in the market was lower. The year started with high cotton prices of around ₹ 43,000-44,000 per candy which corrected with the start of the cotton season to the levels of ₹ 38,000-39,000 per candy but it again shot up to ₹ 40,000-41,000 per candy level in December 2017 and January 2018 as the crop loss due to pink bollworm became evident.

## Shankar 6 cotton prices

(1 Apr 16 as Base 100)



### Socio Economic Factors

India provides a business friendly environment wherein the different states of the country compete among themselves to provide a better business environment. India's stable and vibrant democracy provides an edge over the other key competing countries grappling with geopolitical risks.

### Competitive Costs

India provides a cost effective model of manufacturing for textile players. As compared to the key competing countries, India has one of the lowest labour costs at USD 160-180 per month, power cost of USD 0.10-0.12 per KWH and water cost at US cents 16-20 per m<sup>3</sup>. The higher finance cost, compared to competing countries, is partially mitigated through various government policies. Thus, Indian manufacturers get a competitive edge in terms of cost over other countries manufacturing home textiles.

Cost Element	Unit	India	Bangladesh	China	Vietnam
Labour Cost	US \$/ month	160-180	100-110	550-600	170-190
Power Cost	US\$/kwh	0.10-0.12	0.09-0.12	0.15-0.16	0.08-0.10
Lending Rate	%	11-12%	12-14%	5-6%	6-7%
Water Cost	US Cents/m3	16-20	20-22	55-60	50-80

Source: Wazir Analysis

### Supportive Government Policies

The textile industry is an integral part of India's development because of its role in earning foreign exchange and generating employment for the country. Thus, the Central and state governments have policies which are conducive for growth of textile industry.

### Strong Domestic Consumption Growth

With penetration of organized retail, increasing disposable income, rising consumerism, implementation of GST and favorable demographics, the domestic market is becoming increasingly attractive for textile players.

🌱 **Organized Retail-** The organized retail in India is growing at a CAGR of 20-25% per year. By 2020, it is estimated that the organized retail penetration share would reach 10% of the overall market. The implementation of GST is expected to provide level playing field to large players.

🌱 **Increasing share of working women-** With more and more importance being laid to girls' education and financial independence, there has been a steep rise in the total number of working women in India. This has

increased income for the households and a desire to improve the standard of living. A significant surge has been witnessed in women spending in categories such as apparel, home furnishings, grooming, home and electronics. Textile products being majorly bought by women of the family, are getting directly benefited with the increased power in the hands of women.

🌱 **Demographic Factors-** India is on track to become the youngest country in the world by 2020, with a median age of 29, highlighting the outsized role of its millennial generation in spurring growth. This rising income group constitutes potential buyers of various branded home furnishing products, thus providing a huge future opportunity in the domestic market.

🌱 **Government Support-** Budget FY18 has maintained its focus on the agenda of 'Housing for All' by 2022. The government's initiatives in this direction will further boost consumption of all home related products, including home textiles.

Statistics Source: IBEF E-commerce report Jan 2018, Forbes and statistics report, Euler Hermes Economic Research Report

### India's presence in Global Home Textile Industry

India commands a significant position in the global home textile industry, particularly in cotton based home textile products, due to the aforesaid competitive advantages.

According to the Office of Textiles and Apparels (OTEXA) US, in CY2017, India supplied about 39% of the imports of cotton

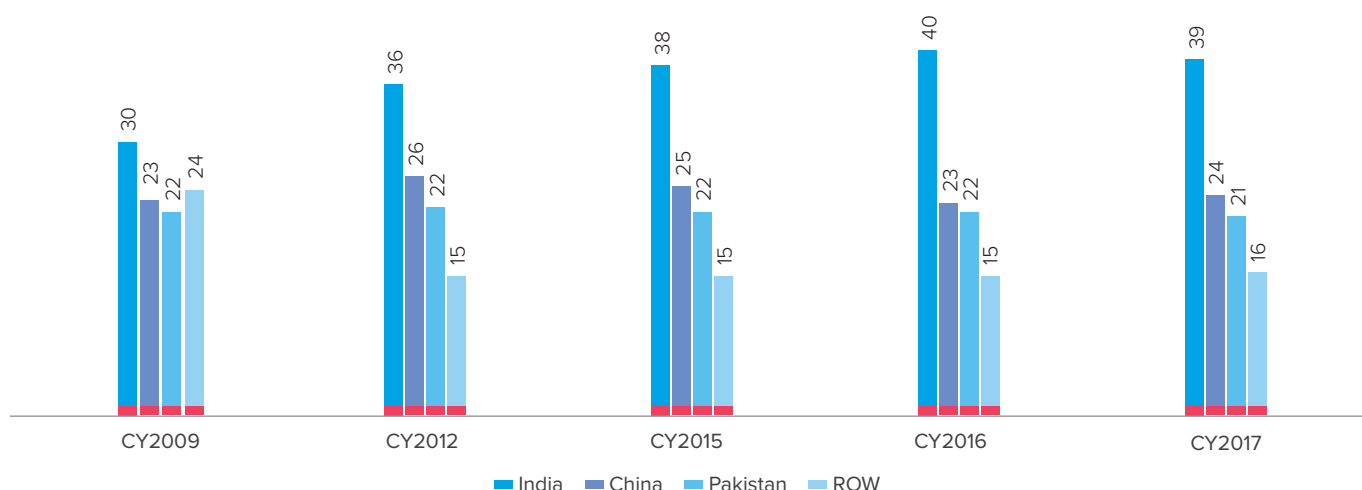
towels to the US, which has grown significantly from the levels of 30% (CY2009). Even in the cotton sheets segment, the Country supplied about 50% (CY2017) of the total import to the US, increasing from 27% (CY2009).

Below graphs show the share of key countries in US imports in cotton towels and sheets.

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

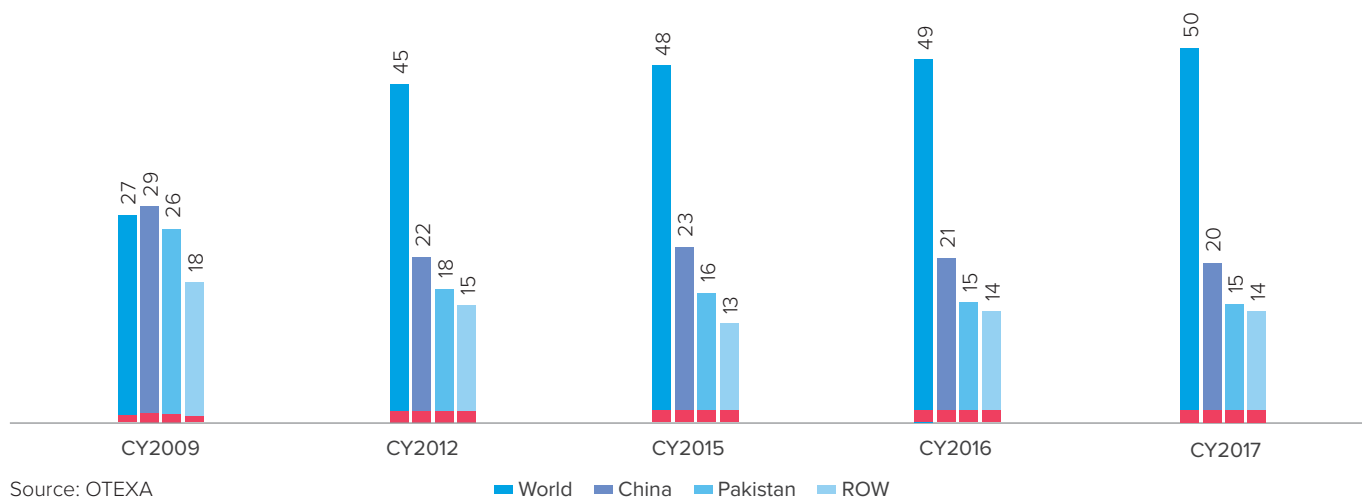
#### Towels (Cotton)

(%)



#### Sheets (Cotton)

(%)



Source: OTEXA

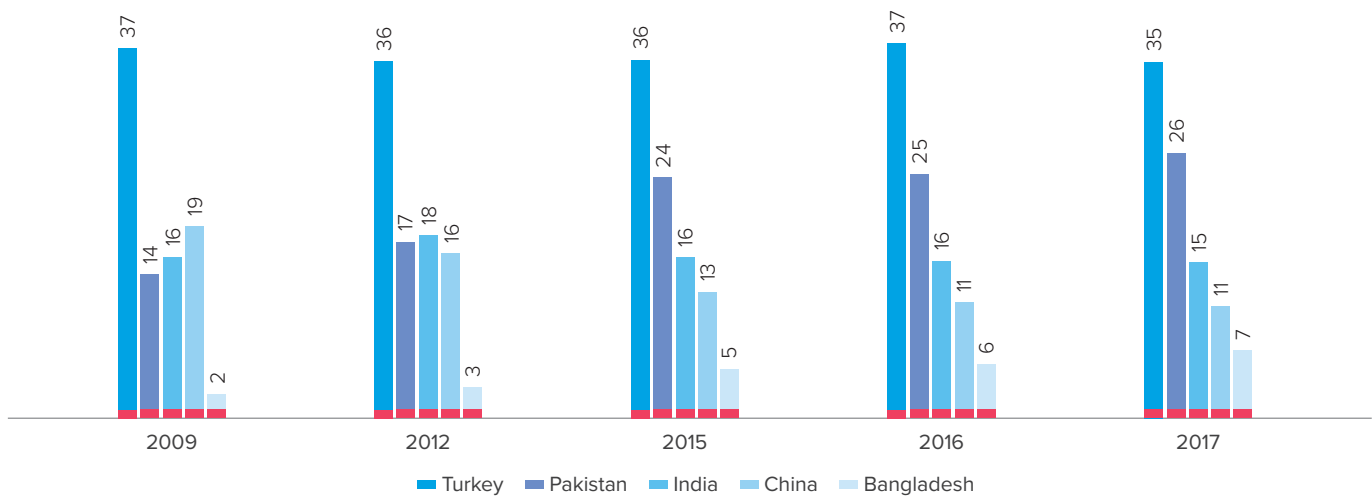
As discussed earlier, US and Europe constitutes the major market for home textile products. Similar to the US, Europe is an equally large market, but Indian players have low penetration due to duty disadvantage compared to countries like Pakistan, Turkey and Bangladesh which have preferential tariff 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 for Indian players. While India is in discussion with the European Union for a Free Trade Agreement (FTA) which would reduce the duties, 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.



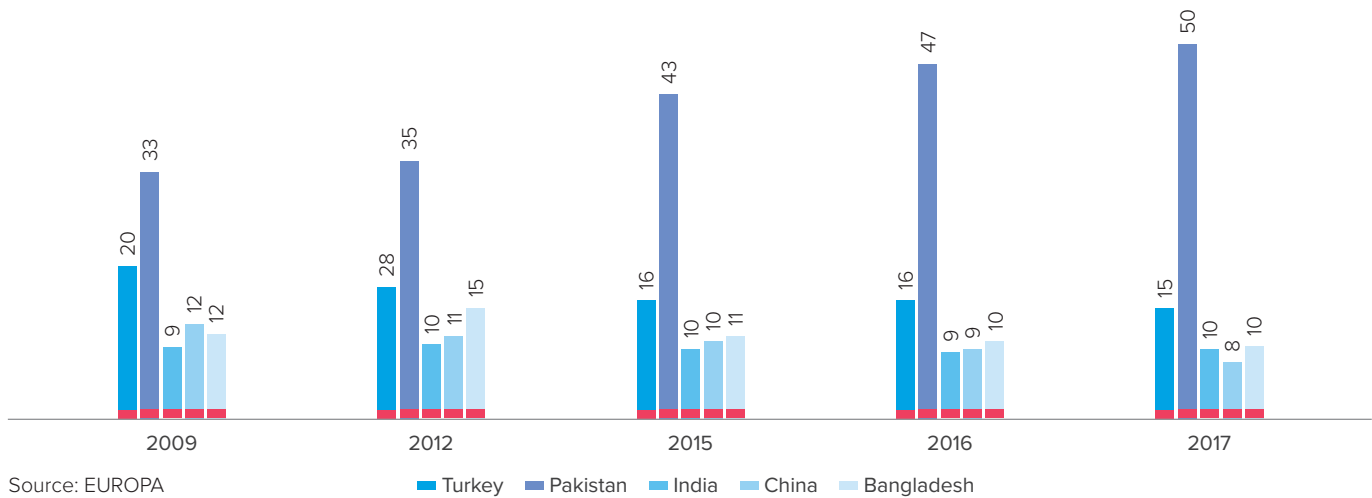
## Towels (Cotton)

(%)



## Sheets (Cotton)

(%)



Source: EUROPA

## E-commerce Trend

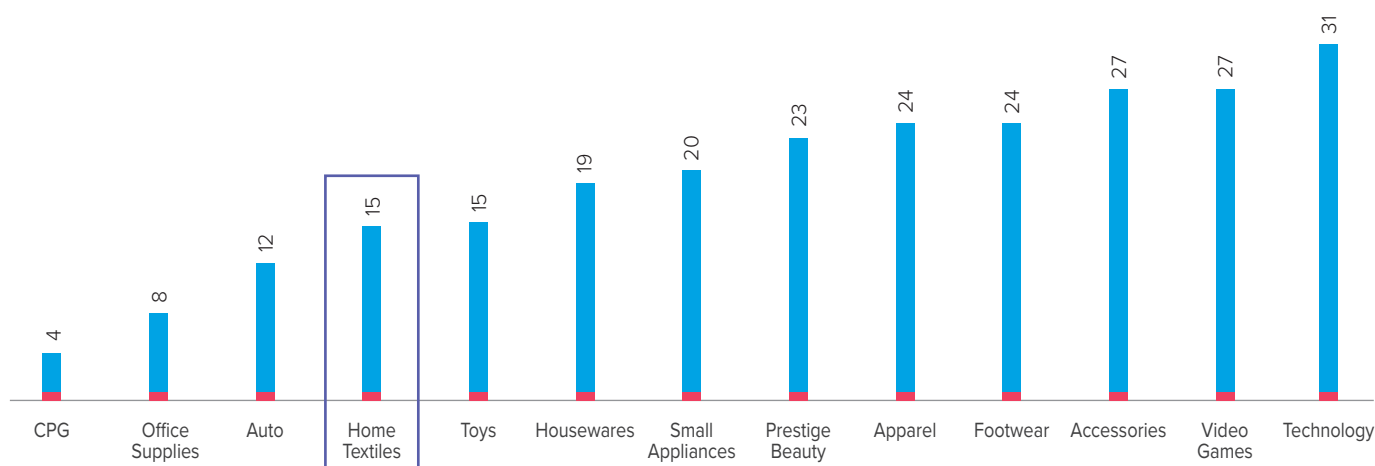
E-commerce has gained significant importance all over the world. On the consumer side, E-commerce players provide fast delivery, discounts and attractive offers, easy accessibility and easy exchange facility, among others. These favorable factors are helping the sector record much stronger growth than traditional channels. Due to this, the retail & e-commerce landscape is shifting dramatically. In United States, 51% of American prefer online shopping, with ecommerce growing 23% year-on-year.

The E-commerce growth has posed few challenges as well as opportunities for the Textile industry. In the US Home Textiles market, there is a decline in brick-and-mortar retail revenues while online sales have increased by a similar amount. This has resulted in online penetration reaching about 15% of total home textile sales. However, the penetration level varies from product category to category. For example, in the case of towels and bedsheets, where touch and feel experience is required, the penetration level is low whereas in case of rugs, carpets, upholstery, curtains etc the penetration level is higher as aesthetic appeal is a bigger influencer there in buying.



## Online - retail \$ penetration

(%)



Source: NPD

### TECHNICAL TEXTILE MARKET




The technical textile industry is a high potential industry and is the fastest growing textile segment at the global level. Technical textile or advanced textile products provide for specialized use in healthcare, fire departments, aerospace, defense, automobile, railways and other utilities. These include specialized features such as fire retardants, stain resistant, anti-bacterial, PET resistant, and soil resistance, among others.

The technical textile industry is expected to expand at a CAGR of 13.11% during FY18–23 to US\$ 32 billion in FY23. India is expected to be a key growth market for the technical textile sector due to cost-effectiveness, durability and versatility of technical textiles. The government has supported the technical textile industry with an allotment of US\$ 1 billion for SMEs and an exemption in custom duty for raw materials used by the sector.

### WELSPUN INDIA PRODUCT PORTFOLIO






#### BATH

-  Towels
-  Bath Robes
-  Bath rugs







#### BEDDING

-  Bed Sheets
-  Top of Beds
-  Basic & Fashion Bedding





#### FLOORING

-  Carpets
-  Rugs
-  Tiled Carpets
-  Other flooring solutions



#### TECHNICAL TEXTILES

-  Non-woven Spunlace
-  Wet wipes

## FY 2017-18: KEY HIGHLIGHTS

FY2018 was a challenging year for the home textile industry. The year witnessed destocking by retailers, transition to GST, currency appreciation, rising raw material prices, consumer preference for online channel etc. Despite these challenges, the Company was able to maintain its leadership position in the global arena. This was on account of the differentiation strategy pursued by WIL over the years, based on branding, innovation, sustainability and its patented traceability solution.

During the year, the Company focussed on building a solid foundation to increase the share of its B2C business. In the

domestic market, there were initiatives taken to increase the reach of brand “Spaces”. In the international market, reinvigorating “Christy” was the prime focus.

During the year, the Company expanded its towel capacity from 72,000 MT to 80,000 MT. In addition to this, the Company’s sustainability initiatives yielded positive results for the society as well as the Company.

As discussed in last year’s annual report, the Company’s growth strategy has been driven by five pillars of growth as explained below:

### INNOVATION

### BRANDS

### NEW MARKETS

### NEW CHANNELS

### NEW PRODUCTS

## 1. Innovation & Patents

Innovation has been the cornerstone of new product development at Welspun. 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.

During FY18, the Company increased its portfolio to 30 unique inventions across the globe in the textile space. Despite the challenging market conditions, the share of innovative products developed and owned by the Company increased to 37% of total sales, up from 36% in FY17. One of the Company’s most successful innovations, “Hygrocotton”, contributed more than \$175 million of sales during the year. Hygrocotton has been able to sustain its market share and has seen good traction in hospitality sector as well.

## 2. Brands

The Company is making focused efforts to increase the share of B2C business in its overall business. The Company has a portfolio of own brands, ingredient brands and licenses which can be leveraged to develop stickiness among the consumers. WIL has built teams across its key geographies of India, US and UK which have significant experience in consumer businesses and would help grow the B2C business.

During the year, the Company reinvigorated the “Christy” brand in UK by making it more appealing to the younger generation. The brand is also being introduced globally including the US, China and Middle East. “Christy” is also available online and the power of brand is visible as more than 10% of the brand’s sales comes through online channels.

On the domestic market front, WIL revisited and redesigned the brand strategy of the domestic market brand “Spaces”. The Company used a 360 degree

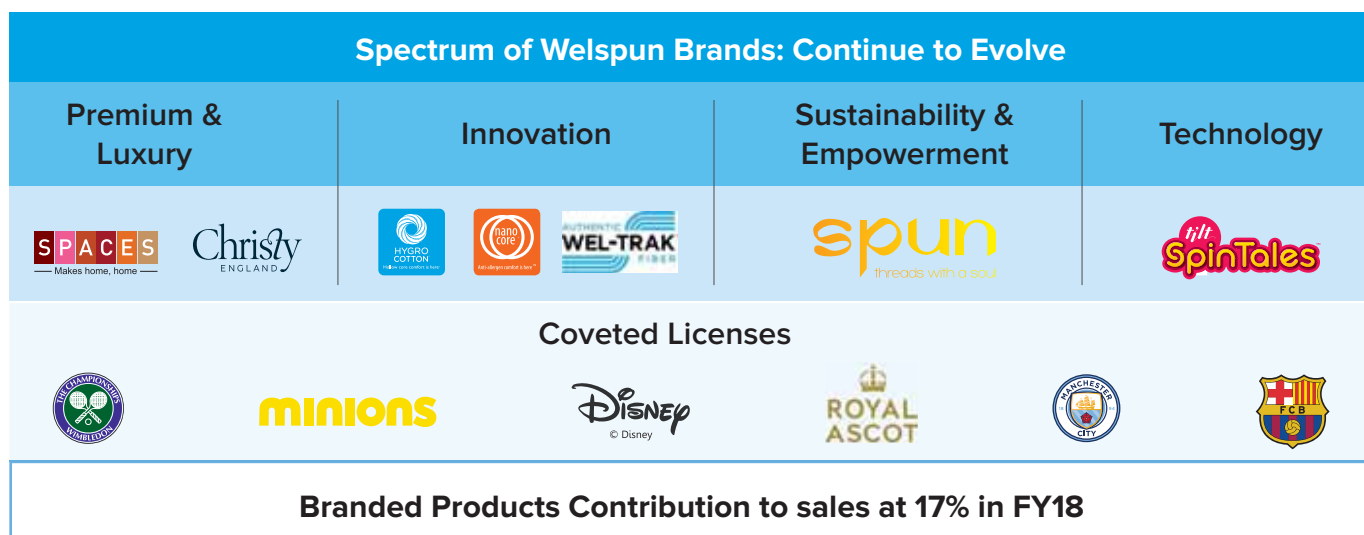
marketing approach by increasing customer touch points including social media, POS, in-store, PR news, TV, outdoor, radio, customer service. The Company believes that the Indian market will be its next growth driver. Thus, it has increased focus with its own brands as well as licenses, including Wimbledon, Minions, Disney, Manchester City and FCB. For the first time ever, FIFA World cup introduced towel merchandise and they chose WIL as their partner. WIL’s efforts were well-recognised and “Spaces” received the Amazon Marketing Services Award as well as the best brand in home category award by Myntra. WIL has also successfully grown its “Spun” brand, which promotes sustainability and women empowerment.

WIL’s ingredient brand “Hygrocotton” has also seen tremendous success since its launch in 2015 in the international market. In FY18, the Company focussed on promoting it in the domestic market. An all-round branding campaign was launched with the tag line “What’s your bedsheet’s superpower?” as part of the promotion. The Company plans to replicate similar success with other ingredient brands as well.

As a result of these efforts, share of branded products reached 17% of total sales in FY18, up from 16% in FY2017.



The Company's brand spectrum can be seen in the figure below.

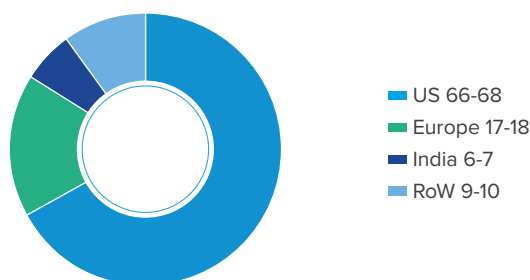


### 3. New Markets

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

#### Existing Geographic Distribution Range

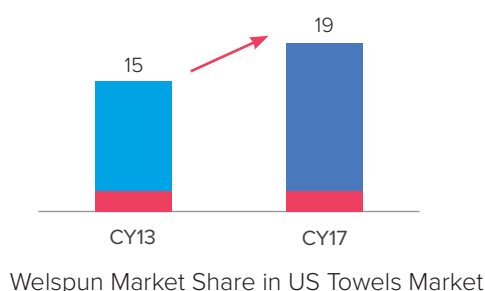
(%)



According to Home & Textile Today magazine, WIL ranked the No. 1 home textile supplier to the US for 5 times the last 6 years. In towels, the Company reached a market share of 19% in the US in CY17, compared to 15% in CY13. In bed linen, it reached 10% market share in CY17, vis-à-vis 7% in CY13. This implies that every fifth towel and every tenth bed sheet sold in the US is made by Welspun.

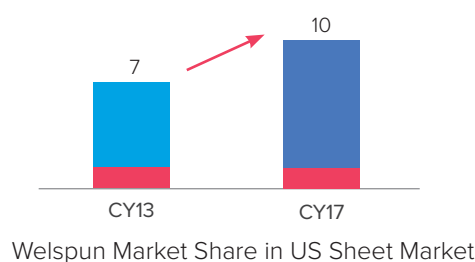
#### Every 5th towel sold in US is made by Welspun

(%)



#### Every 10th sheet sold in US is made by Welspun

(%)



With an aim to further accelerate its growth and diversify its geographic concentration, WIL has increased focus on expanding its international presence in subscale / new markets which includes Japan, Middle East, Australia, Russia and South Africa. WIL has been able to make inroads in the European market in spite of a duty disadvantage, thanks to its Christy brand and innovative products.

The domestic market, India, remains one of the key focus markets for the Company. The Indian home textile market is largely unorganised and fragmented. WIL believes that the introduction of GST along with cash curbs implemented after demonetisation, will benefit large, organised players such as Welspun. Increasing disposable income and more brand awareness would also improve the share of branded products in the domestic market. WIL is well-prepared to capture this opportunity through its portfolio of owned and licensed brands, as discussed in earlier sections.







# 15%

## E-COMMERCE % CONTRIBUTION

Apart from the brands, the Company's foray into the flooring solutions business is also majorly aimed at the domestic market.

Going forward, non-US business is likely to account for larger share of incremental revenue.

#### 4. New Channels

In this era of rising e-commerce and mobile-commerce, it is essential to have an omni-channel presence in order to reach customers effectively. WIL has been relentlessly working on being an omni-channel player in the last few years. During the year, the Company further built on its capabilities.

As mentioned earlier, online channel constitutes ~15% of home textile purchase in the US. WIL is adopting a calibrated approach for e-commerce in order to have a sustainable long term profitable business. This is being achieved through:

- 🌱 **Own portal:** WIL has built capabilities to accept orders at its own websites (such as Christy, Spaces and ShopWelspun websites) and seamlessly deliver it to the customer.
- 🌱 **Big-Box Retailers' Websites:** Based on the strong relations with the existing big box retailers, the Company is selling through online channels of these retailers. In order to enhance its offering, the Company provides omni-channel support to retailers on Product Development, Warehousing, Pick and Pack, Drop-Ship and Analytics. WIL's warehouses in US, UK, Germany and India help in quickly responding to orders.
- 🌱 **Key e-commerce Platforms:** Large e-commerce players are trying to increase their share of private label products to capture more value, cater to

increased volumes and to have better control on quality. The Company is working on being a preferred sourcing partner for the private labels of these e-commerce platforms.

- 🌱 **Exclusive online D2C Players:** Various D2C, online-only players have come up in the home textile space, especially in the US. WIL is looking to be as a strategic investor with significant minority stake in select synergistic start-ups in order to participate in this growth strategy.

Apart from this, the Company sees huge potential in the US hospitality and healthcare markets. Currently, revenue from this segment contributes US\$50 mn, which is only 3% of the total US hospitality market of US\$ 1.5 bn. The Company has tied up with several prominent international hotel chains to supply its products. This will help the Company increase sales, not only in the US, but also in other parts of the world. In addition to hospitality, the Company is also tapping high potential global wellness economy (market size of ~US\$3.7 trillion). As an initial foray, WIL has partnered with Stay Well™. Stay Well infuses wellness into hotel rooms with features and programs to maximise the guest experience and minimise the impact that travel has on the human body. WIL is the exclusive supplier of home textiles for Stay Well rooms.

#### 5. 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 is foraying into flooring solutions, with a planned investment of ₹ 11 billion to manufacture area rugs, carpet tiles and other flooring solutions. The facility will be located in the state of Telangana with a capacity of 27 million sq. metres p.a. and will be operational by Q3FY20.

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

The other big opportunity which the Company is pursuing is technical textiles. These products are used in specialised applications in healthcare, fire departments, aerospace, defence and other utilities. These products include features such as fire retardants, stain resists, anti-bacterials, and soil resists. While WIL is already manufacturing wet wipes, it is also foraying into other specialised products. For this, the Company has set up a needle-punch facility at its Anjar plant.

## OTHER KEY STRATEGIC INITIATIVES

### Patented Global Cotton Integrity Process : Wel-Trak™

During the year, the Company received the patent for its proprietary traceability solution, Wel-Trak. Wel-Trak has been further strengthened during the year, thanks to the addition of scientific traceability through chemical fingerprinting from Oritain™. With this, Wel-Trak is now the most comprehensive end-to-end fiber tracking process. The industry-defining, multi-level traceability process provides consumers with a reliable and quick verification tool in their hands to trace the finished products back to the raw material. The Company is targeting to replicate the success of “Hygro cotton” with “Wel-Trak” as another ingredient brand.

### Features of Wel-Trak:

1. Verifies fiber from the origin and at every stage of production
2. Ensures rigorous process control of fiber's physical parameters
3. Authenticates cotton from dedicated sources
4. Assures independent third party testing
5. Allows consumers to track fiber in product back to the farm where it was produced.

### Smart Sourcing

The Company has been working on ancillarisation of key intermediate products for the last two years. As 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 is paving 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.

WIL has set up a Sewage Treatment Plant (STP) to conserve and reuse the scarce resource i.e. Water. The STP is installed with a capacity to process 30 Mn litres per day of waste water and 85% of the treated water is used in the textile manufacturing process. This considerably reduces the need to use fresh water from the Narmada river.



30 Mn litres per day  
of waste sewage water processed &  
reused at Welspun's STP



Under the SPUN initiative, the Company has 1,200+ women engaged across 10 vocational centres. These centres have produced 540K bed sheets and developed 2.29 mn products till date. This has generated total earnings of ₹ 17.4 mn for women beneficiaries.

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 youth were trained in FY18 under the Welspun's skill development programme.

## OUTLOOK

The outlook for WIL remains optimistic. With the transient effects behind, the Company is well-poised to take advantage of the opportunities in the business environment. Growth in FY19 is expected to return to the double-digit trajectory witnessed in the past.

After seeing a challenging year due to onslaught of e-commerce, the brick-and-mortar retailers have streamlined their operations to adjust to the new reality. This should translate to a tapering of the destocking phenomenon which was seen for most part of the year in FY2018. This, in turn, would result in better demand for home textile products supplied by companies like Welspun.

The big online players are moving more towards private labels in order to ensure quality and improve profitability. This should also boost demand for products from large suppliers like Welspun.

WIL is seeing an uptick in volume off-take by customers in key markets, with some of the transitory issues fading out. Increasing volumes along with depreciating rupee and clarity on government policies should augur well for the Company's margins in FY19.

The Company will continue to leverage its scale to consolidate its position as one of the world's most efficient manufacturers of home textiles. In FY19, the Company plans to sweat its existing capacities in towels, sheets and rugs and invest in the new flooring facility (discussed earlier). The total capex for the year is planned at around ₹ 9 bn including part of the investment for the flooring project.

## WIL Capacities

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

For fuelling the future growth in towels and sheets, 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, as described earlier.

As mentioned earlier, Welspun's future growth strategy towards the Vision 2022 will continue to be based on five key growth pillars:

- 1. Innovation:** 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 30 unique inventions. The focus will also be on leveraging innovations like Wel-Trak to create a pull factor among consumers and to create differentiation for its B2B customers.
- 2. Brands:** During FY19, the Company plans to continue expanding 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 B2C strategy to target the domestic



market through its brands “Spaces” and “Welspun” which holds enormous potential. The Company will also strive to increase the share of ingredient brands like Hygro cotton and Wel-Trak.

3. **New Markets:** India is one of the most promising markets for Welspun, which is being addressed through brands such as “Spaces”. Continuous brand building efforts will be done to tap the enormous potential of the domestic home textiles market. The upcoming flooring solutions of the Company will also be majorly domestic-market centric thus improving share of revenue of India in the total sales. The Company will be focusing on increasing and strengthening its global footprint with operations in underpenetrated geographies like Europe, Middle East, Far East, Australia.
4. **New Channels:** The Company has developed omni-channel capabilities to support retailers as well as its own websites across key geographies. The Company is also working on being the preferred sourcing partner for private label programs of key e-commerce platforms.

E-commerce and hospitality will remain the focus area as the Company sees a strong traction in these channels.

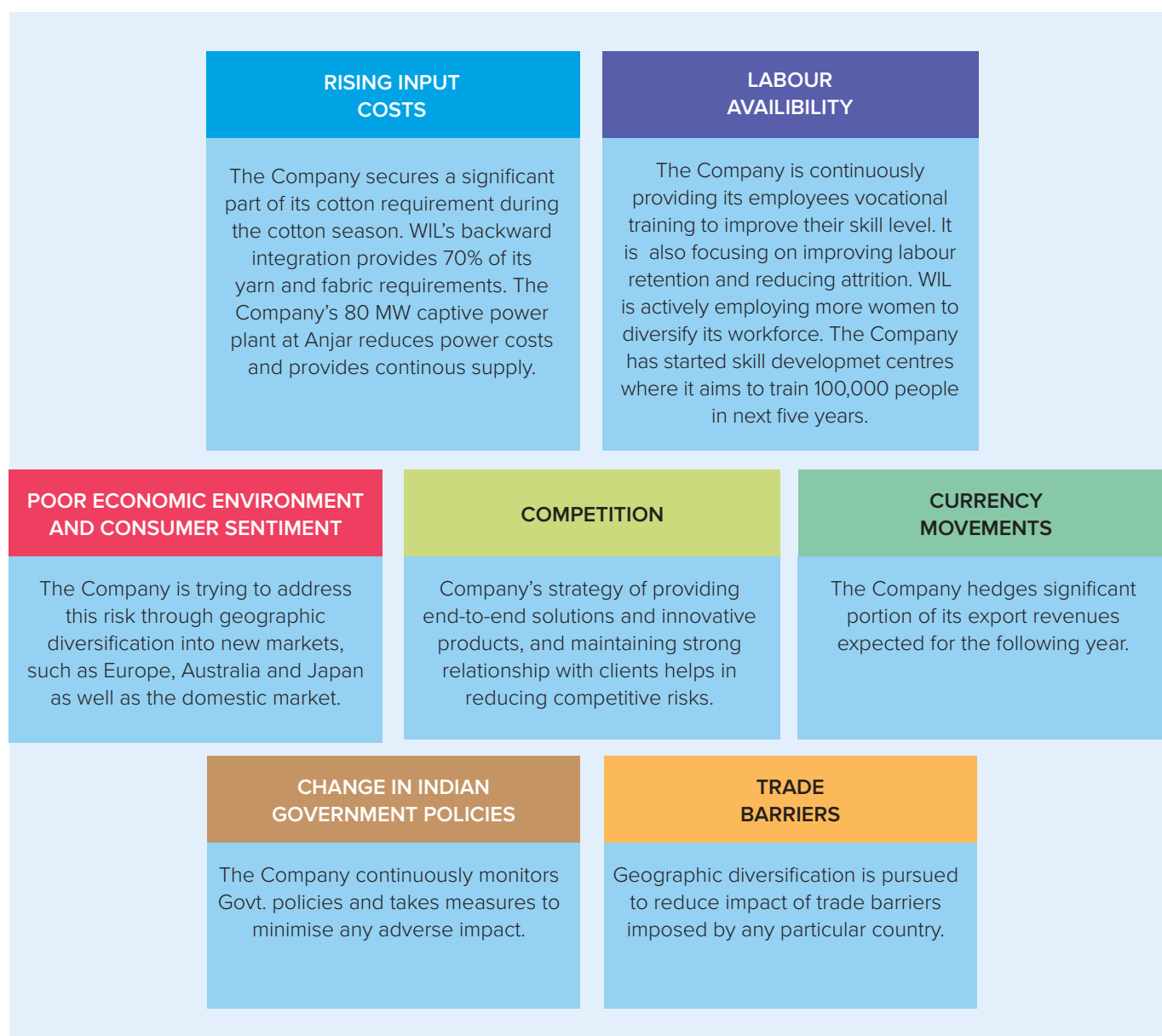
5. **New Products:** The Company sees sales growth in the coming years to be driven by the newer products such as flooring solutions, advanced textiles, smart textiles and bedding products.

Through “Vision 2022”, the Company will remain focused on achieving:

- 🌱 Revenue of US\$ 2 billion
- 🌱 Debt-free (on a net debt basis)
- 🌱 Branded and Innovative products share of revenues at 50%
- 🌱 Domestic market share of revenue 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.







## HUMAN RESOURCE

The Company recognises that human capital is its most important asset. WIL has 20,638 permanent employees on its payroll as on 31<sup>st</sup> March 2018. 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. 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 Leadership Talks, Quizzes, Nukkad Natak, Skits, posters, workshops and road shows for Value Disseminations. Value Champions have been identified and trained across the organization to drive this transformational journey.

**Employee Development:** WIL has collaborated with Dale Carnegie for designing and delivering a Customized Executive Presence Programme for its budding 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.

Talent Pool program (AYLP – Achieving your leadership potential) was initiated to train and nurture the top talent in the organization.

The Company has initiated Project Utthaan, a career development program for female workers at the plant

locations. The project was initiated to nurture and help develop the females at the shopfloor and train them for supervisory roles.

**Use of Technology:** In the technology space, WIL introduced an AI chatbot, Amber, to get feedback from the employees. Amber currently helps to understand major pain points and make effective decisions to resolve major issues.

During the year, there was high focus on adaptation of SuccessFactors for all employees. In 2017-18, the entire performance management process was carried out on SF, which resulted in better process efficiency and transparency. All training sessions for employees were routed through SF. The entire recruitment process, from candidate application till on-boarding is done via SuccessFactors.

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

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 – FY18

FY18 was a challenging year for Welspun India and company delivered as guided. The Company had 19.6% EBITDA margin in a GST-transition year and strengthening rupee environment. This was the fourth consecutive year where the Company positive Free Cash Flow. In FY18, the figure was ₹ 907 million as compared to FY17 figure of ₹ 859 million.

For FY18, total income was ₹ 61,318 million vs. ₹ 67,211 million (FY17), ~8.8% lower on account of lower volumes by ~5.0%, adverse currency impact of ~1.6% as well as change in drawback rates of ~2.2%.

Herewith is the comparative analysis of Key Financial numbers of FY18 as compared to FY17:

(In ₹ Million Except EPS)

Particulars	FY 18	% of Total Income	FY 17	% of Total Income
Revenue from Operations (Net)	60,506	98.68	66,405	98.80
Other Income	812	1.32	806	1.20
Total Income	61,318	100.00	67,211	100.00
Cost of Material	30,235	49.31	30,396	45.22
Manufacturing Expenses	6,808	11.10	8,002	11.91
Employee Cost	6,754	11.01	6,373	9.48
Selling Administration and Other Expenses	5,474	8.93	5,801	8.63
EBIDTA	12,046	19.65	16,639	24.76
Finance costs	1,408	2.30	1,583	2.35
Depreciation and amortisation expense	5,042	8.22	5,054	7.52
Taxes	1,615	2.63	1,731	2.58
Profit before extraordinary items	3,982	6.49	8,271	12.31
Exceptional Items	-	0.00	-4,648	-6.91
Minority's Share of Profit/ (Loss) in Certain Subsidiary Companies	132	0.22	48	0.07
Net Profit (Loss)	3,850	6.28	3,576	5.32
EPS (Basic and Diluted)	3.83		3.56	

## Capacity Utilisation

The Effective Utilization levels (based on average annual capacity) in FY18 across products was 81% in terry Towels, 79% in Bed Linen Products and 63% in Rugs & Carpets.

### 1. Revenue

#### a. Total Income

For FY18, total income was ₹ 61,318 million vs. ₹ 67,211 million in FY17, ~8.8% lower on account of lower volumes by ~5.0%, adverse currency impact of ~1.6% as well as change in drawback rates of ~2.2%.

#### b. Other income

Income from other sources was ₹ 812 million in FY18, as against ₹ 806 million in FY17.

### 2. Expenditure

#### a. Cost of Materials

Consumption of raw materials stood at ₹ 30,235 million during the year. This accounts for 49% of total income for FY18. As a % of total income, this material cost has been higher by approximately 4% as compared to FY17 figure of 45% of total income due to the increase in cotton and energy costs.

#### b. Manufacturing Expenses

Manufacturing expense was at ₹ 6,808 million in FY18 as compared to ₹ 8,002 million in FY17. The manufacturing expense includes Power, Fuel and Water charges of ₹ 1,586 million, Dyes & Chemicals of ₹ 2,349 million and job work charges of ₹ 1,147 million.

As a percent of total income, manufacturing expenses was at 11.10% in FY18 as compared to 11.91% in FY17.

#### c. Employee Cost

Employee cost stood at ₹ 6,754 million in FY18 as compared to ₹ 6,373 million in FY17. As a % of total income it has increased to 11.01% as compared to 9.48% 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 ₹ 5,474 million in FY18 as compared to ₹ 5,801 million in FY17. The decrease was majorly because of lower legal and professional fees during the year.

**e. Finance Costs**

Financial Expenses in FY18 was ₹ 1,408 million. The corresponding figure in FY17 was ₹ 1,583 million. The decrease was 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 ₹ 5,042 million in FY18 end as compared to ₹ 5,054 million in FY17.

EBITDA margin was adversely affected by the increase in raw material and energy costs and rupee appreciation.

**b. Profit After Tax**

Profit after Tax post minority interest stood at ₹ 3,850 million in FY18 as compared to ₹ 3,576 million in FY17.

**3. Margins****a. EBIDTA**

EBITDA in FY18 was reported at ₹ 12,046 million (19.6% margin) from ₹ 16,639 million (24.8% margin).

**4. Earnings Per Share (Basic)**

Earnings per Share for the year ending March 31, 2018 (Basic) stood at ₹ 3.83 per share as compared to ₹ 3.56 per share at the end of 31st March 2017.

**5. Table: Balance Sheet**

(₹ in Million)

Particulars	As At		Change
	31.03.2018	31.03.2017	
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	32,529	35,011	(2,483)
Capital work-in-progress	829	564	265
Goodwill on Consolidation	1,786	1,741	45
Other Intangible assets	284	138	146
Financial Assets	-	-	-
- Investments	278	29	249
- Loans	5	4	1
- Other financial assets	412	322	90
Non-current tax assets	104	112	(8)
Deferred Tax Assets	379	702	(323)
Other non-current assets	536	369	167
<b>Total Non-current Assets</b>	<b>37,141</b>	<b>38,991</b>	
<b>Current Assets</b>			
Inventories	13,054	12,810	244
Financial Assets	-	-	-
- Investments	1,005	1,229	(224)
- Trade receivables	9,310	9,601	(291)
- Cash & cash equivalents	1,191	1,238	(47)
- Bank balances other than cash and cash equivalents above	465	390	75
- Loans	6	6	(1)
- Other financial assets	5,159	5,570	(411)
Current Tax Assets	18	32	(14)
Other current assets	4,900	3,416	1,483
<b>Total Current Assets</b>	<b>35,108</b>	<b>34,292</b>	
<b>Total Assets</b>	<b>72,249</b>	<b>73,283</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	1,005	1,005	(0)
<b>Other Equity</b>			
Reserves and surplus	25,011	21,915	3,096
Other reserves	41	1,052	(1,011)
<b>Equity attributable to owners of Welspun India Limited</b>	<b>26,057</b>	<b>23,972</b>	
Non-controlling Interests	467	355	112
<b>Total Equity</b>	<b>26,524</b>	<b>24,327</b>	

(₹ in Million)

Particulars	As At		Change
	31.03.2018	31.03.2017	
<b>LIABILITIES</b>	-	-	
<b>Non-current liabilities</b>	-	-	
Financials Liabilities	-	-	
- Borrowings	17,029	20,160	(3,132)
- Other financial liabilities	23	20	3
Non-current tax liabilities	1,330	1,486	(156)
Provisions	23	22	2
Employee benefit obligations	-	52	(52)
Deferred tax liabilities	1,745	2,168	(423)
Other non-current liabilities	889	774	115
<b>Total Non-current liabilities</b>	<b>21,039</b>	<b>24,681</b>	
<b>Current liabilities</b>	-	-	
Financials Liabilities	-	-	
- Borrowings	12,580	11,721	859
- Trade payables	6,447	7,517	(1,071)
- Other financial liabilities	3,638	2,072	1,566
Provisions	235	852	(617)
Employee benefit obligations	733	538	196
Current Tax Liabilities	-	-	-
Other Current Liabilities	1,054	1,576	(522)
<b>Total current liabilities</b>	<b>24,686</b>	<b>24,275</b>	
<b>Total liabilities</b>	<b>45,725</b>	<b>48,956</b>	
<b>Total Equity and Liabilities</b>	<b>72,249</b>	<b>73,283</b>	

## 6. Networth

Net worth of the Company stands at ₹ 26,057 million at March 31, 2018 as against ₹ 23,971 million at March 31, 2017.

Net sales to Net worth ratio is 2.32 times for the period ending March 31, 2018 as compared to 2.77 times at FY17 end.

Book Value of equity shares stands at ₹ 25.93 per equity share as at 31st March 2018, which was 23.86 per equity share in FY17.

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, 2018 stands at ₹ 1,004.73 million.

### b. Reserves and Surplus

i) Securities Premium account: The Securities Premium account stands at ₹ 3,238 million in FY18, which is same as the figure at the end of FY17.

ii) Capital Redemption Reserve: The balance as of 31st March, 2018 amounted to ₹ 488 million, same as at the end of previous year

iii) Capital Reserve: The balance as of 31st March, 2018 amounted to ₹ 1,475 million, same as at the end of the previous year.

iv) Foreign exchange translation reserve as at 31 March 2018 stands at ₹ (69) million against ₹ (24) million in the previous year.

v) Profit and Loss account: The balance in the Profit and Loss Account as on March 31, 2018 was ₹ 18,952 from ₹ 15,903 million as on March 31, 2017.

## 7. Loan funds

Gross Debt as on March 31, 2018 stands at ₹ 32,807 million as against ₹ 33,114 million at end-FY17. The Long term debt stands at ₹ 22,228 million as against ₹ 21,393 million at end-FY17.

Cash and cash equivalents of the company in FY18 stands at ₹ 2,538 million as against ₹ 2,725 million in the previous year.

Net Debt as on March 31, 2018 stands at ₹ 30,269 million after reducing the cash and bank balance and liquid investment. At the end of FY17, the net debt was ₹ 30,389 million.

Net Debt to Equity stands at 1.16 times in FY18 (as compared to 1.27 times in FY17) while Net Debt / EBITDA stands at 2.51 times in FY18 (1.83 times in FY17).

## 8. Fixed Assets

Gross Block of fixed assets stands at ₹ 46,330 million at end-FY18 as compared to ₹ 43,767 million at end-FY17. This increase was mainly on account of capex for the capacity addition in towels. Net block of fixed assets (tangible and intangible) including Capital Work in Progress stands at ₹ 35,427 million in FY18 as compared to ₹ 37,454 million in FY17.

## 9. Inventory

Inventory as on March 31, 2018 stood at ₹ 13,054 million as compared to ₹ 12,810 million at FY17 end.



The inventory days were 79 days in FY18 as compared to 70 days in FY17. The Inventory turnover ratio stands at 4.6 times in FY18 as compared to 5.2 times FY17 end.

#### 10. Debtors

Sundry Debtors on March 31, 2018 was at ₹ 9,310 million as compared to ₹ 9,601 million at FY17 end. Receivable days is 56 days in FY18 as compared to 53 days in FY17.

#### 11. Cash and Bank Balances and Liquid Investment

Cash and Bank balances and liquid Investment was reported at ₹ 2,538 million as on 31st March 2018. At the end of FY17, the corresponding figure was ₹ 2,725 million.

For the fourth year in a row, the Company generated positive free cash flows after capex.

#### 12. Current Liabilities

- Trade payables stood at ₹ 6,447 million as of end-FY18 as compared to ₹ 7,517 million at FY17 end. Trade Payables are at 39 days of net sales in FY18, as compared to 41 days in FY17.
- Short Term Provisions stood at ₹ 235 million at the end – FY18 as compared to ₹ 852 million at end FY17.

#### 13. Cash Conversion Cycle

Cash conversion cycle for FY18 was 96 days as against 82 days in the previous year.

#### 14. Dividend

The Company has announced dividend, where the payout will be 26% of the PAT. At the end of FY18, the Company has paid total dividend at ₹ 0.65 per share.

### KEY FINANCIAL INDICATORS

(₹ in million except ratios)

Particulars		As at 31-Mar-18	As at 31-Mar-17
Total Income	₹ Mn	61,318	67,211
EBITDA	₹ Mn	12,046	16,639
EBIT	₹ Mn	7,004	11,585
Net Profit/Loss after Tax	₹ Mn	3,850	3,576
Net Worth	₹ Mn	26,057	23,971
Net Debt	₹ Mn	30,269	30,389
Net Debt/Equity	Times	1.16	1.27
Net Debt/ EBITDA	Times	2.51	1.83
Net Sales/ Net Worth	Times	2.32	2.77
Current Ratio	Times	1.41	1.41
Return on Capital Employed (ROCE) - Pre Tax	%	11.3%	19.3%
Return on Equity (ROE)	%	15.4%	29.6%
Inventory Days	Days	79	70
Receivable Days	Days	56	53
Payable Days	Days	39	41
Net Operating Cycle ( Inventory Days + Receivable Days - Payable Days)	Days	96	82
Book value per share		25.93	23.86

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 33<sup>rd</sup> Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2018.

## 1. Financial highlights:

₹ Million

Particulars	Consolidated		Standalone	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	60,506	66,405	49,959	57,216
Other Income	812	806	556	719
Total Revenue	61,318	67,211	50,514	57,935
<b>EBITDA</b>	<b>12,046</b>	<b>16,639</b>	<b>9,492</b>	<b>14,414</b>
<b>EBITDA Margin (%)</b>	<b>19.91</b>	<b>25.06</b>	<b>19.00</b>	<b>25.19</b>
Finance Cost	1,408	1,583	880	872
Depreciation and amortization	5,042	5,054	4,673	4,663
<b>Profit before exceptional items and tax</b>	<b>5,597</b>	<b>10,003</b>	<b>3,939</b>	<b>8,879</b>
Exceptional items (Net)	-	4,648	-	4,606
<b>Profit before tax</b>	<b>5,597</b>	<b>5,355</b>	<b>3,939</b>	<b>4,273</b>
Tax Expense	1,615	1,731	898	1,208
<b>Profit for the year</b>	<b>3,982</b>	<b>3,624</b>	<b>3,041</b>	<b>3,066</b>
<b>Earnings per share (Basic &amp; Diluted)</b>	<b>3.83</b>	<b>3.56</b>	<b>3.03</b>	<b>3.05</b>

## 2. Performance and Outlook:

During the year under review, your Company's total revenue on standalone basis decreased to ₹ 50,514 million, a decline of 12.81% and on consolidated basis it decreased to ₹ 61,318 million, a decline of 8.77% over the previous year.

Destocking by the Retailers, impact of currency and revision in rates for duty drawback and Rebate State Levies resulted into degrowth in topline. The EBITDA on standalone basis it was Rs. 9,492 million i.e. 34.15% lower than last year and on consolidated basis was Rs. 12,046 million i.e. 27.6% lower than last year. EBITDA margin was impacted due to higher cost of raw material, higher energy cost and lower volumes. Profit before tax was Rs. 3,939 million i.e. 7.82% lower than last year on standalone basis and it was Rs. 5,597 million i.e. 4.52% higher than last year on consolidated basis. Profit after tax ("PAT") is Rs. 3,041 million i.e. 0.80% lower than last year on standalone basis and Rs. 3,982 million i.e. 9.88% higher than last year on consolidated basis. You may refer to 'Management Discussion & Analysis' ("MDA") Section of this Report for further details of your Company's performance.

## 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"). The Board will endeavor to achieve distribution of 25% of PAT for a financial year, on standalone basis, with equity shareholders (including by way dividend and Dividend Distribution Tax thereon). 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 2017-18:

Considering your Company's performance during the Financial Year ("FY") 2017-18, the Board of Directors has recommended, for approval of the members, a dividend of ₹ 0.65 per share (face value of Re. 1 per share) for FY 2017-18. The dividend, if approved by the members, would result in cash outflow of ₹ 787.34 million including Dividend Distribution Tax ("DDT") i.e. 25.89% of standalone PAT.

Dividend will be paid to those members, who will hold shares on the last day of book-closure i.e. June 29, 2018.

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)
2017-18	65%	787
2016-17	65%	786
2015-16	130%	1,558

#### 4. Subsidiaries:

During the year, the Company formed a wholly owned subsidiary viz. Welspun Nexgen Inc. in USA as a holding company for investment in next generation and new age technology which are startups synergistic in various geographies.

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, S R B C & CO LLP, who were appointed up to the conclusion of the 37<sup>th</sup> Annual General Meeting subject to ratification by the Members of your Company at every Annual General Meeting, have given their consent to continue to act as the Statutory Auditors of your Company for the remaining tenure. The Auditors are holding a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. Members are requested to ratify their appointment as the Auditors of your Company by passing an ordinary resolution under Section 139 of the Companies Act, 2013 ("the Act").

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

##### 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 & Co., Cost Accountants as the Cost Auditors of your Company for FY 2018-19 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 2017-18 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 Uday Sohoni, Practising Company Secretary, as the Secretarial Auditor of your Company for the FY 2018-19.

#### 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 during the FY 2017-18.

## 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		Remarks
No of Holders	No of Shares	No of Holders	No of Shares	No of Holders	No of Shares	No of Holders	No of Shares	NA
3,831	1,354,060	-	-	-	-	-	-	

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 The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Annual listing fees for the FY 2018-19 have been paid to NSE and BSE.

## 9. Finance:

### i. Credit Rating:

During the year, CARE Ratings Limited ("CARE") has revised upward your Company's long term credit rating to 'AA' from earlier rating of 'AA-'. 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.

### ii. Deposits:

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

## 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, marketing, general management and 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 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:

In accordance with the provisions of Section 152 of the Act and the Articles of Association of your Company, Ms. Dipali Goenka is retiring by rotation at the forthcoming Annual General Meeting and being eligible, has been recommended for her 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. Familiarization program for Independent Director(s):**

The familiarization program 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 familiarization 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 familiarization programme for Independent Directors is hosted on your Company's website and a web link thereto is as given below.

<http://www.welspunindia.com/policy/WIL-Dividend%20Distribution%20Policy.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, 2018 is as given under:

₹ million

Particulars	Amount
Investments	9,028.21
Loans / Receivables	-
Guarantees	14,768.03
Security	-
<b>Total</b>	<b>23,796.24</b>

Corporate Guarantee of Rs. 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 equivalent amount which was availed for setting up of captive power plant. WCPGL redeemed principal amount of Rs. 1.10 billion during the FY 2017-18. Corporate guarantees of GBP 5.10 million, GBP 4.25 million and GBP 8.51 million were issued, to Bank of India, UK, Bank of Baroda, UK and Barclay's Bank 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 Rs. 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) ("the Consortium") to secure repayment of working capital facilities extended by the Consortium to Welspun Global Brands Limited ("WGBL"), a subsidiary of your Company. The Company has issued guarantee of Rs. 6.05 billion in favour of the lenders of Welspun Flooring Limited ("WFL"), a wholly owned subsidiary of your Company to secure repayment of facilities extended by those lenders to WFL. Disclosures pursuant to the Regulation 34(3) read with Para A of Schedule V of SEBI Regulations, 2015 is given at Note No. 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 needs 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 as given below.

[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:

i. Details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(a) 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 2017-18 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	55.99	(4.87%)	388.03
Ms. Dipali Goenka CEO and Joint Managing Director	53.69	(4.88%)	372.09
Altaf Jiwani Chief Financial Officer	27.59	8.00%	191.14
Shashikant Thorat Company Secretary	4.09	6.51%	28.34

(b) The percentage increase in the median remuneration of employees in FY 2017-18 was 1.63%.

(c) Your Company had 21,268 permanent employees on its payrolls as on March 31, 2018.

(d) The turnover of your Company decreased by 12.68% and EBIDTA of your Company decreased by 34.15% during FY 2017-18. Median remuneration increased by 1.63%. 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 2017-18 was 7.1%. The managerial remuneration decreased by 4.87% as a result of decrease in Commission payable.

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, 51, 02.02.2015, 27.59, B.TECH, MMS, RPG Group, Permanent, 0, No; Ashok Kumar Joshi, Executive Director\* & Business Head - Operations, 58, 02.07.2013, 18.47, B.TECH, Donear Industries Limited, Permanent, 0, No; Bhavin Purohit, Senior Vice President - IT, 43, 16.08.2017, 15.50, MBA, B.E., Arvind Limited, Permanent, No; Dipali Goenka, CEO & Joint Managing Director, 48, 01.04.2013, 53.69,

B.A. (Psychology), N.A., Contractual, 0.07, Yes; Milind Hardikar, Executive Director\* - Advanced Textile, 56, 24.04.2012, 17.50, BE (Mech), MMS, Arvind Limited, Permanent, 0, No; Rajesh Mandawewala, Managing Director, 55, 01.12.1985, 55.99, CA, N.A., Contractual, 0, No; Rajesh Padmanbhan, Director\*-HCGA, 55, 01.02.2016, 36.17, MBA (Finance/HR), Vedanta Group, Permanent, 0, No; Suneel Mohnot (resigned w.e.f. 01.09.2017), President - Commercial, 58, 26.08.2013, 11.39, M.COM, MBA, Reliance Industries Ltd., Permanent, 0, No; Swapna Nath (resigned w.e.f. 13.03.2018), Executive Director\*, 57, 10.10.2016, 24.68, B.Tech, Maharaja Shree Umaid Mills Limited, Permanent, 0, 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 profit 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 is one of the top 500 listed entities, it is pleased to present its 2nd BRR for the FY 2017-18 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 as given below:

[http://www.welspunindia.com/environment\\_management/BusinessResponsibilityReport\\_2017-18.pdf](http://www.welspunindia.com/environment_management/BusinessResponsibilityReport_2017-18.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 the 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 as given below:

[http://www.welspunindia.com/policy/csr\\_policy.pdf](http://www.welspunindia.com/policy/csr_policy.pdf)

The initiatives undertaken by your Company during FY 2017-18 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, 2018, 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 program has been formulated and implemented. Refer to the MDA 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 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 MDA 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, 2018, 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 judgments 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 2017-18;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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**

**May 16, 2018  
Mumbai**

**Balkrishan Goenka  
Chairman  
DIN 00270175**

# 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 and on behalf of the Board of Directors

For Welspun India Limited

Sd/-

Rajesh Mandawewala

Managing Director

00007179

Date: January 31, 2017

Place: Mumbai

For and on behalf of the Board of Directors

Balkrishan Goenka

Chairman

DIN 00270175

May 16, 2018

Mumbai

## Annexure - 2

### 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	WASEZ	WHTUKL	WZTL
Reporting period year ended	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
Reporting currency and Exchange rate	INR NA	USD ₹ 65.18	INR NA	GBP ₹ 91.38	GBP ₹ 91.38	USD ₹ 65.18	Euro ₹ 80.18	INR NA	GBP ₹ 91.38	INR NA
Share Capital	235.29	9.69	295.38	157.84	149.66	-	9.18	0.51	731.91	55.00
Reserves & Surplus	2,432.03	960.53	1,504.21	151.93	302.99	(73.88)	0.02	2,136.59	(401.64)	48.50
Total Assets	13,873.97	7,217.12	3,094.44	1,911.26	779.43	(47.43)	12.34	3,302.39	612.16	104.70
Total Liabilities	11,206.65	6,246.90	1,294.85	1,601.49	326.78	26.45	3.14	1,165.29	281.89	1.20
Investments (excluding investments in subsidiaries)	4.10	-	-	-	-	-	-	194.84	-	-
Turnover	49,752.99	15,390.90	3,634.85	2,724.22	2,359.20	182.48	44.46	24.19	-	-
Profit / (Loss) before Taxation	715.47	90.27	825.42	(106.35)	(63.88)	(70.73)	4.54	(10.74)	(0.37)	4.85
Provision for Taxation	251.53	53.40	284.90	(14.04)	-	14.00	-	1.65	-	0.92
Profit / (Loss) after Taxation	463.94	36.87	540.52	(92.31)	(63.88)	(84.73)	4.54	(12.39)	(0.37)	3.93
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	21
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Name of the Subsidiary company	CHT	NHT	WMEL	WHPL	ERK	BDI	AITP	WFL	CL	CUL	WNEX
Reporting period year ended	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
Reporting currency and Exchange rate	GBP ₹ 91.38	MXN ₹ 3.58	USD ₹ 65.18	GBP ₹ 91.38	GBP ₹ 91.38	INR NA	INR NA	INR NA	GBP ₹ 91.38	GBP ₹ 91.38	USD ₹ 65.18
Share Capital	157.84	53.22	16.54	1.62	0.20	0.10	0.10	34.30	-	-	269.30
Reserves & Surplus	151.84	(57.08)	36.57	449.94	53.61	(14.56)	(0.25)	(21.87)	785.24	2.36	1.39
Total Assets	1,911.26	-	58.91	452.32	53.79	1.12	0.37	761.87	785.24	2.36	270.69
Total Liabilities	1,601.49	3.86	5.80	0.76	(0.02)	15.58	0.52	749.44	-	-	-
Investments(excluding investments in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-
Turnover	2,724.22	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) before Taxation	(106.35)	-	(0.11)	(0.66)	-	(0.02)	(0.25)	(11.89)	-	-	-
Provision for Taxation	(14.04)	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) after Taxation	(92.31)	-	(0.11)	(0.66)	-	(0.02)	(0.25)	(11.89)	-	-	-
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	100.00

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, WNEX = Welspun Nexgen Inc., USA.

#### 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

**May 16, 2018**  
**Mumbai**

**Shashikant Thorat**  
Company Secretary  
FCS - 6505

**Altat 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, 2018

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 authorized 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, 2018 ('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, 2018 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 Standards issued by The Institute of Company Secretaries of India;
- (ii) 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. There was no changes in the composition of the Board of Directors.

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 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  
FCS 9471, CP 10916  
May 16, 2018  
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**

**May 16, 2018**  
**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, 2018

[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,  
Tel.: +91 22 - 66136000;  
Email: Companysecretary\_WIL@welspun.com

- vi. Whether listed company: Yes
- vii. Name, address and contact details of Registrar and Transfer Agent:

### 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  
Tel. 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	100.00%

### 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 Survey No. 675, Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110	U74120GJ2011PTC064912	Subsidiary	100.00	2(87)(ii)
2	Besa Developers and Infrastructure Private Limited Welspun House, 6 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	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)

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
6	Christy UK Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
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, 7 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	U51901MH2017PTC291358	Holding	67.59	2(46)
12	Welspun Anjar SEZ Limited Welspun City, P.O. Versamedi, Taluka Anjar, Gujarat - 370110	U22210GJ1995PLC027871	Subsidiary	100.00	2(87)(ii)
13	Welspun Captive Power Generation Limited Welspun City, Village Versamedi, Taluka Anjar, Gujarat - 370110	U40100GJ2010PLC060502	Subsidiary	77.00	2(87)(ii)
14	Welspun Flooring Limited Survey No. 76, Village Morai, Vapi Valsad, Gujarat - 396191	U17291GJ2016PLC086292	Subsidiary	100.00	2(87)(ii)
15	Welspun Global Brands Limited Survey No. 675, Welspun City, Anjar, Gujarat - 370110	U71210GJ2004PLC045144	Subsidiary	98.03	2(87)(ii)
16	Welspun Holdings Private Limited (Cyprus) 10, Diomidous Avenue, Building Alphamega - Acropolis, 3 <sup>rd</sup> 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 Nexgen Inc. (USA) 251, Little Falls Drive, Wilmington, Delaware 19808	-	Subsidiary	100.00	2(87)(ii)
20	Welspun UK Limited (UK) Park Square, Bird Hall Lane, Stockport, Cheadle, Cheshire SK3 0XF	-	Subsidiary	98.17	2(87)(ii)
21	Welspun USA, Inc. (USA) Suite No. 1118, 11 <sup>th</sup> Floor, Textile Building, 5 <sup>th</sup> Avenue, New York, NY - 10016, USA	-	Subsidiary	98.64	2(87)(ii)
22	Welspun Zucchi Textiles Limited Welspun House, 6 <sup>th</sup> Floor, Kamala Mills Compound, S B Marg, Lower Parel, Mumbai - 400013	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%	3,538,000	-	3,538,000	0.35%
b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-
c)	Bodies Corporate	734,833,180	-	734,833,180	73.14%	684,502,933	-	684,502,933	68.13%
d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-
e)	Any other(Specify)	-	-	-	-	-	-	-	-
Sub Total(A1)		738,277,190	-	738,277,190	73.48%	688,040,933	-	688,040,933	68.48%
(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	-	738,277,190	73.48%	688,040,933	-	688,040,933	68.48%
B. Public shareholding									
1. Institutions									
a)	Mutual Funds	19,073,551	112,100	19,185,651	1.91%	59,231,295	112,100	59,343,395	5.91%
b)	Banks / FI	1,317,777	2,500	1,320,277	0.13%	621,918	2,500	624,418	0.06%
c)	Central Government	-	-	-	-	845,746	-	845,746	0.08%
d)	State Government(s)	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-
f)	Alternate Investment Funds	-	-	-	-	3,201,410	-	3,201,410	0.32%
g)	Insurance Companies	-	-	-	-	-	-	-	-
h)	Foreign Portfolio Investors	119,947,484	-	119,947,484	11.94%	92,156,512	-	92,156,512	9.17%
i)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-
j)	Others (Specify) - UTI	-	1,400	1,400	0.00%	-	140	140	0.00%
Sub-Total (B1)		140,338,812	116,000	140,454,812	13.98%	156,056,881	114,740	156,171,621	15.54%
									1.56%

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	% change during the year
2.	Non-institutions									
a)	Bodies Corporate									
i.	Indian	31,825,574	28,860	31,854,434	3.17%	42,033,029	25,190	42,058,219	4.19%	1.02%
ii.	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i.	Individual shareholders holding nominal share capital up to ₹ .2 lakh	60,881,175	5,336,130	66,217,305	6.59%	80,841,198	4,297,900	85,139,098	8.47%	1.88%
ii.	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	18,464,462	-	18,464,462	1.84%	20,291,830	-	20,291,830	2.02%	0.18%
c)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d)	Any Other (specify)									
i.	Clearing member	1,728,134	-	1,728,134	0.17%	2,353,916	-	2,353,916	0.23%	0.06%
ii.	Non Resident Indians	3,232,703	202,170	3,434,873	0.34%	5,311,498	194,630	5,506,128	0.55%	0.21%
iii.	Unclaimed Shares Demat Suspense Account	1,362,240	-	1,362,240	0.14%	1,354,060	-	1,354,060	0.13%	(0.01)%
iv.	Hindu Undivided Family	2,928,955	-	2,928,955	0.29%	3,775,010	-	3,775,010	0.38%	0.09%
v.	Directors / Relatives	1,510	-	1,510	0.00%	2,510	-	2,510	0.00%	0.00%
vi.	Trust	1,235	-	1,235	0.00%	31,825	-	31,825	0.00%	0.00%
Sub-Total (B2)		120,425,988	5,567,160	125,993,148	12.54%	155,994,876	4,517,720	160,512,596	15.97%	3.43%
Total Public Shareholding (B)= (B1)+(B2)		260,764,800	5,683,160	266,447,960	26.52%	312,051,757	4,632,460	316,684,217	31.51%	4.99%
TOTAL (A)+(B)		999,041,990	5,683,160	1,004,725,150	100.00%	1,000,092,690	4,632,460	1,004,725,150	100.00%	-
C. Shares held by Custodians and against which Depository Receipts have been issued		-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)		999,041,990	5,683,160	1,004,725,150	100.00%	1,000,092,690	4,632,460	1,004,725,150	100.00%	-



## 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	Prasert Multiventure Private Limited	679,078,913	67.59	-	679,078,913	67.59	-	-
2	MGN Agro Properties Private Limited	50,236,257	5.00	-	-	-	-	(5.00)
3	Welspun Tradewel Limited (Formerly known as Welspun Finance Limited)	5,424,020	0.54	-	5,424,020	0.54	-	-
4	Radhika Goenka	2,008,600	0.20	-	2,008,600	0.20	-	-
5	Dipali Goenka	723,600	0.07	-	723,600	0.07	-	-
6	Balkrishan Goenka	683,890	0.07	-	683,890	0.07	-	-
7	Methodical Investment And Trading Co. Private Limited	76,940	0.01	-	-	-	-	(0.01)
8	Dipali Goenka jointly with Balkrishan Goenka	26,800	0.00	-	26,800	0.00	-	-
9	AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	14,850	0.00	-	-	-	-	(0.00)
10	Welspun Steel Limited	1,100	0.00	-	-	-	-	(0.00)
11	Welspun Zucchi Textiles Limited	1,100	0.00	-	-	-	-	(0.00)
12	Rajesh Mandawewala	1,030	0.00	-	1,030	0.00	-	-
13	Balkrishan Goenka jointly with Dipali Goenka	90	0.00	-	90	0.00	-	-
14	Balkrishan Gopiram Goenka (Welspun Group Master Trust)	-	-	-	93,990	0.01	-	0.01
<b>TOTAL</b>		738,277,190	73.48	-	688,040,933	68.48	-	(5.00)

**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.)	1) MGN Agro Properties Private Limited sold 50,236,257 equity shares (5%) in open market on 10.01.2018. 2) Welspun Group Master Trust had acquired 93,990 (0.01%) equity shares from Methodical Investment & Trading Company Private Limited, AYM Syntex Limited, Welspun Steel Limited and Welspun Zucchi Textiles Limited as a part of inter-se restructuring of promoter group.			
	At the end of the year	688,040,933	68.48%	688,040,933	68.48%

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

Sr. No.	Name of Shareholders*	Shareholding at the beginning of the year		Changes in the Shareholding during the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1	Alliance Bernstein India Growth (Mauritius) Limited	9,525,700	0.95	-	7,161,004	2,364,696	0.24
2	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	6,187,719	0.62	626,114	-	6,813,833	0.68
3	Anil Kumar Goel	5,500,000	0.55	-	-	5,500,000	0.55
4	Vanguard Total International Stock Index Fund	4,563,285	0.45	4,035,937	-	5,257,348	0.52
5	AB FCP I - Emerging Markets Growth Portfolio	4,540,260	0.45	-	668,485	3,871,775	0.39
6	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Pure Value Fund	4,518,891	0.45	7,366,709	-	11,885,600	1.18
7	DSP Blackrock Small Cap Fund	-	-	44,197,843	-	44,197,843	4.40
8	Lazard Emerging Markets Small Cap Equity Trust	-	-	10,601,740	-	10,601,740	1.06
9	Julius Baer Multistock - Emerging Equity Fund	-	-	9,680,000	-	9,680,000	0.96
10	Bernstein Fund, Inc. International Small CAP	-	-	5,620,486	-	5,620,486	0.56

\* Top ten Shareholders of the Company as on March 31, 2018 has been considered for the above disclosure.

The Shares of the Company are traded on daily basis and hence, the date wise increase / decrease in shareholding is not indicated.

**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.	<b>Balkrishan Goenka (including holding of Balkrishan Goenka HUF and joint holding)</b>				
	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.	<b>Ram Gopal Sharma</b>				
	At the Beginning of Year	10	0.00	10	0.00
	At the end of year	10	0.00	10	0.00
3.	<b>Arun Tadarwal</b>				
	At the Beginning of Year	-	-	-	-
	At the end of year	1,500	0.00	1,500	0.00
Shareholding of KMP					
4.	<b>Rajesh Mandawewala –Managing Director</b>				
	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.	<b>Ms. Dipali Goenka – CEO &amp; Joint Managing Director</b>				
	(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.	<b>Shashikant Thorat – Company Secretary</b>				
	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

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning 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>
<b>Change in indebtedness during the financial year</b>				
• Addition	-	606.52	-	606.52
• (Reduction)	(815.32)	-	-	(815.32)
<b>Net change</b>	<b>(815.32)</b>	<b>606.52</b>	<b>-</b>	<b>(208.80)</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	23,952.69	3,255.60	-	27,208.29
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	101.73	0.94	-	102.67
<b>Total (i+ii+iii)</b>	<b>24,054.42</b>	<b>3,256.54</b>	<b>-</b>	<b>27,310.96</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	0.30	-	-
	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	38.69	38.69	77.39
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>55.99</b>	<b>53.69</b>	<b>109.68</b>
	Ceiling as per the Act	193.46	193.46	386.92

### B. Remuneration to other directors

₹ million

Sr. No.	Particulars of Remuneration	Name of Directors					Total amount
		Arvind Kumar Singhal	Arun Tadarwal	Pradeep Poddar	Ram Gopal Sharma	Ms. Padma Betai	
1.	Independent Directors						
	• Fee for attending board / committee meetings and general meetings	0.21	0.89	0.63	0.82	0.19	2.74
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.21</b>	<b>0.89</b>	<b>0.63</b>	<b>0.82</b>	<b>0.19</b>	<b>2.74</b>
2.	Other Non Executive Directors	Balkrishan Goenka					
	• Fee for attending board / committee meetings and general meetings	-	-	-	-	-	-
	• Commission	38.69	-	-	-	-	38.69
	• Others, please specify (Advisory Fees)	-	-	-	-	-	-
	<b>Total (2)</b>	<b>38.69</b>					<b>38.69</b>
	<b>Total (B) = (1 + 2)</b>						<b>41.43</b>



**C. Total Managerial Remuneration**

₹ million

Total Managerial Remuneration (A+B)	151.11
Overall Ceiling as per the Act	425.62

**D. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

₹ million

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	27.59	4.09	31.68
	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>27.59</b>	<b>4.09</b>	<b>31.68</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES UNDER COMPANIES ACT, 2013:** NIL

For and on behalf of the Board of Directors

May 16, 2018

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. Through our continuous effort to improve energy efficiency in FY 2017-18, cumulatively, we have saved 266.34 TJ and saved costs by Rs. 99.59 million / year. For more details on energy efficiency and saving, you may refer to the 'Caring for the Environment' Section in the BRR Report which is hosted on your Company's website and a web link thereto is as given below.

[http://www.welspunindia.com/environment\\_management/BusinessResponsibilityReport\\_2017-18.pdf](http://www.welspunindia.com/environment_management/BusinessResponsibilityReport_2017-18.pdf)

#### Other Initiatives at Anjar:

1. Physiochemical plant stopped. Modified the effluent lines and increased the sea discharge limits.
  2. Sludge disposal stopped. The same is sun-dried and reused in Boilers.
- (ii) the steps taken by the Company for utilizing 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: ₹ 23.59 million.

#### Technology Absorption

- (i) The efforts made towards technology absorption:

We are developing products across categories viz. Towels, Sheets, Rugs, Carpets, TOB and Utility Bedding. With holistic approach towards sustainability, Welspun is taking new initiatives to make products sustainable like recycling of non-usable yarns/fabrics, fibre reinforced composites, Corn based products, use of herbal dyes, use natural fibers other than cotton like Jute, Flax, Hemp etc.

Welspun has introduced high performance product lines across categories like Charcoal infused towel, Bedsheet which stretches (fits into different mattress sizes apart from being highly comfortable), etc.

During the financial year 2017-18, Welspun has increased its portfolio to 30 unique inventions across the globe in the textile space (30 global patents, inclusive of pending patents) and trademarks, in its portfolio.

We have established your Company as leader in Home Textile Industry in terms of innovation, 37% of revenue is through innovative products.

- (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) the expenditure incurred on Research and Development.

	₹ million
Capital	31
Recurring	317
Total	349
Total R&D expenditure as a percentage of total turnover	<b>0.76%</b>

#### Foreign Exchange and Earnings Outgo:

Refer to Notes No. 40, 41, 43, 44 of the audited financial statements for details.

For and on behalf of the Board of Directors

May 16, 2018  
Mumbai

**Balkrishan Goenka**  
Chairman  
DIN 00270175

## 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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

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 programs organized by the Trust formed by the Group;
- Tie-ups with Non-Governmental Organizations / Developmental Agencies / Institutions; and
- Facilitating Government initiatives.

The Company's CSR Policy is hosted on the website of the Company, a web-link of which is as given below.

[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 directors as on date of this Report viz. 1) Mr. Ramgopal Sharma - an 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: ₹ 6,705.18 million
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 134.10 million
5. Details of CSR spent during the financial year:
  - a. Total amount to be spent for the financial year: ₹ 134.10 million
  - b. Amount unspent, if any: ₹ 23.48 million

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

₹ million

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (Location)	Amount Outlay project or programs wise	Amount spent on the projects or programs (Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads)	Cumulative expenditure. up to the date reporting period	Amount spent : Direct or through implementing agency
1.	Development of Primary School at Versamedi Village	Promoting Education including provision of vocation skills	Anjar, District Kutch, Gujarat	69.78	Direct Expenditure	105.55	Through implementing agency
	Para Teacher Program						
	Adult Literacy & Scholarship program						
	Construction of Vedshala & Promoting Study of Vedas						
	Development of Secondary School						
	Providing Educational Kit & conducting Industrial visits for students						
	Providing Infrastructure & Administrative support for Schools						
	Donation to trusts for promoting education		Mumbai				
	Skill Building for 60 unemployed youth		Anjar, District Kutch, Gujarat				
	Expenses for Pradhan Mantri Kaushal Vikas Yojana		Kutch, Gujarat				
	Development of Sustainable farming		Gujarat / District Kutch/Anjar & District Vapi				
2	Construction of Toilets under Govt. approved CSR Scheme	Sanitation	Anjar, District Kutch, Gujarat	9.41	Direct Expenditure		
3	Providing food packets for flood relief	Promoting health care including preventive healthcare and disaster relief	Anjar, District Kutch, Gujarat	8.06	Direct Expenditure		
	Medical Van project & conducting Medical camps and preventive health awareness programs at Villages						
	Donation to Adani Foundation						
	Blood Donation and medical camps on TB Project		Mumbai				
4	Sponsorship to sports person	Empowering women	Mumbai	5.2	Direct Expenditure		
	Donation to rising star outreach and catalyst for women entrepreneurship						

₹ million

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (Location)	Amount Outlay project or programs wise	Amount spent on the projects or programs (Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads)	Cumulative expenditure. up to the date reporting period	Amount spent : Direct or through implementing agency
5	Plantation of Trees	Ensuring environmental sustainability	Anjar, District Kutch, Gujarat	3.94	Direct Expenditure		
	Waste Management Project		Mumbai				
	Donation to Vimal Research Society for Agro Biotech						
6	Model Village Project at Village Ajapar & Kharapar, Taluka Anjar	Empowerment of socially disadvantaged	Anjar, District Kutch, Gujarat	9.16	Direct Expenditure		
	Establishing Skill centre project		Gujarat/ District - Kutch / Anjar & District Vapi				
	Livelihood program for farmers						
	Setting up of RO Water Plant at Villages						
	Donation to healing hand foundation & distribution of daily needs						
			Total Direct Expenditure	105.55			
			Staff Salaries and Overheads	5.06			
			Grand Total	110.61			

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.

The Company focused on impact than on mere completion. Certain programs like skill development, smart-villages, farmers' empowerment may spread over a period more than a few years. The Company's actual spend than previous year has increased, although the spent amount is less than desired amount of Rs. 134.10 million.

**Ram Gopal Sharma**

Chairman of CSR Committee

DIN: 00026514

May 16, 2018

Mumbai

**Rajesh Mandawewala**

Managing Director

DIN: 00007179

**For and on behalf of the Board of Directors**

**May 16, 2018**  
**Mumbai**

**Balkrishan Goenka**  
**Chairman**  
**DIN 00270175**



# CORPORATE GOVERNANCE REPORT

## I. PHILOSOPHY ON CORPORATE GOVERNANCE:

The Board believes that Corporate Governance is about sustainably maximizing shareholder value. 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 of 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, brand building, general management and strategy.

### Composition:

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 2017-18	Attendance at the Last AGM	No. of other Directorship			Chairman / Member in No. of Board/ Committees including other Companies @	Number of Shares held
				Pub.	Pvt.	Other Body Corporate		
(01) Balkrishan Goenka	C, P, NE	4/5	No	7	0	9	2M	777,970
(02) Ram Gopal Sharma	NE, I	4/5	No	7	1	-	4C, 5M	10
(03) Arun Tadarwal	NE, I	5/5	Yes	9	3	1	6C, 4M	1,500
(04) Arvind Kumar Singhal	NE, I	4/5	No	3	7	2	1M	-
(05) Ms. Padma Betai	NE, NI, L	4/5	No	1	-	-	-	-
(06) Pradeep Poddar	NE, I	5/5	Yes	4	-	-	1C, 3M	-
(07) Rajesh Mandawewala	P, E	5/5	No	7	3	6	3M	1,030
(08) Ms. Dipali Goenka	P, E	4/5	No	6	4	13	-	750,400

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

Abbreviations:

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

During FY 2017-18, five meetings of the Board of Directors were held on the following dates: April 25, 2017, August 07, 2017, November 08, 2017, November 28, 2017 and February 13, 2018.

### Relationships inter-se directors:

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

### III. AUDIT COMMITTEE:

**Terms of Reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations, 2015") and Section 177 of the Companies Act, 2013 ("Act").

The Committee comprises of 3 (Three) Independent Directors. The Committee met 16 times during the year. The composition of the Committee and attendance of the members is given hereunder:

Name of the Member	Chairman / Member	Number of Meetings Attended
Arun Tadarwal	Chairman	16/16
Ram Gopal Sharma	Member	13/16
Rajesh Mandawewala <sup>@</sup>	Member	1/8
Pradeep Poddar <sup>#</sup>	Member	8/8

<sup>@</sup> Resigned w.e.f August 07,2017

<sup>#</sup> Appointed w.e.f. August 07,2017

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

All 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 3 (Three) Independent Directors. The Committee met 4 times during the year. The Composition of the Committee and attendance of the members is given hereunder:

Name of Member	Chairman / Member	Number of Meetings Attended
Ram Gopal Sharma	Chairman	3/4
Arun Tadarwal	Member	4/4
Balkrishan Goenka <sup>@</sup>	Member	0/2
Pradeep Poddar <sup>#</sup>	Member	2/2

<sup>@</sup> Resigned w.e.f August 07, 2017

<sup>#</sup> Apointed w.e.f. August 07, 2017

The Company Secretary of the Company, 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 threat 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 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 Rs. 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	-	Rs. 17.00 Million	Rs. 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, 2017 to March 31, 2022	April 1, 2016 to March 31, 2021
4.	Notice Period	NIL	3 months	3 months
5.	Severance	NIL	NIL	NIL
6.	Fees Stock Options	NIL	NIL	NIL

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 Company.

#### V. THE STAKEHOLDERS' RELATIONSHIP, SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE:

The Stakeholders' Relationship, Share Transfer and Investors' Grievance Committee is formed in accordance with 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	Chairman / Member	Number of Meetings Attended
Ram Gopal Sharma	Chairman	4/4
Balkrishan Goenka	Member	4/4
Rajesh Mandawewala	Member	4/4

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

**Number of Shareholders complaints / requests received during the year:**

During the year under review, total 42 complaints from shareholders' 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	8
2	Non-receipt of Dividend	27
3	Non-receipt of Annual Report	5
4	Non-receipt of Rejected Demat Request Form	1
5	Non-receipt of Exchange Certificate	1
<b>Total</b>		<b>42</b>

All 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, 2018. Securities received for transfer / transmission were transferred / transmitted and no transfer was pending as at March 31, 2018.

## 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 Committee met 2 times during the year. The Chairman of the Committee is an Independent Director.

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

The Company Secretary of the Company, 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
30 <sup>th</sup> Annual General Meeting	Monday, August 31, 2015	3.00 p.m.	G. R. Goenka Memorial, Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110	Approval of Borrowing by issuing securities on private placement basis.
31 <sup>st</sup> Annual General Meeting	Monday, July 27, 2016	11.30 a.m.	Same as above	Confirmation of Mr. Arvind Kumar Singhal as an Independent Director. Payment of Commission to Mr. Balkrishan Goenka. Ratification of remuneration payable to Cost Auditors. Re-appointment of Ms. Dipali Goenka as Joint Managing Director.
32 <sup>nd</sup> Annual General Meeting	Wednesday, September 20, 2017	12.00 noon	Same as above	Appointment of Mr. Pradeep Poddar as an Independent Director Ratification of remuneration payable to Cost Auditors. Appointment of Mr. Rajesh Mandawewala as Managing Director for a period of 5 years w.e.f April 1, 2017

## VIII. DISCLOSURE:

### a. **Related Party Transactions:**

For related party transactions, refer 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 given below.

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

### b. No penalties, strictures were 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 given below.  
[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 2017-18.

**Dipali Goenka**

CEO & Joint Managing Director

### d. **Whistleblower Policy and Vigil Mechanism:**

Refer point no. 22 of the Directors' Report.

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

The Company's policy on determining material subsidiaries as required under SEBI Regulations, 2015 is hosted on the Company's website and a web link thereto is given below.  
[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 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 familiarization programme imparted to independent directors:**

Refer point no. 10 of the Directors' 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 unaudited/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 / analyst are also available on the website of the Company.



## X. GENERAL SHAREHOLDER INFORMATION:

1. **Annual General Meeting** shall be held on Tuesday, August 14, 2018 at 10.30 am at the Registered Office of the Company at "Welspun City", Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370110.
2. **Financial Year** of the Company is April 1 of a year to March 31 of the following year.
3. **Date of Book Closure:** Wednesday, June 27, 2017 to Friday, June 29, 2017 (both days inclusive).
4. **Dividend payment date:** August 14, 2018 or thereafter
5. **Listing on Stock Exchanges:** The Equity Shares of the 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 - 400051
  - (ii) Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001

The Annual listing fees for the FY 2018-19 have been paid to NSE and BSE.

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

The National Stock Exchange of : WELSPUNIND; Series : EQ  
India Limited

Bombay Stock Exchange Limited : 514162

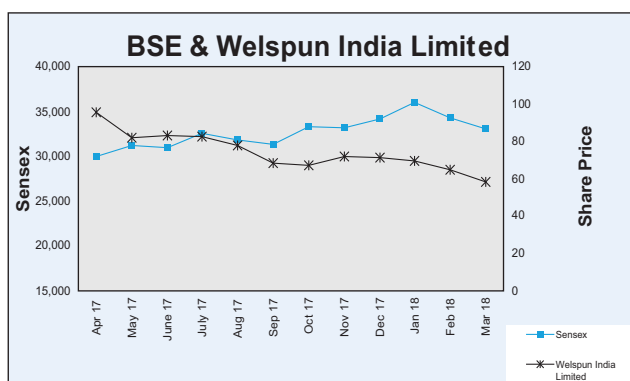
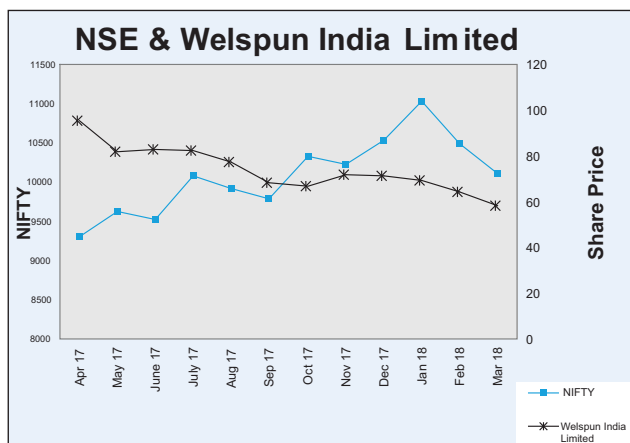
ISIN No. (For dematerialized shares) : INE192B01031

### 7. Stock Market data of high and low price of equity shares on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited is as under:

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr -2017	96.90	83.90	96.70	83.50
May-2017	99.70	79.00	99.55	68.00
Jun-2017	85.50	78.00	85.45	75.00
Jul-2017	92.65	79.25	92.50	80.00
Aug-2017	84.35	68.00	84.20	68.00
Sep-2017	81.20	65.55	81.00	65.70
Oct-2017	72.40	60.70	72.60	60.00
Nov-2017	77.20	63.90	77.15	64.00
Dec-2017	77.80	65.00	77.65	65.00
Jan-2018	82.50	68.75	82.50	68.75
Feb-2018	72.40	58.55	72.20	58.65
Mar-2018	65.25	57.40	65.10	57.60

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

Month	NSE (S&P Nifty)	Closing price of Share (Rs.)	BSE Index (Sensex)	Closing price of Share (Rs.)
Apr - 2017	9,304	95.35	29,918	95.30
May-2017	9,261	81.60	31,146	81.35
Jun-2017	9,521	82.70	30,922	82.75
Jul-2017	10,077	82.20	32,515	82.40
Aug-2017	9,918	77.55	31,730	77.25
Sep-2017	9,789	68.35	31,284	68.25
Oct-2017	10,335	67.00	33,213	67.00
Nov-2017	10,227	71.70	33,149	71.80
Dec-2017	10,531	71.40	34,057	71.15
Jan-2018	11,028	69.05	35,965	69.05
Feb-2018	10,493	64.50	34,184	64.50
Mar-2018	10,114	58.05	32,969	57.95



- 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)  
Tel: +91-22-49186270  
Fax: +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 are under objection if returned.

**11. Distribution of Shareholding:**

Number of Shares	No. of shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares held
Upto - 500	58,830	65.47%	9,632,611	0.96%
501-1,000	12,143	13.51%	10,138,747	1.01%
1,001-2,000	9,368	10.43%	14,354,128	1.43%
2,001-3,000	3,516	3.91%	8,809,514	0.88%
3,001-4,000	1,529	1.70%	5,378,822	0.54%
4,001-5,000	1,114	1.24%	5,243,548	0.52%
5,001-10,000	1,835	2.04%	13,335,974	1.33%
10,001 and above	1,524	1.70%	937,831,806	93.34%
<b>Total</b>	<b>89,859</b>	<b>100.00%</b>	<b>1,004,725,150</b>	<b>100.00%</b>

- 12. De-materialization of shares and liquidity:** As on March 31, 2018, 99.54% equity shares have been dematerialized and have reasonable liquidity on NSE and BSE.

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

- 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.

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

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

- 16.** The Company is in compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

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

- Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110
- Survey No. 76, Village Morai, Vapi, District Valsad, Gujarat - 396191

**18. Address for correspondence:**

The Company Secretary,  
Welspun India Limited  
7<sup>th</sup> 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)

## 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 financial year ended March 31, 2018, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 financial year ended March 31, 2018.

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.

**Uday Sohoni**  
Practicing Company Secretary  
FCS 9471  
CP 10916

Date : May 16, 2018  
Place : Mumbai

# Financial Statements

91 Standalone Financial Statements

159 Consolidated Financial Statements

# Independent Auditor's Report

To the Members of Welspun India Limited

## Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Welspun India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind AS financial statements

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 that 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's 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 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. 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

In our opinion and to the best of our information and according to the explanations given to us, the 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 India, of the state of affairs of the Company as at March 31, 2018, its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

- a. Note 24(a) to the standalone Ind AS financial statements regarding the exceptional item accounting during the previous year towards provisions / liabilities for refund to the customers, inventory write-down, legal fees etc.
- b. Note 24(b) to the standalone Ind AS financial statements regarding 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.

Our opinion is not qualified in respect of above stated matters.



### Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 25, 2017.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and 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 Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's 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 Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 30 to the standalone Ind AS financial statements;
    - ii. The Company has long term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2018;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

### per Vikas Kumar Pansari

Partner

Membership Number: 93649

Place of Signature: Mumbai

Date: May 16, 2018

## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/fixed assets are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. In respect of inventories lying with third parties, these have substantially been confirmed by them and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company granted loan to a wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company granted loan to a wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest for the loan granted was stipulated. Before the end of stipulated term, the loan was converted to share application money and is pending allotment as at March 31, 2018.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture textile products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, 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 on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Million) **	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand including penalty	40.60	AY 2005-06 to AY 2012-13	Income Tax Appellate Tribunal
		484.12	AY 2013-14	Commissioner of Income Tax ( Appeals)
Central Excise Act, 1944	Excise Duty	17.07	September 2005 to July 2006	Joint Secretary, Ministry of Finance, Department of Revenue
	CENVAT including interest and penalty	1.29	Mar-05	Commissioner of Central Excise (Appeals), Rajkot
		208.44	2004, 2007-08, 2008-10, 2010-2011, 2012	CESTAT, Ahmedabad
		5.12	2002-03 to 2005-16	Commissioner Appeals, Valsad Commissionerate.
		0.21	August 2015 to March 2017	Commissioner Appeal Daman
		11.03	March 2005-Jan 2010	Additional Commissioner of Central Excise Daman.
		29.77	August 2005 to April 2010	Commissioner of Central Excise, Daman
	CENVAT Credit	0.11	May-2010 to Nov 2010, Feb -2010 to Nov 2010	Superintendent, Central Excise Vapi.
		0.07	March 2011 to June 2011	Commissioner Appeal Daman
	Rebate under excise	0.21	April 2015	Commissioner Appeal Daman
Maharashtra Value Added Tax, 2002	Value added Tax including interest and penalty	0.15	2010-11	Deputy Commissioner (Sales Tax)
Gujarat Sales Tax Act, 1969	Sales Tax Including penalty and interest	15.47	2000-01, 2003-04, 2004-05	Joint Commissioner of Sales Tax ( Appeals - 2), Vadodara

\*\*Net of amount paid under protest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company does not have any loan from Government. Further, the Company has not issued any debenture.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vikas Kumar Pansari**

Partner

Membership Number: 93649

Place of Signature: Mumbai

Date: May 16, 2018

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF WELSPUN INDIA LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Welspun India Limited ("the Company") as of March 31, 2018 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**

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. 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 the 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 Companies Act, 2013.

**Auditor's Responsibility**

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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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**

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

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, 2018, 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 S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

### per Vikas Kumar Pansari

Partner

Membership Number: 93649

Place of Signature: Mumbai

Date: May 16, 2018

# Balance Sheet

As At March 31, 2018

(₹ million)

	Note	As At March 31, 2018	As At March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	27,494.26	29,974.16
Capital work-in-progress	3 & 4	699.32	479.22
Intangible assets	4	267.92	116.43
Equity investment in subsidiaries	5	6,548.66	5,426.53
Financial assets			
- Investments	6 (a)	2,126.35	1,817.53
- Loans	6 (b)	0.31	0.66
- Other financial assets	6 (c)	209.19	200.55
Other non-current assets	7	319.38	301.86
<b>Total non-current assets</b>		<b>37,665.39</b>	<b>38,316.94</b>
<b>Current assets</b>			
Inventories	8	9,264.76	8,980.97
Financial assets			
- Investments	6 (a)	353.20	1,018.18
- Trade receivables	6 (d)	7,327.23	7,397.80
- Cash and cash equivalents	6 (e)	869.29	730.10
- Bank balances other than cash and cash equivalents above	6 (f)	139.44	313.94
- Loans	6 (b)	2.48	2.48
- Other financial assets	6 (c)	4,031.65	3,025.90
Other current assets	7	2,831.41	2,691.28
<b>Total current assets</b>		<b>24,819.46</b>	<b>24,160.65</b>
<b>Total assets</b>		<b>62,484.85</b>	<b>62,477.59</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9 (a)	1,004.73	1,004.73
<b>Other equity</b>			
- Reserves and surplus	9 (b)	23,274.51	20,988.53
- Other reserves	9 (c)	11.45	16.82
<b>TOTAL EQUITY</b>		<b>24,290.69</b>	<b>22,010.08</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	10 (a)	15,907.07	19,244.47
- Other financial liabilities	10 (b)	0.51	0.51
Non-current tax liabilities	11	1,313.29	1,452.35
Employee benefit obligations	13	-	51.67
Deferred tax liabilities (Net)	14	1,838.81	1,652.50
Other non-current liabilities	15	888.83	773.62
<b>Total non-current liabilities</b>		<b>19,948.51</b>	<b>23,175.12</b>
<b>Current liabilities</b>			
Financial Liabilities			
- Borrowings	10 (a)	8,102.15	7,128.74
- Trade payables	10 (c)	5,266.53	6,194.58
- Other financial liabilities	10 (b)	3,624.44	1,827.77
Provisions	12	233.55	850.46
Employee benefit obligations	13	651.66	453.26
Other current liabilities	15	367.32	837.58
<b>Total current liabilities</b>		<b>18,245.65</b>	<b>17,292.39</b>
<b>Total liabilities</b>		<b>38,194.16</b>	<b>40,467.51</b>
<b>Total equity and liabilities</b>		<b>62,484.85</b>	<b>62,477.59</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date

**For S R B C & CO LLP**
**Chartered Accountants**

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

**For and on behalf of the Board of Directors**
**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: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

# Statement of Profit And Loss

For The Year Ended March 31, 2018

(₹ million)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	16	49,958.73	57,215.82
Other Income	17	555.50	719.30
<b>Total income</b>		<b>50,514.23</b>	<b>57,935.12</b>
<b>Expenses</b>			
Cost of materials consumed	18	24,122.85	27,519.36
Purchases of stock-in-trade		303.96	554.09
Changes in inventory of finished goods, work-in-progress and stock-in-trade	19	708.09	(1,120.06)
Excise duty		192.76	822.47
Employee benefits expense	20	4,966.72	4,643.56
Depreciation and amortization expense	21	4,673.23	4,663.24
Other expenses	22	10,727.71	11,101.97
Finance costs	23	880.12	871.86
<b>Total expenses</b>		<b>46,575.44</b>	<b>49,056.49</b>
<b>Profit before exceptional items and tax</b>		<b>3,938.79</b>	<b>8,878.63</b>
Exceptional Items	24	-	4,605.56
<b>Profit before tax</b>		<b>3,938.79</b>	<b>4,273.07</b>
<b>Income tax expense</b>	25		
- Current Tax		727.77	889.84
- Deferred Tax		169.94	317.72
<b>Total Income Tax Expense</b>		<b>897.71</b>	<b>1,207.56</b>
<b>Profit for the year</b>		<b>3,041.08</b>	<b>3,065.51</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)	(5.37)	(5.20)
Remeasurement of post employment benefit obligation	20	47.31	20.89
Income tax effect	25	(16.37)	(7.23)
<b>Other comprehensive income for the year, net of tax</b>		<b>25.57</b>	<b>8.46</b>
<b>Total Comprehensive Income for the year</b>		<b>3,066.65</b>	<b>3,073.97</b>
Earnings Per Share (Rs.) [Nominal value per share : Re. 1 (March 31, 2017 : Re. 1)]	33		
- Basic		3.03	3.05
- Diluted		3.03	3.05
Summary of significant accounting policies	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date

**For S R B C & CO LLP**  
**Chartered Accountants**

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**  
Partner  
Membership No. 93649

**For and on behalf of the Board of Directors**

**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: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

# Statement of Changes In Equity

For The Year Ended March 31, 2018

## a. Equity Share Capital

(₹ million)

Equity shares of Re. 1 each issued, subscribed and fully paid	No. of shares	Amount
At March 31, 2016	1,004,725,150	1,004.73
At March 31, 2017	1,004,725,150	1,004.73
At March 31, 2018	1,004,725,150	1,004.73

## b. Other Equity

(₹ million)

Particulars	Notes	Reserves and Surplus					Total Reserves and Surplus	Other Reserve	Total Other Equity
		Capital Redemption Reserve	Capital Reserve	Securities Premium	General Reserve	Retained earnings		FVOCI equity instruments	
<b>Balance as at April 1, 2016</b>		478.38	1,474.72	3,238.12	711.39	12,067.22	17,969.83	22.02	17,991.85
<b>Add:</b>									
Profit for the year		-	-	-	-	3,065.51	3,065.51	-	3,065.51
Other Comprehensive Income	9 (b), 9 (c)	-	-	-	-	13.66	13.66	(5.20)	8.46
<b>Total Comprehensive Income for the year</b>		-	-	-	-	3,079.17	3,079.17	(5.20)	3,073.97
<b>Transactions with owners in their capacity as owners</b>									
<b>Less:</b>									
Issue of equity shares	9 (b)	-	-	-	-	-	-	-	-
Dividends paid	28 (b)	-	-	-	-	50.24	50.24	-	50.24
Dividend distribution tax paid	28 (b)	-	-	-	-	10.23	10.23	-	10.23
<b>Balance as at March 31, 2017</b>		478.38	1,474.72	3,238.12	711.39	15,085.92	20,988.53	16.82	21,005.35

(₹ million)

Particulars	Notes	Reserves and Surplus					Total Reserves and Surplus	Other Reserve	Total Other Equity
		Capital Redemption Reserve	Capital Reserve	Securities Premium	General Reserve	Retained earnings		FVOCI equity instruments	
<b>Balance as at April 1, 2017</b>		478.38	1,474.72	3,238.12	711.39	15,085.92	20,988.53	16.82	21,005.35
<b>Add:</b>									
Profit for the year		-	-	-	-	3,041.08	3,041.08	-	3,041.08
Other Comprehensive Income	9 (b), 9 (c)	-	-	-	-	30.94	30.94	(5.37)	25.57
<b>Total Comprehensive Income for the year</b>		-	-	-	-	3,072.02	3,072.02	(5.37)	3,066.65
<b>Transactions with owners in their capacity as owners</b>									
<b>Less:</b>									
Dividends paid	28 (b)	-	-	-	-	653.07	653.07	-	653.07
Dividend distribution tax paid	28 (b)	-	-	-	-	132.97	132.97	-	132.97
<b>Balance as at March 31, 2018</b>		478.38	1,474.72	3,238.12	711.39	17,371.90	23,274.51	11.45	23,285.96

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

**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

**Altat Jiwani**

Chief Financial Officer

**Shashikant Thorat**

Company Secretary

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

# Statement of Cash Flows

For The Year Ended March 31, 2018

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	3,938.79	4,273.07
Adjustments for :		
Depreciation and amortisation expenses	4,673.23	4,663.24
Amortisation of government grants	(414.82)	(625.07)
Unrealised foreign exchange differences	(8.87)	63.09
Loss on disposal of property, plant and equipment	2.81	1.63
Changes in fair value of financial assets at fair value through profit or loss	(52.32)	(24.63)
Unwinding of discount on security deposits	(4.93)	(5.52)
Gain on sale of investments (net)	(36.19)	(134.50)
Dividend income classified as investing cash flows	-	(0.33)
Liabilities Written Back as no Longer Required	(25.87)	-
Provision for doubtful loans and advances/debts	2.29	9.05
Interest income classified as investing cash flows	(329.40)	(334.75)
Finance expenses	880.12	871.86
Operating Profit Before Working Capital Changes	<b>8,624.84</b>	<b>8,757.14</b>
<b>Adjustments for changes in working capital :</b>		
(Increase) / Decrease in trade receivables	78.28	(3,773.09)
Increase / (decrease) in trade payables	(949.22)	2,652.11
Increase / (decrease) in provisions	(616.92)	850.46
Increase / (decrease) in employee benefit obligations	194.04	(62.55)
Increase in other current liabilities	(470.26)	347.19
Increase/ (decrease) in other non current liabilities	219.09	(187.60)
Increase in inventories	(283.79)	(864.62)
(Increase) / decrease in other financial assets	(846.82)	203.87
(Increase)/decrease in other non-current assets	(28.82)	12.36
Increase in other current assets	(140.13)	(709.59)
	(2,844.55)	(1,531.46)
Cash Flow Generated from Operations	5,780.29	7,225.68
Income tax paid	(866.83)	(708.82)
<b>Net Cash Inflow from Operating Activities</b>	<b>4,913.46</b>	<b>6,516.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, capital work-in-progress and intangible assets	(2,916.72)	(6,733.52)
Sale of property, plant and equipment	42.44	35.00
Receipt from capital subsidy	108.38	533.04
Realisation/ (investment) in fixed deposit and margin money (net)	188.37	(167.18)
Repayment from employees and related parties	0.35	2.53
Sales/ (Purchase) of Investment (Net)	439.30	(1,062.34)
Equity investment in subsidiaries	(1,122.13)	(129.05)
Dividend received	-	0.33
Interest received	328.79	317.22
<b>Net Cash outflow from Investing Activities</b>	<b>(2,931.22)</b>	<b>(7,203.97)</b>



# Statement of Cash Flows

For The Year Ended March 31, 2018

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - Non Current	278.77	4,498.59
Repayment of borrowings - Non Current	(1,427.55)	(938.95)
Proceeds/(Repayment) from borrowings - Current (net)	977.03	(2,016.92)
Dividend paid	(653.07)	(50.24)
Tax on dividend paid	(132.97)	(10.23)
Interest paid	(885.26)	(546.98)
<b>Net Cash inflow / (outflow) from Financing Activities</b>	<b>(1,843.05)</b>	<b>935.27</b>
<b>Net increase in Cash and Cash Equivalents (A + B + C)</b>	<b>139.19</b>	<b>248.16</b>
Cash and Cash Equivalents at the beginning of the year	730.10	481.94
Cash and Cash Equivalents at the end of the year	869.29	730.10
<b>Net increase in Cash and Cash Equivalents</b>	<b>139.19</b>	<b>248.16</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	0.02	0.61
Bank balances		
- In current accounts	754.42	619.46
Fixed deposits with Banks with original maturity period of less than three months	114.85	110.03
<b>Total</b>	<b>869.29</b>	<b>730.10</b>

## Change in Liability arising from financing activities

(₹ million)

	April 1, 2017	Cash flow	Foreign exchange	March 31, 2018
<b>Borrowing-Non Current [Refer Note 10 (a)]</b>	20,254.92	(1,148.78)	-	19,106.14
<b>Borrowing-Current [Refer Note 10 (a)]</b>	7,128.74	977.03	(3.62)	8,102.15
	<b>27,383.66</b>	<b>(171.75)</b>	<b>(3.62)</b>	<b>27,208.29</b>

### Notes:

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

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S R B C & CO LLP**  
**Chartered Accountants**

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**  
Partner  
Membership No. 93649

**For and on behalf of the Board of Directors**
**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: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

Place: Mumbai  
Date: May 16, 2018

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 1. Corporate 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 May 16, 2018.

## 2. 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.

### 2.1 Basis of preparation of financial statements

The standalone financial statements has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended from time to time). 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.

### 2.2 Foreign currency translation

#### a. Functional and presentation currency

The financial statements of the Company are presented in INR, which is also its functional currency and all items included in the financial statements of the Company are measured using the same functional currency.

#### b. Transactions and balances

Foreign currency transactions are translated and recorded into the functional currency using the exchange rates prevailing on the date of the transaction. 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 Statement of Profit and 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 the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### 2.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific revenue recognition criteria described below must also be met before revenue is recognized:

#### Sale of Goods

The Company recognizes revenue from sale of goods when:

- the Company has transferred to the buyer the significant risk and reward of ownership of goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;

# Notes

To The Financial Statements For The Year Ended March 31, 2018

- 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.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## Export Incentives

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 post export basis at the rate at which the entitlements accrue and is included in the 'Other Operating Revenue'.

## Rendering of service

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

## Interest Income

Interest income from the financial assets are recognized using effective interest rate method.

## Other Income

Other income is accounted for on accrual basis except where the receipt of income is uncertain.

## 2.4 Government grants

Grants from the government are recognized 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 an expense item are recognized in the Statement of Profit and 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 Statement of Profit and Loss over the periods and in proportions in which depreciation expense on those assets is recognized.

## 2.5 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, 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.

### 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).

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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 recognized 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 utilized.

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.

## 2.6 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.

## 2.7 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 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.

## 2.8 Property, plant and equipment

Property Plant and equipment except for freehold land are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any. The cost of property plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected cost of decommissioning. 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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

the Company 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 statement of profit and loss during the reporting period in which they are incurred. The company has elected to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost.

## 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. 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.

For following items of property, plant and equipment, depreciation is calculated using the straight-line method 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
Computers	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.

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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss within other expenses or other income, as applicable.

## 2.9 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.

## 2.10 Impairment of non-financial assets

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 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



# Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

## 2.11 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.

## 2.12 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 re-measured.

## 2.13 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

#### A. 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.

#### B. Initial Recognition and 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 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 Statement of Profit or Loss.

#### C. Subsequent Measurement 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:

- i. **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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

loss on such assets are 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.

- ii. **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.
- iii. **Fair value through profit or loss:** A financial asset which is not classified in any of the above categories are measured at Fair value through profit or loss.

## Equity Investments

Investment in subsidiaries are carried at cost in the separate financial statements.

The Company subsequently measures all other 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 the Statement of Profit and 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.

## Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held 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.

## 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.

## D. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- ii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of

# Notes

To The Financial Statements For The Year Ended March 31, 2018

the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount;

- For trade receivables only, the Company 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.

## E. 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.

## F. 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.

## Financial liabilities

### A. Initial Recognition and 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.

### B. Subsequent Measurement 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

## Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

### 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.

- Derivatives that are not designated as hedges

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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

## C. 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.

### 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.

## 2.14 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.

## 2.15 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 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.



# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 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 the Statement of 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 Statement of 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.

### 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.

## 2.16 Provisions and contingent liabilities

**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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

**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.

**Contingent Assets** are disclosed, where an inflow of economic benefits is probable.

## 2.17 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.

## 2.18 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.

## 2.19 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 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.

## 2.20 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 2.21 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.

**2.22** 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:

### a. Issue of Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

### b. Amendment to existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards, applicable to the Company:

- i. Ind AS 21 – The Effects of Changes in Foreign Exchange Rates;
- ii. Ind AS 12 – Income Taxes

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

## 2.23 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 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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

## 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.

## 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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 3 - Property, Plant and Equipment

	(₹ million)									
	Freehold Land	Buildings	Plant and Equipment	Vehicles	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Computers	Total	Capital Work in Progress
<b>Cost or valuation</b>										
<b>At April 1, 2016</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	1,526.49	6,253.63	16.17	75.77	95.79	-	82.90	8,257.16	6,371.98
Disposals	-	-	(151.38)	(4.07)	(0.72)	(1.38)	-	-	(157.55)	-
Transfers/Capitalised	-	-	-	-	-	-	-	-	-	(7,865.94)
<b>At March 31, 2017 (A)</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>316.99</b>
<b>Depreciation</b>										
<b>At April 1, 2016</b>										
Depreciation charge during the year	-	163.67	2,995.07	9.43	14.94	35.21	5.23	2.70	3,226.25	-
Disposals	-	214.12	4,320.30	11.37	25.92	34.21	5.23	19.89	4,631.04	-
Transfers/Capitalised	-	-	(115.76)	(3.22)	(0.60)	(1.35)	-	-	(120.93)	-
<b>At March 31, 2017 (B)</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 book value at March 31, 2017 (A-B)</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>316.99</b>
<b>Cost or valuation</b>										
<b>At April 1, 2017</b>										
Opening gross carrying amount	462.59	7,517.10	29,067.48	49.05	161.57	300.75	15.14	136.84	37,710.52	316.99
Additions	-	331.89	1,712.48	19.37	15.61	26.00	-	88.76	2,194.11	2,331.50
Disposals	-	-	(180.58)	(2.08)	(0.31)	(0.04)	-	(0.69)	(183.70)	-
Transfers/Capitalised	-	-	-	-	-	-	-	-	-	(2,131.14)
<b>At March 31, 2018 (A)</b>	<b>462.59</b>	<b>7,848.99</b>	<b>30,599.39</b>	<b>66.34</b>	<b>176.87</b>	<b>326.71</b>	<b>15.14</b>	<b>224.91</b>	<b>39,720.93</b>	<b>517.35</b>
<b>Depreciation</b>										
<b>At April 1, 2017</b>										
Depreciation charge during the year	-	377.79	7,199.61	17.58	40.26	68.07	10.46	22.59	7,736.36	-
Disposals	-	247.26	4,247.74	10.99	33.50	34.25	2.24	52.78	4,628.76	-
Transfers/Capitalised	-	-	(136.09)	(1.74)	(0.21)	(0.04)	-	(0.37)	(138.45)	-
<b>At March 31, 2018 (B)</b>	<b>-</b>	<b>625.05</b>	<b>11,311.26</b>	<b>26.83</b>	<b>73.55</b>	<b>102.28</b>	<b>12.70</b>	<b>75.00</b>	<b>12,226.67</b>	<b>-</b>
<b>Net book value at March 31, 2018 (A-B)</b>	<b>462.59</b>	<b>7,223.94</b>	<b>19,288.12</b>	<b>39.51</b>	<b>103.32</b>	<b>224.43</b>	<b>2.44</b>	<b>149.91</b>	<b>27,494.26</b>	<b>517.35</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 Rs. 31.28 million (Previous Year : Rs. 99.39 million) incurred on in-house Research and Development activities [Refer Note 38].



# Notes

To The Financial Statements For The Year Ended March 31, 2018

(v) The Company has given certain assets on operating lease, details of which are given below:

(₹ million)

Particulars	March 31, 2018		March 31, 2017	
	Buildings	Plant and Machinery	Buildings	Plant and Machinery
Cost or valuation	1.21	35.18	1.21	35.18
Accumulated depreciation	0.32	32.74	0.30	32.56
Net book value	0.89	2.44	0.91	2.62
Depreciation for the year	0.02	0.18	0.02	0.21

## Note 4 - Intangible assets

(₹ million)

	Computer Software	Capital Work in Progress
<b>Cost or valuation</b>		
<b>At April 1, 2016</b>		
Opening gross carrying amount	116.46	-
Additions	46.68	162.23
<b>At March 31, 2017 (A)</b>	<b>163.14</b>	<b>162.23</b>
<b>Amortisation</b>		
<b>At April 1, 2016</b>		
Opening accumulated amortisation	14.51	-
Amortisation charge during the year	32.20	-
<b>At March 31, 2017 (B)</b>	<b>46.71</b>	<b>-</b>
<b>Net book value at March 31, 2017 (A-B)</b>	<b>116.43</b>	<b>162.23</b>
<b>Cost or valuation</b>		
<b>At April 1, 2017</b>		
Opening gross carrying amount	163.14	162.23
Additions	195.96	209.29
Transfers/Capitalised	-	(189.55)
<b>At March 31, 2018 (A)</b>	<b>359.10</b>	<b>181.97</b>
<b>Amortisation</b>		
<b>At April 1, 2017</b>		
Opening accumulated amortisation	46.71	-
Amortisation charge during the year	44.47	-
<b>At March 31, 2018 (B)</b>	<b>91.18</b>	<b>-</b>
<b>Net book value at March 31, 2018 (A-B)</b>	<b>267.92</b>	<b>181.97</b>

## Note 5 : Non-current equity investment in subsidiaries

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Unquoted</b>		
10,000 (March 31, 2017 : 10,000) Equity Shares of Rs.10 each fully paid up of BESA Developers and Infrastructure Private Limited	0.10	0.10
10,000 (March 31, 2017 : 10,000) Equity Shares of Rs.10 each fully paid up of Anjar Integrated Textile Park Developers Private Limited	0.10	0.10
50,700 (March 31, 2017 : 50,700) Equity Shares of Rs.10 each fully paid up of Welspun Anjar SEZ Limited	2,200.00	2,200.00
23,065,503 (March 31, 2017 : 23,065,503) Equity Shares of Rs.10 each fully paid up of Welspun Global Brands Limited	1,281.34	1,281.34
22,744,215 (March 31, 2017 : 22,744,215) Equity Shares of Rs.10 each fully paid up of Welspun Captive Power Generation Limited	256.05	256.06

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

		As At March 31, 2018	As At March 31, 2017
668,706	(March 31, 2017 : 668,706) Equity Shares of US \$ 0.10 each, fully paid up of Welspun USA Inc.	146.88	146.88
1,500	(March 31, 2017 : 1,500) Equity Shares of GBP 1 each, fully paid up of Welspun Holdings Private Limited, Cyprus	29.73	29.73
5,500,000	(March 31, 2017 : 5,500,000) Equity Shares of Rs.10 each fully paid up of Welspun Zucchi Textiles Limited	92.13	92.13
3,429,800	(March 31, 2017: 709,800) Equity Shares of Rs.10 each fully paid up of Welspun Flooring Limited	34.30	7.10
4,250	(March 31, 2017 : Nil) Equity Shares of USD 1,000 each fully paid up of Welspun Nexgen Inc.	269.30	-
		<b>4,309.93</b>	<b>4,013.44</b>
<b>Equity Component of investment in preference shares of subsidiaries</b>			
	Welspun Anjar SEZ Limited	204.75	117.02
	Welspun Global Brands Limited	1,000.46	1,000.46
	Welspun Captive Power Generation Limited	<b>292.41</b>	<b>292.41</b>
		<b>1,497.62</b>	<b>1,409.89</b>
<b>Equity Share Application pending allotment</b>			
	- Welspun Flooring Limited	741.11	3.20
<b>Total</b>		<b>6,548.66</b>	<b>5,426.53</b>

## Note 6 : Financial assets

### 6 (a) : Non-current investment

(₹ million)

		As At March 31, 2018	As At March 31, 2017
<b>Investment in equity shares (fully paid up)</b>			
<b>i) Quoted - Equity investment at FVOCI</b>			
283,500	(March 31, 2017 : 283,500) Equity Shares of Rs. 10 each of AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	17.05	22.42
80	(March 31, 2017 : 80) Equity Shares of Re. 1 each of Khaitan Chemicals and Fertilizers Limited	*	*
<b>ii) Unquoted - Equity investment at FVPL fully paid up</b>			
-	(March 31, 2017 : 100) Equity Shares of Rs. 10 each of Welspun Steel Limited (Formerly known as Welspun Power and Steel Limited)	-	*
-	(March 31, 2017 : 5) Equity Shares of Rs. 10 each of WS Alloy Holding Private Limited	-	*
<b>Total (equity instruments)</b>	<b>(A)</b>	<b>17.05</b>	<b>22.42</b>
<b>Investment in preference shares (fully paid)</b>			
<b>Unquoted - Preference shares at amortised cost</b>			
13,464,800	(March 31, 2017 : 13,464,800) 0% Redeemable Cumulative Preference Shares of Rs.10 each of Welspun Global Brands Limited	104.46	96.00
1,389,575	(March 31, 2017 : 1,389,575) 0% Redeemable Preference Shares of Rs.10 each of Welspun Global Brands Limited	735.68	677.08
<b>Unquoted - Preference shares at FVPL</b>			
1,000,000	(March 31, 2017 : 1,000,000) 1% Redeemable Cumulative Preference Shares of Rs.10 each of Welspun Global Brands Limited	5.17	5.09
75,818,663	(March 31, 2017 : 75,818,663) 10% Non-cumulative Redeemable Preference Shares of Rs.10 each of Welspun Captive Power Generation Limited	790.71	757.92
62,132,000	(March 31, 2017 : 34,657,000) 7% Non-cumulative Non-convertible Redeemable Preference Shares of Rs. 10 each of Welspun Anjar SEZ Limited	459.82	247.56

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

		As At March 31, 2018	As At March 31, 2017
<b>Total (preferene shares) (B)</b>		<b>2,095.84</b>	<b>1,783.65</b>
<b>Preference Share Application pending allotment</b>			
- Welspun Anjar SEZ Limited		11.40	9.40
<b>Others - FVPL (C)</b>		<b>2.06</b>	<b>2.06</b>
<b>Total (A+B+C)</b>		<b>2,126.35</b>	<b>1,817.53</b>
Aggregate amount of quoted investments and market value thereof		17.05	22.42
Aggregate amount of unquoted investments		2,109.30	1,795.11

\* Amount is below the rounding norms adopted by the Company

## 6 (a) : Current investments

(₹ million)

		As At March 31, 2018	As At March 31, 2017
<b>Investment in bonds at FVPL (quoted)</b>			
-	(March 31, 2017 : 12) 11.60% Bank of Maharashtra Perpetual Bonds of Face Value of Rs.1,000,000 each	-	12.00
-	(March 31, 2017 : 4,700) 8.68% Infrastructure Leasing & Financial Services Option-III 06/12/2023 Bonds of Face Value of Rs.1,000 each	-	4.70
-	(March 31, 2017 : 1) 11.09% IDBI Bank Limited (Series I) Perpetual Bonds of Face Value of Rs.1,000,000 each	-	1.00
8	(March 31, 2017 : 11) 9.51% Corporation Bank Limited Perpetual Bonds of Face Value of Rs.1,000,000 each	8.24	10.90
-	(March 31, 2017 : 25,000) 9.25% Dewan Housing Finance Corporation Limited 09/09/2023 Bonds of Face Value of Rs.1,000 each	-	25.00
-	(March 31, 2017 : 10) 8.75% Bajaj Finance Limited 14/08/2026 Bonds of Face Value of Rs.1,000,000 each	-	10.21
-	(March 31, 2017 : 56) 0% Andhra Pradesh Expressway Limited 15/10/2025 Bonds of Face Value of Rs.1,000,000 each	-	98.50
-	(March 31, 2017 : 12) 11.70% Uco Bank Limited Bonds of Face Value of Rs.1,000,000 each	-	12.00
-	(March 31, 2017 : 28) 9.50% Yes Bank Limited 23/12/2021 Bonds of Face Value of Rs.1,000,000 each	-	28.00
-	(March 31, 2017 : 8,50,000) 7.63% West Bengal State Electricity Distribution Company 15/02/2027 Bonds of Face Value of Rs.100 each	-	87.80
-	(March 31, 2017 : 14) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2027 Bonds of Face Value of Rs.1,000,000 each	-	14.00
-	(March 31, 2017 : 298) 8.97% Uttar Pradesh Power Corporation Limited 13/02/2026 Bonds of Face Value of Rs.1,000,000 each	-	298.20
-	(March 31, 2017 : 36,000) 9.40% Reliance Home Finance Limited 03/01/2032 Bonds of Face Value of Rs.1,000 each	-	37.30
120	(March 31, 2017 : 80) 9.90% Industrial Finance Corporation of India Limited 05/11/2037 Bonds of Face Value of Rs. 25,000 each	3.20	2.00
-	(March 31, 2017 : 26) 9.48% Oriental Bank of Commerce Perpetual Bonds of Face Value of Rs. 1,000,000 each	-	26.00
-	(March 31, 2017 : 100) 10.40% Vijaya Bank Perpetual Bonds of Face Value of Rs. 1,000,000 each	-	100.50
2	(March 31, 2017 : Nil) 7.98% Andhra Bank Limited 24/10/2027 Bonds of Face Value of Rs. 1,000,000 each	2.00	-
61	(March 31, 2017 : Nil) 9% Yes Bank Limited Perpetual Bonds (Base III Tier I) of Face Value of Rs.1,000,000 each	61.01	-

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

		As At March 31, 2018	As At March 31, 2017
3	(March 31, 2017 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2023 Bonds of Face Value of Rs.1,000,000 each	3.10	-
27	(March 31, 2017 : Nil) 9.20% IL and FS Transportation Networks Limited Primary NCD 15/04/2022 of Face Value of Rs. 1,000,000 each	27.42	-
4,130	(March 31, 2017 : Nil) 8.70% Indiabulls Housing Finance Limited 26/09/2019 Bonds of Face Value of Rs. 1,000 each	4.20	-
213	(March 31, 2017 : Nil) 9.10% Reliance General Insurance Company Limited 17/08/2026 Bonds of Face Value of Rs. 1,000,000 each	214.51	-
3	(March 31, 2017 : Nil) 11.95% United Bank of India Perpetual Bonds of Face Value of Rs. 1,000,000 each	3.18	-
<b>Investment in mutual funds at FVPL (unquoted)</b>			
6,238	(March 31, 2017 : Nil) Reliance Liquid Fund - Treasury Plan-Growth Plan - Growth Option	26.34	-
-	(March 31, 2017 : 11,14,488) ICICI Mutual Fund P1571 Money Market Fund - Growth	-	250.07
<b>Total</b>		<b>353.20</b>	<b>1,018.18</b>
	Aggregate amount of quoted investments and market value thereof	326.86	768.11
	Aggregate amount of unquoted investments	26.34	250.07

## 6 (b) : Non-current loans

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Unsecured		
Considered doubtful		
Loans to related parties	15.56	15.56
Less : Allowance for Doubtful Loans	15.56	15.56
	-	-
Loan to employees	0.31	0.66
<b>Total</b>	<b>0.31</b>	<b>0.66</b>

## 6 (b) : Current loans

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Loan to employees	2.48	2.48
<b>Total</b>	<b>2.48</b>	<b>2.48</b>

## 6 (c) : Other non-current financial assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Security Deposits to Related Parties	30.68	33.55
Security Deposits to Others	128.67	110.70
Advances Recoverable in Cash		
- Considered Good	-	10.00
- Considered Doubtful	43.50	33.50
	43.50	43.50
Less : Allowance for Doubtful Advances	43.50	33.50
	-	10.00
Fixed deposits with Banks with maturity period more than twelve months	31.92	42.41
Margin Money Deposit Accounts	2.01	2.76

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Interest Accrued on Fixed Deposits	15.91	1.13
<b>Total</b>	<b>209.19</b>	<b>200.55</b>

## 6 (c) : Other current financial assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Security Deposits to Related Parties	7.80	7.80
Security Deposits to Others	0.11	0.11
Advances to Related Parties	13.54	23.93
Government Grants Receivable	3,383.83	2,336.83
Technology Upgradation Fund Credit Receivable	572.39	600.68
Interest Receivable under Subvention Scheme	13.92	7.79
Mark-to-Market gain (Net) on Forward/ Swap Contracts	0.28	-
Interest Accrued on Bonds/ Certificate of Deposits	15.82	19.64
Interest Accrued on Fixed Deposits	8.28	18.63
Insurance Claim Receivable	15.68	10.49
<b>Total</b>	<b>4,031.65</b>	<b>3,025.90</b>

## 6 (d) : Trade receivables

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Receivables from related parties [Refer Note 29 (ii)]	7,233.14	7,305.51
Receivables from others	97.04	102.95
Less : Allowance for Doubtful Debts	(2.95)	(10.66)
<b>Total receivables</b>	<b>7,327.23</b>	<b>7,397.80</b>
Current portion	7,327.23	7,397.80
Non-current portion	-	-
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	7,327.23	7,397.80
Doubtful	2.95	10.66
Total	7,330.18	7,408.46
Allowance for doubtful debts	2.95	10.66
<b>Total trade receivables</b>	<b>7,327.23</b>	<b>7,397.80</b>

## 6 (e) : Cash and cash equivalents

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Balances with banks		
- In current accounts	754.42	619.46
Fixed deposits with Banks with original maturity period of less than three months	114.85	110.03
Cash on Hand	0.02	0.61
<b>Total</b>	<b>869.29</b>	<b>730.10</b>



# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 6 (f) : Bank balances other than cash and cash equivalents

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Other Bank balances		
- Fixed deposits [Refer note (a) below]	120.85	297.98
- Unpaid dividend account [Refer note (b) below]	18.59	15.96
<b>Total</b>	<b>139.44</b>	<b>313.94</b>

### Notes:

(a) Fixed Deposits of Rs. 114.58 million (March 31, 2017 : Rs. 110 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

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Capital Advances to Related Parties	75.00	75.00
Capital Advances to Others	117.93	119.23
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	124.47	103.86
- Considered Doubtful	56.57	56.57
	181.04	160.43
Less : Provision for Doubtful Balances	56.57	56.57
	124.47	103.86
Statusholder Incentive Scrips in Hand	1.98	3.77
<b>Total</b>	<b>319.38</b>	<b>301.86</b>

## Note 7 : Other current assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Others</b>		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	2,161.32	1,590.17
- Considered Doubtful	12.50	12.50
	2,173.82	1,602.67
Less : Allowance for Doubtful Balances	12.50	12.50
	2,161.32	1,590.17
Prepaid Expenses	108.23	111.62
Advances to Related Parties	-	404.23
Advance to Vendors	551.41	582.21
Advance to Employees	3.00	3.05
Gratuity (Net) (Refer Note 20)	7.45	-
<b>Total</b>	<b>2,831.41</b>	<b>2,691.28</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 8 : Inventories

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Raw Materials (Includes in transit Rs. 194.53 million; March 31, 2017 : Rs. 75.94 million)	4,092.37	3,243.86
Work-in-Progress	3,567.96	4,250.06
Finished Goods	804.78	829.19
Traded Goods	-	1.58
Packing Materials	218.99	226.27
Stores, Spares, Dyes and Chemicals	580.66	430.01
<b>Total</b>	<b>9,264.76</b>	<b>8,980.97</b>

## Note 9 : Equity share capital and other equity

### 9 (a) : Equity share capital

#### (i) Authorised equity share capital

(₹ million)

	Number of Shares	Amount
<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>
Increase during the year	-	-
<b>As at March 31, 2018</b>	<b>1,555,000,000</b>	<b>1,555.00</b>
Equity Shares of Re. 1 each (March 31, 2017 : Re. 1 each)		

#### (ii) Issued equity share capital

(₹ million)

	Number of Shares	Amount
<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>
<b>As at March 31, 2018</b>	<b>1,004,725,150</b>	<b>1,004.73</b>
Equity Shares of Re. 1 each (March 31, 2017 : Re. 1 each fully paid up)		

#### (iii) Shares held by holding company (Holding company as defined in Ind AS-24 : Related Party Disclosure)

(₹ million)

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity Shares :</b>	679,078,913	679.08	679,078,913	679.08
Prasert Multiventure Private Limited (PMPL) (with effect from March 30, 2017) (Refer note below)	679,078,913	679.08	679,078,913	679.08

### Note: Change in holding company during the previous year

1. MGN Agro Properties Private Limited (up to March 29, 2017)
2. Krishiraj Trading Limited (KTL) (up to September 27, 2016)

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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

(₹ million)

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	%	Number of Shares	%
<b>Equity Shares :</b>				
Prasert Multiventure Private Limited	679,078,913	67.59	679,078,913.00	67.59

## (v) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of Re. 1 per share (March 31, 2017 : Re. 1). Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

## (vi) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2018)

10,475,496 equity shares of Rs. 10 each fully paid were issued in January 2013 to the erstwhile shareholders of Welspun Global Brands Limited (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.

## Note 9 (b) : Reserves and surplus

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<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	478.38	478.38
<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	1,474.72	1,474.72
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	3,238.12	3,238.12
Add : Additions during the year	-	-
Balance as at the end of the year	3,238.12	3,238.12
<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	711.39	711.39
<b>Retained earnings</b>		
Balance as at the beginning of the year	15,085.92	12,067.22
Add : Profit for the year	3,041.08	3,065.51
	18,127.00	15,132.73
<b>Less - Dividends</b>		
Final dividend on Equity Shares	653.07	50.24
Dividend distribution tax on Final dividend on Equity Shares	132.97	10.23
<b>Items of other comprehensive income recognised directly in retained earnings</b>		
Remeasurements of post-employment benefit obligation, net of tax	(30.94)	(13.66)
Balance as at the end of the year	17,371.90	15,085.92
<b>Total</b>	<b>23,274.51</b>	<b>20,988.53</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 9 (c) : Other Reserve

(₹ million)

	As At March 31, 2018	As At March 31, 2017
FVOCI - Equity investments		
Balance as at the beginning of the year	16.82	22.02
Add : Change in fair value of FVOCI equity instrument (Refer Note (e) below)	(5.37)	(5.20)
Balance as at the end of the year	11.45	16.82

### 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 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) 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, 2018		As on March 31, 2017	
				Coupon/ Interest Rate* (%)	Amount (Rs. million)	Coupon/ Interest Rate* (%)	Amount (Rs. million)
<b>1</b>	<b>Term Loans - From Banks</b>						
	<b>(Secured, Measured at amortised cost)</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.	9.51	734.69	11.63	1,022.36

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As on March 31, 2018		As on March 31, 2017	
				Coupon/Interest Rate* (%)	Amount (Rs. million)	Coupon/Interest Rate* (%)	Amount (Rs. million)
(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	9.25	293.83	11.20	538.06
(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	9.25	190.43	11.20	213.98
(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	10.05	2,538.02	11.00	3,087.55
(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	9.25	863.86	11.00	1,003.19
(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 Rs. 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	9.50	151.31	11.20	208.21
(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.	9.92	7,438.15	11.26	7,956.65
(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	10.38	3,272.87	11.05	3,226.63
(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	9.00	842.81	11.30	715.89



# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As on March 31, 2018		As on March 31, 2017	
				Coupon/Interest Rate* (%)	Amount (Rs. million)	Coupon/Interest Rate* (%)	Amount (Rs. million)
(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	9.80	2,570.94	10.50	2,417.27
(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 due in June 2025.	Repayable in 28 quarterly instalments commencing from September 2018	9.25	310.96	-	-
<b>Total Non-current borrowings</b>					<b>19,207.87</b>		<b>20,389.79</b>
Less : Current maturities of long-term debt (included in Note 10 (b) )					3,199.07		1,010.45
Less : Interest accrued but not due (included in Note 10 (b) )					101.73		134.87
<b>Non-current borrowings (as per balance sheet)</b>					<b>15,907.07</b>		<b>19,244.47</b>

\* The rate of interest on the Non-current borrowings in the table above are in the range of 9.25% to 10.38% (March 31, 2017 : 10.75% to 11.37%). These loans are eligible for Central and State Government Interest Subsidies/ Rebates.

## Note 10 (a) : Current borrowings

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Secured :		
Measured at amortised cost		
- Working Capital Loans from Banks [Refer Note (i) below]	4,846.55	4,479.95
Unsecured :		
Measured at amortised cost		
- Working Capital Loans from Banks	375.54	314.98
- Supplier financing [Refer Note (ii) below]	2,381.00	2,335.04
- Commercial Paper [Refer Note (iii) below]	500.00	-
<b>Total current borrowings</b>	<b>8,103.09</b>	<b>7,129.97</b>
Less : Interest accrued but not due [included in Note 10 (b)]	0.94	1.23
<b>Total</b>	<b>8,102.15</b>	<b>7,128.74</b>

### Notes :

- 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.
- 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

# Notes

## To The Financial Statements For The Year Ended March 31, 2018

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

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Security Deposits	0.51	0.51
<b>Total</b>	<b>0.51</b>	<b>0.51</b>

### Note 10 (b) : Other current financial liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Current Maturities of Long Term Debt		
- Rupee Term Loans from Banks [Refer Note (b) below and Note 10(a)]	3,199.07	1,009.12
- From Others [Refer Note 10 (a)]	-	1.33
Interest Accrued but not due on Borrowings	102.67	136.10
Security Deposits	87.43	98.77
Creditors for Capital Purchases	182.21	490.07
Derivatives not designated as hedges		
- Foreign exchange forward cover	-	15.87
Unpaid dividends [Refer Note (a) below]	18.59	15.96
Other Payables	34.47	60.55
<b>Total</b>	<b>3,624.44</b>	<b>1,827.77</b>

### Notes:

- (a) Rs. 0.45 million was due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 and was paid during the year
- (b) Fixed Deposits of Rs. 114.58 million (March 31, 2017 : Rs. 110 million) are earmarked for repayment of the above Current Maturities of Long Term Loans.

### Note 10 (c) : Trade payables

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Total Outstanding Dues of Micro Enterprises and Small Enterprises [Refer Note 37]	50.05	81.35
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		
- Acceptances	27.38	74.60
- Others	5,189.10	6,038.63
<b>Total</b>	<b>5,266.53</b>	<b>6,194.58</b>

### Note 11 : Non-current tax liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Taxation	1,313.29	1,452.35
<b>Total</b>	<b>1,313.29</b>	<b>1,452.35</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 12 : Current provisions

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Provision for exceptional items (Refer Note below)	233.55	850.46
<b>Total</b>	<b>233.55</b>	<b>850.46</b>

Particulars	Provision for exceptional items
<b>As at April 1, 2016</b>	
Charged/ (credited) to profit or loss	4,605.56
Provisions utilised/adjusted during the year	3,755.10
<b>As at March 31, 2017</b>	<b>850.46</b>
Charged/ (credited) to profit or loss	-
Provisions utilised/adjusted during the year	616.91
<b>As at March 31, 2018</b>	<b>233.55</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

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Employee Benefits Payable	-	51.67
<b>Total</b>	<b>-</b>	<b>51.67</b>

## Note 13 : Current employee benefit obligations

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Provision for Compensated Absences (Refer Note 20)	149.63	127.32
Provision for Gratuity (Refer Note 20)	-	15.49
Employee Benefits Payable**	502.03	310.45
<b>Total</b>	<b>651.66</b>	<b>453.26</b>

\*\* Includes salary, wages, bonus, leave travel allowance and director commission

## Note 14 : Deferred tax liabilities (Net)

The balance comprises temporary differences attributable to:

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Deferred Tax Liabilities arising on account :		
- Property, plant, equipment and Intangible Assets	3,137.57	2,090.49
- Government Grants	-	28.21
Deferred Tax Asset arising on account of :		
- Minimum Alternate Tax Credit Entitlement	1,087.36	196.81
- Provision for Doubtful Debts/ Advances	45.80	40.25

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

	As At March 31, 2018	As At March 31, 2017
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	60.62	54.55
- Provision for Employee Benefits	9.71	42.19
- Expenses inadmissible under Section 40(a) of the Income Tax Act, 1961	9.47	23.20
- Unabsorbed Depreciation under the Income Tax Act, 1961	-	98.85
- Government Grants	62.10	-
- Others	23.70	10.35
<b>Total</b>	<b>1,838.81</b>	<b>1,652.50</b>

## Movement in deferred tax liabilities

(₹ million)

Particulars	Property, plant and equipment	Defined Benefit Obligation	Government grants	MAT Credit entitlement	Provisions	Other items	Total
<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 :							
Statement of 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>(42.19)</b>	<b>28.21</b>	<b>(196.81)</b>	<b>(94.80)</b>	<b>(132.40)</b>	<b>1,652.50</b>
(Charged) / Credited :							
Statement of Profit and Loss	(1,047.08)	(16.11)	90.31	890.55	11.62	(99.23)	(169.94)
Other Comprehensive Income	-	(16.37)	-	-	-	-	(16.37)
<b>March 31, 2018</b>	<b>3,137.57</b>	<b>(9.71)</b>	<b>(62.10)</b>	<b>(1,087.36)</b>	<b>(106.42)</b>	<b>(33.17)</b>	<b>1,838.81</b>

## Note 15 : Other non-current liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Deferred Income (Refer Note below)	888.83	773.62
<b>Total</b>	<b>888.83</b>	<b>773.62</b>

## Note 15 : Other current liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Advances from Customers	51.27	44.82
Statutory dues	112.75	370.39
Deferred Income (Refer Note below)	203.30	422.37
<b>Total</b>	<b>367.32</b>	<b>837.58</b>

### Note :

Deferred income relates to government grant for the purchase of property, plant and equipment and are credited to statement of 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, 2018

## Note 16 : Revenue from operations

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Sale of Products</b>		
Finished Goods	45,577.23	52,339.40
Traded Goods	312.66	268.71
<b>Sub Total</b>	<b>45,889.89</b>	<b>52,608.11</b>
<b>(b) Other operating income</b>		
Sale of Scrap	604.51	719.18
Job Work and Processing Charges	1.38	0.04
Government Grant:		
Vat/ State Goods and Service Tax incentive (SGST) [Refer Note (i) below]	2,249.65	2,866.59
Export Benefits [Refer Note (ii) below]	1,213.30	1,021.90
<b>Sub Total</b>	<b>4,068.84</b>	<b>4,607.71</b>
<b>Total</b>	<b>49,958.73</b>	<b>57,215.82</b>

- (i) **Value Added Tax (VAT)/State Goods and Service Tax (SGST) Concession:** Reimbursement of VAT/SGST 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.
- (ii) **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 17 : Other income

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income from investments		
From others	-	0.33
Interest income from financial assets measured at amortised cost		
On Fixed Deposits	20.42	18.90
On Loans given to related parties and others	26.54	-
On Preference shares	67.05	61.70
Interest income from financial assets measured at fair value through profit or loss		
On Bonds	184.75	201.77
Interest income on Others	30.64	9.24
Interest income on income tax refund	-	43.14
Unwinding of discount on security deposits	4.93	5.52
Net gain on financial assets measured at fair value through profit or loss	52.32	24.63
Rent	24.48	22.23
Insurance Claim	8.23	-
Liabilities Written Back as no Longer Required	25.87	-
Profit on Redemption/ Sale of Units in Mutual Funds	29.45	107.14
Profit on Sale of Bonds/ Certificate of Deposits	6.74	27.36
Income on Statusholder Incentive Scrips	9.84	130.52
Exchange Gain (Net)	2.15	-
Service Charges	6.40	6.40
Commission on Corporate Guarantees Issued	17.39	16.79
Miscellaneous	38.30	43.63
<b>Total</b>	<b>555.50</b>	<b>719.30</b>



# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 18 : Cost of materials consumed

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Raw material consumed		
Opening inventory	3,243.86	3,346.65
Add: Purchases (net)	22,411.36	24,912.21
Less : Inventory at the end of the year	4,092.37	3,243.86
	21,562.85	25,015.00
Packing material consumed		
Opening inventory	226.27	246.83
Add : Purchases (net)	2,552.72	2,483.80
Less : Inventory at the end of the year	218.99	226.27
	2,560.00	2,504.36
<b>Total</b>	<b>24,122.85</b>	<b>27,519.36</b>

## Note 19 : Changes in inventory of finished goods, work-in-progress and stock-in-trade

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>(Increase)/ decrease in Stocks</b>		
Stock at the end of the year :		
Finished Goods	804.78	829.19
Work-in-Progress	3,567.96	4,250.06
Stock-in-trade	-	1.58
<b>Total A</b>	<b>4,372.74</b>	<b>5,080.83</b>
Less : Stock at the beginning of the year :		
Finished Goods	829.19	934.58
Work-in-Progress	4,250.06	3,026.19
Stock-in-trade	1.58	-
<b>Total B</b>	<b>5,080.83</b>	<b>3,960.77</b>
<b>(Increase) / decrease in Stocks (A-B)</b>	<b>708.09</b>	<b>(1,120.06)</b>

## Note 20 : Employee benefits expense

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages, Allowances and Other Benefits	4,141.54	3,873.03
Gratuity and ex-gratia	190.45	175.36
Contribution to Provident and Other Funds	319.53	306.35
Managerial Remuneration	148.37	156.84
Staff and Labour Welfare	166.83	131.98
<b>Total</b>	<b>4,966.72</b>	<b>4,643.56</b>
The Company has classified the various benefits provided to employees as under :-		
<b>I Defined Contribution Plans</b>		
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:		
- Employers' Contribution to Provident Fund*	124.28	115.33
- Employers' Contribution to Employees' State Insurance *	41.03	36.14

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
- Employers' Contribution to Employees' Pension Scheme*	152.38	153.52
- Employers' Contribution to Superannuation Scheme*	1.84	1.36
	<b>319.53</b>	<b>306.35</b>
* Included in Contribution to Provident and Other Funds		
<b>II Defined Benefit Plan</b>		
<b>Contribution to Gratuity Fund (Funded Defined Benefit Plan)</b>		

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, 2018	As at March 31, 2017
	% p.a.	% p.a.
Discount Rate	7.88	7.26
Salary Escalation Rate @	" 7% p.a. for the next 2 years, 6% p.a. for the next 3 years & 5% p.a. thereafter, starting from the 6th year "	" 7.50% p.a. for the next 2 years, 6.50% p.a. for the next 3 years & 5% 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 service 0 years and below 38%, for service 1-2 years 10%, for service 3-4 years 7% and 5% thereafter "
Mortality Rate During Employment	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.		

(₹ million)

	As at March 31, 2018	As at March 31, 2017
<b>b. Change in the Present Value of Obligation</b>		
Opening Present Value of Obligation	308.35	257.27
Current Service Cost	81.25	74.88
Past Service Cost	7.00	-
Interest Cost	22.39	20.68
<b>Total amount recognised in profit or loss</b>	<b>110.64</b>	<b>95.56</b>
<b>Remeasurements</b>		
(Gain)/Loss from change in demographic assumptions	-	5.18
(Gain)/Loss from change in financial assumptions	(25.71)	(8.97)
Experience (Gains)/Losses	(26.70)	(14.14)
<b>Total amount recognised in other comprehensive income</b>	<b>(52.42)</b>	<b>(17.93)</b>
Benefit/ Exgratia paid	(26.18)	(26.55)
<b>Closing Present Value of Obligation</b>	<b>340.38</b>	<b>308.35</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

	As at March 31, 2018	As at March 31, 2017
<b>c. Change in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	292.86	257.87
Interest Income	21.26	20.73
<b>Total amount recognised in profit or loss</b>	<b>21.26</b>	<b>20.73</b>
<b>Remeasurements</b>		
Return on Plan Assets, Excluding Interest Income	(5.11)	2.95
<b>Total amount recognised in other comprehensive income</b>	<b>(5.11)</b>	<b>2.95</b>
Contributions	65.00	32.15
Benefits paid	(26.18)	(20.84)
<b>Closing Fair Value of Plan Assets</b>	<b>347.83</b>	<b>292.86</b>
<b>d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
Present Value of Funded Obligation	340.38	308.35
Fair Value of Plan Assets	347.83	292.86
Funded Status ( Surplus/(Deficit))	7.45	(15.49)
<b>e. Amount recognised in the Balance sheet</b>		
Present value of Obligation	(340.38)	(308.35)
Fair Value of Plan Assets	347.83	292.86
Funded Status ((Surplus/ (Deficit))	7.45	(15.49)
Net (liability)/ Asset Recognised in the Balance Sheet	7.45	(15.49)

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>f. Expenses Recognised in the Statement of Profit and Loss</b>		
Current Service Cost	81.25	74.89
Past Service Cost	7.00	-
Interest Cost	22.39	20.68
Interest Income	(21.26)	(20.73)
<b>Total Expenses recognized in the statement of profit and loss*</b>	<b>89.38</b>	<b>74.84</b>
* Included in Employee Benefits Expense		
<b>g. Expenses recognized in the Other Comprehensive Income</b>		
Re-measurement		
Actuarial (Gains)/Losses on Obligation For the year	(52.42)	(17.94)
Return on Plan Assets, Excluding amounts included in Interest Income	5.11	(2.95)
<b>Net (Income)/Expenses for the Period Recognized in OCI</b>	<b>(47.31)</b>	<b>(20.89)</b>
<b>h. Sensitivity Analysis</b>		
Projected Benefit Obligation on Current Assumptions	340.38	308.35
Delta Effect of +1% Change in Rate of Discounting	(27.48)	(26.63)
Delta Effect of -1% Change in Rate of Discounting	32.30	31.51
Delta Effect of +1% Change in Rate of Salary Increase	31.26	31.68
Delta Effect of -1% Change in Rate of Salary Increase	(27.16)	(27.20)
Delta Effect of +1% Change in Rate of Employee Turnover	8.97	6.17
Delta Effect of -1% Change in Rate of Employee Turnover	(10.30)	(7.17)

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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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/asset 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.

The major categories of plans assets are as follows:

(₹ million)

	As at March 31, 2018		As at March 31, 2017	
	(Rs. million)	%	(₹ million)	%
Insurer Managed funds	347.83	100.00	292.86	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. 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, 2019 are Rs. 69.43 million.

The weighted average duration of the defined benefit obligation is 10 years (2017 -11 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	Between 6 - 10 years	11 years and above	Total
<b>March 31, 2018</b>						
Defined benefit obligation (gratuity)	29.97	27.24	83.57	135.10	595.76	871.64
<b>Total</b>	<b>29.97</b>	<b>27.24</b>	<b>83.57</b>	<b>135.10</b>	<b>595.76</b>	<b>871.64</b>
<b>March 31, 2017</b>						
Defined benefit obligation (gratuity)	24.51	21.95	69.87	115.65	529.92	761.91
<b>Total</b>	<b>24.51</b>	<b>21.95</b>	<b>69.87</b>	<b>115.65</b>	<b>529.92</b>	<b>761.91</b>

## III Other Employee Benefit

The liability for compensated absences as at year end is Rs. 149.63 million (March 31, 2017 : Rs. 127.32 million).

## Note 21 : Depreciation and amortization expense

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	4,628.76	4,631.04
Amortisation of intangible assets	44.47	32.20
<b>Total depreciation and amortization expense</b>	<b>4,673.23</b>	<b>4,663.24</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 22 : Other Expenses

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
Stores and Spares Consumed	634.96	875.91
Dyes and Chemicals Consumed	2,348.89	2,796.64
Contract Labour Charges	482.56	523.76
Job Work Expenses	1,141.10	1,119.66
Power, Fuel and Water Charges	4,490.66	3,746.72
Repairs and Maintenance:		
Plant and Machinery	124.61	137.94
Factory Building	37.56	68.13
Others	196.73	210.37
Brokerage and Commission	3.50	3.43
Freight, Forwarding and Coolie Charges	101.78	214.31
Directors' Sitting Fees	2.74	2.59
Rent (Refer Note 35)	80.51	86.85
Rates and Taxes	19.94	27.58
Printing and Stationery	9.87	8.18
Travelling and Conveyance	161.83	150.43
Legal and Professional Charges	307.87	526.42
Security Expenses	42.92	42.42
Insurance	119.47	107.78
Communication	17.75	44.00
Postage and Courier	9.92	9.55
Loss on Sale/ Discarding of Fixed Assets (Net)	2.81	1.63
Provision for Doubtful Loans and Advances / Debts	2.29	9.05
Exchange Loss (Net)	-	10.62
Loss on Cancellation of Forward/ Swap Contracts	10.95	53.05
Design and Development Expenses	32.68	37.26
Advertising and Sales Promotion	99.83	57.72
Donations	8.05	1.07
Corporate Social Responsibility Expenses [Refer Note 22 (b) below]	110.01	81.83
Payments to auditors [Refer Note 22 (a) below]	7.52	10.77
Miscellaneous	118.40	136.30
<b>Total Other Expenses</b>	<b>10,727.71</b>	<b>11,101.97</b>
<b>Note :</b>		
<b>Expenses capitalised as a part of Capital Work-in-progress</b>		
Employee Costs	13.25	32.25
Other Expenses	-	0.40
<b>Total</b>	<b>13.25</b>	<b>32.65</b>

### Note 22 (a) : Details of Payments to auditors

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Payments to auditors</b>		
<b>As auditor:</b>		
Audit fee	5.89	7.98
Tax audit fee	0.43	0.48



# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>In Other capacities</b>		
Certification fees	1.04	2.01
Re-imbursement of expenses	0.16	0.30
<b>Total payments to auditors</b>	<b>7.52</b>	<b>10.77</b>
<b>Note 22 (b) : Details of CSR expenditure</b>		
(i) Gross amount required to be spent by the Company during the year	134.10	108.52
(ii) Amount spent during the year ending on March 31, 2018		
(a) Construction/acquisition of any asset	-	-
(b) on purposes other than (i) above	110.01	81.83

## Note 23 : Finance costs

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	170.05	50.79
(net of interest subsidy of Rs. 1,732.44 million, Previous Year : Rs. 2,032.81 million)		
- Short term borrowings	542.80	694.48
- Interest to Others	16.17	13.17
Discounting and Bank Charges	151.10	113.42
	<b>880.12</b>	<b>871.86</b>

## Note 24 : Exceptional items

- (a) During the previous year, the Company had made provision towards Exceptional Items (refund to the customers, inventory write-down, legal fees etc.) relating to the traceability issue. The Company has reassessed the outstanding provision/ liability as at year ended March 31, 2018 and no significant additional provision is considered necessary.
- (b) Relating to the traceability issue, four putative class action suits filed in USA against the Company and its subsidiary viz., Welspun USA Inc. by certain consumers were consolidated in one of the courts during the quarter ended December 31, 2016 and are proceeding as a single putative class action. The court proceedings are in a preliminary stage and it cannot be determined at present whether the consolidated putative class action suit will be permitted to proceed as a class action and therefore the monetary impact, if any, of the final outcome of the law suit 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.

### a) Statement of Profit and Loss

(₹ million)

	March 31, 2018	March 31, 2017
<b>Income tax expense</b>		
Current Tax		
Current Tax on profits for the year.	727.77	889.84
<b>Total current tax expense</b>	<b>727.77</b>	<b>889.84</b>
<b>Deferred Tax</b>		
Decrease/(Increase) in deferred tax assets	(832.56)	(50.95)
(Decrease)/Increase in deferred tax liabilities	1,002.50	368.67

# Notes

To The Financial Statements For The Year Ended March 31, 2018

	(₹ million)	
	March 31, 2018	March 31, 2017
<b>Total deferred tax expense</b>	<b>169.94</b>	<b>317.72</b>
<b>Income tax expense</b>	<b>897.71</b>	<b>1,207.56</b>

## b) Other Comprehensive Income (OCI)

	(₹ million)	
	March 31, 2018	March 31, 2017
Net loss/(gain) on remeasurement of defined benefit plans	(16.37)	(7.23)

## (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	(₹ million)	
	March 31, 2018	March 31, 2017
Profit for the year before income tax expense	3,938.79	4,273.07
<b>Tax at the Indian tax rate @ 34.61%</b>	<b>1,363.22</b>	<b>1,478.91</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Donation	4.03	0.19
Corporate social responsibility expenditure	55.01	14.16
Dividend Income	-	(0.11)
Research and Development Expenditure	(228.62)	(137.51)
Other Items	(295.93)	(148.08)
<b>Income tax expense</b>	<b>897.71</b>	<b>1,207.56</b>

## Note 26 : Fair value measurements

	(₹ million)		
	March 31, 2018		
Financial instruments by category	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>			
<b>Investments</b>			
- Equity instruments	-	17.05	-
- Preference shares	1,255.70	-	840.14
- Bonds and debentures	326.86	-	-
- Mutual funds	26.34	-	-
- Others	13.46	-	-
Trade receivables	-	-	7,327.23
Loans	-	-	2.79
Cash and cash equivalents	-	-	869.29
Bank balance other than Cash and cash equivalents	-	-	139.44
Mark-to-Market gain (Net) on Forward/Swap Contracts	-	-	0.28
Security deposits	-	-	167.26
Fixed deposit with bank	-	-	33.93
Interest accrued on fixed deposit, bonds and certificates	-	-	40.01
Government Grant & TUF	-	-	3,956.22
Interest Receivable under Subvention Scheme	-	-	13.92
Others financial assets	-	-	29.22
<b>Total financial assets</b>	<b>1,622.36</b>	<b>17.05</b>	<b>13,419.73</b>
	<b>2,040.22</b>	<b>22.42</b>	<b>12,444.51</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ million)

Financial instruments by category	March 31, 2018			March 31, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial liabilities</b>						
Borrowings	-	-	27,310.96	-	-	27,519.76
Trade payables	-	-	5,266.53	-	-	6,194.58
Security Deposits	-	-	87.94	-	-	99.28
Creditors for Capital Purchases	-	-	182.21	-	-	490.07
Foreign exchange forward cover	-	-	-	15.87	-	-
Other financial liabilities	-	-	53.06	-	-	76.51
<b>Total financial liabilities</b>	-	-	<b>32,900.70</b>	<b>15.87</b>	-	<b>34,380.20</b>

## (i) Fair value of Financial assets and liabilities measured at amortised cost

(₹ million)

Particulars	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Investments				
- Preference Shares	840.14	808.70	773.08	725.11
Loans	2.79	2.79	0.66	0.96
Security deposits	167.26	167.26	152.16	153.21
Fixed deposits with Banks with maturity period more than twelve months	33.93	33.83	45.17	46.52
Advance in cash	-	-	10.00	10.20
Interest Accrued on Deposits	40.01	40.01	1.13	1.16
Government Grant ,TUF & Incentive	3,970.14	3,970.14	2,945.30	2,945.30
Others	8,365.46	8,365.46	8,517.01	8,517.01
<b>Total</b>	<b>13,419.73</b>	<b>13,388.19</b>	12,444.51	12,399.47
<b>Financial liabilities</b>				
Borrowings	27,310.96	27,310.96	27,519.76	27,519.76
Security deposits more than 12 months	0.51	0.51	0.51	0.60
Others	5,589.23	5,589.23	6,859.93	6,859.93
<b>Total</b>	<b>32,900.70</b>	<b>32,900.70</b>	34,380.20	34,380.29

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, government grants, TUF and incentive, 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.

# Notes

## To The Financial Statements For The Year Ended March 31, 2018

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.

### (ii) 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, 2018</b>					
<b>Financial assets :</b>					
<b>Financial Investments at FVPL</b>					
Preference Shares	6 (a)	-	-	1,255.70	1,255.70
Investment-Others	6 (a)		13.46	-	13.46
Listed Bonds and Government Securities	6 (a)	326.86	-	-	326.86
Mutual funds - Dividend plan	6 (a)	26.34	-	-	26.34
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	6 (a)	17.05	-	-	17.05
<b>Total financial assets</b>		<b>370.25</b>	<b>13.46</b>	<b>1,255.70</b>	<b>1,639.41</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>					
<b>At March 31, 2018</b>					
<b>Financial assets</b>					
<b>Investments</b>					
Preference shares	6 (a)	-	-	808.70	808.70
Loans	6 (b)	-	2.79	-	2.79
Security deposits for more than 12 months	6 (c)	-	167.26	-	167.26
Fixed deposits with Banks with maturity period more than twelve months	6 (c)	-	33.83	-	33.83
Interest Accrued on Deposits	6 (c)	-	40.01	-	40.01
Government Grant ,TUF & Incentive	6 (c)		3,970.14	-	3,970.14
Others			8,365.46	-	8,365.46
<b>Total financial assets</b>		<b>-</b>	<b>12,579.49</b>	<b>808.70</b>	<b>13,388.19</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	27,310.96	-	27,310.96
Security deposits for more than 12 months	10 (b)	-	-	0.51	0.51
Others				5,589.23	5,589.23
<b>Total financial liabilities</b>		<b>-</b>	<b>27,310.96</b>	<b>5,589.74</b>	<b>32,900.70</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

(₹ 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)	-	11.46	-	11.46
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>11.46</b>	<b>1,010.57</b>	<b>2,062.64</b>
<b>Financial liabilities</b>					
Foreign exchange forward cover at FVPL		-	15.87	-	15.87
<b>Total financial liabilities</b>		<b>-</b>	<b>15.87</b>	<b>-</b>	<b>15.87</b>
<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>					
<b>Financial Investments at FVPL</b>					
Preference shares	6 (a)	-	-	725.11	725.11
Loans	6 (b)	-	0.96	-	0.96
Security deposits	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
Government Grant ,TUF & Incentive				2,945.30	2,945.30
Others				8,517.01	8,517.01
<b>Total financial assets</b>		<b>-</b>	<b>48.64</b>	<b>12,350.83</b>	<b>12,399.47</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
Others				6,859.93	6,859.93
<b>Total financial liabilities</b>		<b>-</b>	<b>27,519.76</b>	<b>6,860.53</b>	<b>34,380.29</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.



# Notes

## To The Financial Statements For The Year Ended March 31, 2018

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.

### iii) 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.

### (iv) 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, 2018 and March 31, 2017:

		(₹ million)
Particulars		Preference shares
<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>
Acquisitions		192.81
Gains/losses recognised in profit or loss		52.32
<b>As at March 31, 2018</b>		<b>1,255.70</b>

### v) 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 (Rs. million)		Significant unobservable inputs	Probability-weighted range		Sensitivity
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017	
Preference Shares	1,255.70	1,010.57	Discount Rate	9% to 10%	9% to 10%	<p>March 31, 2018 : Increase in discount factor by 50 basis points (bps) would decrease fair value by Rs. 47.48 million and decrease in discount rate by 50 bps would increase fair value by Rs. 50.14 million.</p> <p>March 31, 2017 : Increase in discount factor by 50 basis points (bps) would decrease fair value by Rs. 48.60 million and decrease in discount rate by 50 bps would increase fair value by Rs. 43.90 million.</p>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## vi) 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.
- 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.

## 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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

**(All amounts are in Rs 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.

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.

The following table gives details in respect of percentage of revenue generated from the top ten customers.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from top ten customers	96.24%	98.92%

### 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

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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.

Expected credit loss for trade receivables under simplified approach:

As at March 31, 2018				(₹ million)
Ageing of Trade receivables	Less than 3 Months	3 months to 6 months	Above 6 months	Total
Gross Carrying amount	5,213.35	799.73	1,317.10	7,330.18
Expected loss rate			0.2%	0.04%
Allowance for doubtful debts	-	-	2.95	2.95
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>5,213.35</b>	<b>799.73</b>	<b>1,314.15</b>	<b>7,327.23</b>

As at March 31, 2017				
Gross Carrying amount	1,500.00	282.41	5,626.05	7,408.46
Expected loss rate			0.2%	0.14%
Allowance for doubtful debts	-	-	10.66	10.66
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>1,500.00</b>	<b>282.41</b>	<b>5,615.39</b>	<b>7,397.80</b>

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, 2018	As at March 31, 2017
Floating rate		
Expiring within one year (packing credit, bank overdraft and other facilities)	4,058.06	4,693.85
Expiring beyond one year (Term Loans)	2,441.50	4,131.86
	<b>6,499.56</b>	<b>8,825.71</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## (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.

As at March 31, 2018

(₹ 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	9,174.42	1,276.23	2,603.88	5,848.53	11,736.04	2,092.85	32,731.95
Trade payables	4,506.63	293.88	457.72	8.29	-	-	5,266.52
Other financial liabilities	304.11				0.51		304.62
<b>Total non-derivative liabilities</b>	<b>13,985.16</b>	<b>1,570.11</b>	<b>3,061.60</b>	<b>5,856.82</b>	<b>11,736.55</b>	<b>2,092.85</b>	<b>38,303.09</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts							-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at March 31, 2017</b>							
<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	649.39	-	-	0.51	-	-	649.90
<b>Total non-derivative liabilities</b>	<b>14,765.56</b>	<b>933.89</b>	<b>2,208.01</b>	<b>6,729.57</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>

## (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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## (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 :

(₹ million)

Foreign Currency	March 31, 2018			March 31, 2017		
	USD	EUR	Others*	USD	EUR	Others*
<b>Financial Assets</b>						
Trade Receivables				45.67	-	7.56
<b>Net exposure to foreign currency risk (assets)</b>	-	-	-	<b>45.67</b>	-	<b>7.56</b>
<b>Financial liabilities</b>						
Borrowing	479.23	-	-	314.98	-	-
Trade payables	152.57	81.13	7.46	44.31	1.55	2.61
Other financial liabilities	5.37	60.61	-	6.47	151.78	8.12
<b>Derivative liabilities</b>						
Foreign exchange forward contracts	(107.30)	-	-	(172.23)	(163.43)	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>529.87</b>	<b>141.74</b>	<b>7.46</b>	<b>193.53</b>	<b>(10.10)</b>	<b>10.73</b>
<b>Net open exposures (assets-liabilities) - assets /(liabilities)</b>	<b>(529.87)</b>	<b>(141.74)</b>	<b>(7.46)</b>	<b>(147.86)</b>	<b>10.10</b>	<b>(3.17)</b>

\* Others consists of JPY, CHF & GBP

## (b) Foreign currency sensitivity

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, 2018	March 31, 2017
<b>USD sensitivity</b>		
USD - INR - Increase by 3 % (March 31, 2017 - 4%)*	(15.90)	(5.91)
USD - INR - Decrease by 3 % (March 31, 2017 - 4%)*	15.90	5.91
<b>EURO sensitivity</b>		
EURO - INR - Increase by 3 % (March 31, 2017 - 4%)*	(4.25)	0.40
EURO - INR - Decrease by 3 % (March 31, 2017 - 4%)*	4.25	(0.40)
(EURO sensitivity also calculated for EURO/USD forward contracts outstanding as on 31 March,2017)		

\* 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.



# Notes

To The Financial Statements For The Year Ended March 31, 2018

## (a) Interest rate risk exposure (Gross Interest excluding subsidies)

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2018	As at March 31, 2017
Fixed rate borrowings	8,103.09	7,129.97
Floating rate borrowings	19,106.14	20,389.79
<b>Total borrowings</b>	<b>27,209.23</b>	<b>27,519.76</b>

(₹ million)

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	March 31, 2018			March 31, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
<b>Borrowings -Term Loan</b>	9.96%	19,106.14	70%	11.05%	20,389.79	74%
<b>Net exposure to cash flow interest rate risk</b>	-	19,106.14	-	-	20,389.79	-

## (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, 2018	March 31, 2017
Increase by 25 basis points (March 31, 2017 - 50 basis points)*	47.77	50.97
Decrease by 25 basis points (March 31, 2017 - 50 basis points)*	(47.77)	(50.97)

\* Holding all other variables constant including change in interest subsidy

## (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, 2018	March 31, 2017
Increase in price 0.75% (March 31, 2017- 0.75% )	2.65	7.64
Decrease in price 0.75% (March 31, 2017 - 0.75% )	(2.65)	(7.64)

\* 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 Rs. Nil million

(March 31, 2017 : Rs. 53.23 million) for receivables (net of provisions) and Rs. 679.08 million (March 31, 2017 : Rs. 194.15 million) for payables.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 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:

	March 31, 2018	March 31, 2017
Non-current borrowings	15,907.07	19,244.47
Current maturities of long term debt	3,199.07	1,010.45
Current borrowings	8,102.15	7,128.74
Less: cash and cash equivalent	869.29	730.10
Net debt	26,339.00	26,653.56
<b>Total equity</b>	<b>24,290.69</b>	<b>22,010.08</b>
Gearing ratio	1.08	1.21

#### (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 Coverage Ratio (DSCR) must be atleast 1.2 times.

The Company has complied with these covenants throughout the reporting period. As at 31 March 2018, the DSCR ratio was 2.15 times (March 31, 2017 : 3 times).

### (b) Dividend

	March 31, 2018	March 31, 2017
<b>Equity Share</b>		
Final dividend for the year ended March 31, 2017 of Rs. 0.65 (March 31, 2016 of Rs. 0.05) per fully paid share (Dividend distribution tax for the year ended March 31, 2017 : Rs. 132.97 million, March 31, 2016 : Rs. 10.23 million)	653.07	50.24
<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 Rs. 0.65 per fully paid equity share (March 31, 2017 of Rs. 0.65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	653.07	653.07

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 29 : Related Party Disclosures

(i) Relationships

(a) Enterprises where control exists

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 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)
	Welspun Nexgen Inc. (WNI) (with effect from January 8, 2018)

(i) 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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Notes to the financial statements for the year ended March 31, 2018

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

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						Rs Million				
		PMPL	KTL	BESA	WGBL	WUKL	CHTHL	WUSA	WHPL	WCPGL	AITDPL	WASEZ	WEFL	WNI	WZTL	Corp Steel Limited	Weispun Limited	Weispun Limited	Wintex Mercantile Limited		Infra Developers Limited	Technopak Private Limited	AYM Syntex Limited	Balance Carried Forward
Transactions during the year																								
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	717.22
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(543.83)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.35)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.60)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	796.48
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,020.17
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1101.26)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78.55
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.43)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(320.92)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151.18
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2292.75)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	251.4
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47897.50
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.03)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53,246.74)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.03
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.02)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.32
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.44
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32.17)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.54
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65.89
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Notes to the financial statements for the year ended March 31, 2018

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

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										Rs Million		
		PMPL	KTL	BESA	WGBL	WUKL	CHTHL	WUSA	WHPL	WCPGL	AITDPL	WASEZ	WEFL	WNI	WZTL	Welspun Corp Limited	Welspun Steel Limited	Welspun Wintex Limited	Welspun Mercantile Limited	Welspun Infra Developers Limited	Technopak Advisors Private Limited		AYM Syntex Limited	Balance Carried Forward
Closing Balance																								
Loans, Advances and Deposits received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	2.40	-	-	-	-	-	-	-	12.40
Loans, Advances and Deposits given (including Interest Accrued on Loan)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.00)	(2.40)	-	-	-	-	-	-	-	(12.40)
	-	-	15.56	-	-	-	12.93	-	-	-	0.50	-	-	-	0.84	1.36	-	-	-	-	-	-	-	31.19
Provision for diminution in value of Loans/ Advances	-	-	(15.56)	-	-	-	(7.56)	(15.76)	-	(403.39)	(0.50)	-	-	-	(0.84)	-	-	-	-	-	-	-	-	(443.61)
	-	-	15.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.56
	-	-	(15.56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15.56)
Debtors (Net of Bills Discounted with Banks)	-	-	-	7233.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7233.14
	-	-	-	(7274.87)	-	-	-	(30.64)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7305.51)
	-	-	293.65	9.95	-	-	11.54	-	484.27	-	-	1.21	-	15.00	-	-	15.09	-	-	-	-	66.55	-	897.26
	-	-	(131.43)	(2.20)	-	-	-	-	-	-	-	-	-	(15.29)	(0.03)	-	-	-	-	-	-	(130.79)	-	(1279.74)
Investments	-	-	0.10	3127.10	-	-	-	146.88	297.3	1339.17	0.10	2,864.57	34.30	269.30	92.13	-	#	-	-	-	-	17.05	-	7920.43
	-	-	(0.10)	(3,059.97)	-	-	-	(146.88)	(29.73)	(13,06.39)	(0.10)	(2,564.58)	(7.10)	-	(92.13)	-	(#)	-	-	-	-	(22.42)	-	(7229.40)
Corporate Guarantee Given	-	-	4,870.00	-	1,648.03	-	-	-	-	2,200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	14,768.03
	-	-	(4,470.00)	-	(756.42)	-	-	-	-	(2,200.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,426.42)
Share Application Money Pending Allotment	-	-	-	-	-	-	-	-	-	-	-	11.40	741.1	-	-	-	-	-	-	-	-	-	-	752.51
	-	-	-	-	-	-	-	-	-	-	-	(9.40)	(3.20)	-	-	-	-	-	-	-	-	-	-	(12.60)

Previous year figures are given in 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 2016-17

# Amount is below the rounding norms adopted by the Company





# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Notes to the financial statements for the year ended March 31, 2018

### 29 (ii) 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 and with whom transactions have taken place during the year										Key Management Personnel **		Relatives of Key Management Personnel		Post-employment benefit Plan	Rs Million
	Balance Brought Forward	Welspun Realty Private Limited	Mertz Estates Limited	Wet-treatment Organisation Limited	EnvirolInvestment and Trading Private Limited	Welspun Foundation and Formerly Finance Limited	Welspun Foundation for Health and Knowledge Limited	WSP Agro Private Limited	WS Trading Private Limited	Alloy Holding Private Limited	Arvind Padma Arun Kumar Dasgupta	Arvind Padma Arun Kumar Dasgupta	Balkrishna Radhika Poddar Sharma	Goenka Goenka	Welspun India Limited Employee Gratuity Fund	TOTAL
Loans, Advances and Deposits received	12.40 (12.40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.40 (15.43)
Loans, Advances and Deposits given (Including Interest Accrued on Loan)	31.19 (443.61)	38.48 (41.35)	-	75.00 (75.00)	-	-	0.11 (0.11)	-	-	-	-	-	-	-	-	144.78 (560.07)
Provision for diminution in value of Loans/ Advances	15.56 (15.56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.56 (15.56)
Debtors (Net of Bills Discounted with Banks)	72,331.4 (7,305.51)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,331.4 (7,305.51)
Creditors	897.26 (1,279.74)	-	# (41.48)	-	-	-	0.40 (1.01)	-	-	-	-	-	-	38.69 (41.48)	-	1013.73 (1,405.19)
Investments	7,920.43 (7,229.40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,920.43 (7,229.40)
Corporate Guarantee Given	14,768.03 (7,426.42)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,768.03 (7,426.42)
Share Application Money Pending Allotment	752.51 (12.60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	752.51 (12.60)

Previous year figures are given in 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 2016-17

# Amount is below the rounding norms adopted by the Company

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## Note 30 : Contingent Liabilities

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Excise, Customs and Service Tax Matters	318.24	310.90
Income Tax Matters	45.04	52.30
Stamp Duty Matter	4.46	4.46
Sales Tax	15.67	30.58
Claims against Company not acknowledged as debts	2.74	3.73
Corporate Guarantees (Refer Note 32)	3,237.71	3,413.04

- (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.

## Note 31 : Capital and Other Commitments

### (a) Capital Commitments

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances)	808.20	393.30

### (b) Other Commitments

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Commitment for purchase of power from Welspun Captive Power Generation Limited over the next three years.	7,957.66	8,830.00

**Note 32 :** The Company has issued corporate guarantees aggregating Rs. 14,768.03 million as at the year end March 31, 2018 (March 31, 2017: Rs.7,426.42 million) on behalf of Welspun Global Brands Limited (WGBL), Welspun Captive Power Generation Limited (WCPGL), CHT Holdings Limited (CHTHL) and Welspun Flooring Limited (WEFL). Liability outstanding in the books of above-mentioned companies for which corporate guarantees have been issued aggregates Rs. 3,237.71 million as at March 31, 2018 (March 31, 2017: Rs. 3,413.04 million)

## Note 33 : Earnings per Share

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after Tax (A) (Rs. million)	3,041.08	3,065.51
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)	3.03	3.05
Diluted earnings per share (A)/(C)	3.03	3.05
Nominal value of an equity share (Rs.)	1.00	1.00

## Note 34 : Offsetting financial assets and financial liabilities

There are no financial assets or financial liabilities which are subject to offsetting as at March 31, 2018 and March 31, 2017 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, 2018 and March 31, 2017.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 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 Rs. 80.51 million (Previous Year: Rs. 86.85 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, 2018	Maximum amount outstanding during the year ended March 31, 2018	Balance as at March 31, 2017	Maximum amount outstanding during the year ended March 31, 2017
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 Flooring Limited	-**	717.22	-	-
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, 2018	-	-	-	-

\* Provision for doubtful loans and advance of Rs. 15.56 million (March 31, 2017: Rs. 15.56 million) has been made.

\*\* Loan of Rs. 717.22 million is converted into share application money as on March 31, 2018.

## Note 37 : Disclosure for Micro and Small Enterprises:

(₹ million)

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
- Principal	48.88	80.09
- Interest	0.07	0.24
The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
- Principal	306.07	293.07
- Interest	1.26	0.70
The amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified	1.10	1.02
The amount of interest accrued and remaining unpaid at the end of year	1.17	1.26

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.

# Notes

To The Financial Statements For The Year Ended March 31, 2018

## 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:

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Material Consumption	175.56	204.75
Employee benefits expenses	104.04	88.55
Others	54.90	4.63
<b>Total</b>	<b>334.50</b>	<b>297.93</b>

Details of Capital Expenditure incurred during the year for Research and Development is given below:

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Plant and Machinery	31.28	99.39
<b>Total</b>	<b>31.28</b>	<b>99.39</b>

**Note 39 :** As per Ind AS 108 - "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements

## Note 40 : CIF Value of Imports

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Raw Materials	5,924.96	4,487.39
Stores & Spares and Dyes & Chemicals	339.68	439.35
Capital Goods	903.46	2,821.15
Packing Material	30.41	33.43
<b>Total</b>	<b>7,198.51</b>	<b>7,781.32</b>

## Note 41 : Expenditure in Foreign Currency

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Travelling	9.50	9.96
Repairs and Maintenance	7.74	11.26
Legal and Professional Charges	67.48	26.74
Membership and Subscription	0.96	0.91
Advertisement and Sales Promotion	36.87	9.64
Claims, Discounts and Rebate	24.67	86.32
Exceptional Items	-	3,224.80
Interest	-	8.97
Others	17.93	28.69
<b>Total</b>	<b>165.15</b>	<b>3,407.29</b>

## Note 42 : Details of Consumption and Purchases

### (a) Details of Raw Materials and Packing Materials consumed

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Cotton Yarn	8,485.93	9,817.51
Cotton	8,470.09	7,971.75
Fabric	577.14	2,611.79
Others	348.58	469.94
Bed Linen Fabrics	2,594.55	3,202.33
Fiber	1,086.57	941.68
Packing Materials	2,559.99	2,504.36
<b>Total</b>	<b>24,122.85</b>	<b>27,519.36</b>

# Notes

To The Financial Statements For The Year Ended March 31, 2018

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

### 1) Raw Materials and Packing Materials

(₹ million)

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Rs. million	%	Rs. million
Imported	18.83%	4,543.29	10.76%	2,959.81
Indigenous	81.17%	19,579.56	89.24%	24,559.55
<b>Total</b>	<b>100.00%</b>	<b>24,122.85</b>	<b>100.00%</b>	<b>27,519.36</b>

### 2) Stores, Spares, Dyes and Chemicals

(₹ million)

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Rs. million	%	Rs. million
Imported	7.64%	227.94	9.06%	332.68
Indigenous	92.36%	2,755.91	90.94%	3,339.87
<b>Total</b>	<b>100.00%</b>	<b>2,983.85</b>	<b>100.00%</b>	<b>3,672.55</b>

## Note 43 : Dividend remitted in foreign exchange

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Number of non-resident shareholders	245	251
Number of shares on which dividend is remitted	1,95,112	2,00,380
Year to which dividend relates	2016-17	2015-16
Amount remitted (Rs. million)	0.13	0.01

## Note 44 : Earnings in foreign currency

(₹ million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenue from Exports on FOB basis	213.28	138.37
Commission on Corporate Guarantee	10.35	7.99
<b>Total</b>	<b>223.63</b>	<b>146.36</b>

## Note 45 : 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.

**Note 46 :** The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

**For S R B C & CO LLP**  
**Chartered Accountants**

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner  
Membership No. 93649

Place: Mumbai  
Date: May 16, 2018

**For and on behalf of the Board of Directors**

**Balkrishnan Goenka**

Chairman  
DIN: 00270175

**Altat Jiواني**

Chief Financial Officer

Place: Mumbai  
Date: May 16, 2018

**Rajesh Mandawewala**

Managing Director  
DIN : 00007179

**Shashikant Thorat**

Company Secretary

Place: Mumbai  
Date: May 16, 2018

**Dipali Goenka**

CEO and Jt. MD  
DIN: 00007199

Place: Mumbai  
Date: May 16, 2018

# Independent Auditor's Report

To the Members of Welspun India Limited

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Welspun India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

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, 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 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 financial statements. 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 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, 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, 2018, their consolidated profit



including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Emphasis of Matter

- a. Note 23(a) to the consolidated Ind AS financial statements regarding the exceptional item accounting during the previous year towards provisions / liabilities for refund to the customers, inventory write-down, legal fees etc.
- b. Note 23(b) to the consolidated Ind AS financial statements regarding 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.

Our opinion is not qualified in respect of above stated matters.

#### Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 14 subsidiaries, whose Ind AS financial statements include total assets of Rs 12,592.87 million and net assets of Rs 3,559.09 million as at March 31, 2018, and total revenues of Rs 18,202.15 million and net cash outflows of Rs 256.43 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.
- (b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 4 subsidiaries, whose financial statements and other financial information reflect total assets of Rs 1,335 million and net assets of Rs 1,049 million as at March 31, 2018, and total revenues of Rs 0.35 million and net cash outflows of Rs 1.03 million for the year ended on that date. These unaudited financial statements and other unaudited financial

information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

- (c) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 25, 2017;

Our above 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 and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept in so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income,

the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 35 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts during the year ended March 31, 2018. The Group did not have any long term derivative contracts as at March 31, 2018
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2018.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vikas Kumar Pansari**

Partner

Membership Number: 93649

Place of Signature: Mumbai

Date: May 16, 2018

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WELSPUN INDIA LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Welspun India Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Welspun India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 the respective 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.

**Auditor's Responsibility**

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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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**

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

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained 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, 2018, based on the internal control over financial reporting criteria established by the Holding 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 Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to 4 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

### For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

### per Vikas Kumar Pansari

Partner

Membership Number: 93649

Place of Signature: Mumbai

Date: May 16, 2018

# Consolidated Balance Sheet

As at March 31, 2018

(₹ million)

	Note	As At March 31, 2018	As At March 31, 2017
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	3	32,528.56	35,011.07
Capital work-in-progress	3&4	828.73	563.54
Goodwill on Consolidation	4	1,786.27	1,741.17
Other Intangible assets	4	283.89	138.09
Financial assets			
- Investments	5 (a)	277.62	28.77
- Loans	5 (b)	4.89	3.65
- Other financial assets	5 (c)	411.92	321.95
Non-current tax assets		103.97	111.97
Deferred Tax Assets	6	378.73	702.16
Other non-current assets	7	536.21	368.80
<b>Total non-current assets</b>		<b>37,140.79</b>	<b>38,991.17</b>
<b>Current Assets</b>			
Inventories	8	13,053.80	12,810.02
Financial assets			
- Investments	5 (a)	1,004.77	1,228.55
- Trade receivables	5 (d)	9,309.90	9,600.61
- Cash & cash equivalents	5 (e)	1,191.25	1,238.01
- Bank balances other than cash and cash equivalents above	5 (f)	465.01	390.10
- Loans	5 (b)	5.78	6.29
- Other financial assets	5 (c)	5,159.37	5,570.22
Current tax assets		18.34	31.93
Other current assets	7	4,899.56	3,416.26
<b>Total current assets</b>		<b>35,107.78</b>	<b>34,291.99</b>
<b>Total Assets</b>		<b>72,248.57</b>	<b>73,283.16</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	9 (a)	1,004.73	1,004.73
<b>Other Equity</b>			
- Reserves and surplus	9 (b)	25,010.85	21,915.15
- Other reserves	9 (c)	41.14	1,051.60
<b>Equity attributable to owners of Welspun India Limited</b>		<b>26,056.72</b>	<b>23,971.48</b>
Non-controlling Interests		467.00	355.27
<b>Total Equity</b>		<b>26,523.72</b>	<b>24,326.75</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	10 (a)	17,028.48	20,160.16
- Other financial liabilities	10 (b)	23.17	20.36
Non-current tax liabilities		1,330.07	1,485.94
Provisions	11	23.41	21.92
Employee benefit obligations	12	-	51.67
Deferred tax liabilities	13	1,744.78	2,167.80
Other non-current liabilities	14	888.83	773.62
<b>Total non-current liabilities</b>		<b>21,038.74</b>	<b>24,681.47</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	10 (a)	12,579.56	11,720.77
- Trade payables	10 (c)	6,446.53	7,517.33
- Other financial liabilities	10 (b)	3,638.08	2,071.90
Provisions	11	234.56	851.46
Employee benefit obligations	12	733.42	537.64
Other Current Liabilities	14	1,053.96	1,575.84
<b>Total current liabilities</b>		<b>24,686.11</b>	<b>24,274.94</b>
<b>Total liabilities</b>		<b>45,724.85</b>	<b>48,956.41</b>
<b>Total Equity and Liabilities</b>		<b>72,248.57</b>	<b>73,283.16</b>
<b>Summary of significant accounting policies</b>	2		
The accompanying notes are an integral part of these consolidated financial statements			

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

Place: Mumbai

Date: May 16, 2018

**For and on behalf of the Board of Directors**
**Balkrishna Goenka**

Chairman

DIN: 00270175

**Altat Jiواني**

Chief Financial Officer

Place: Mumbai

Date: May 16, 2018

**Rajesh Mandawewala**

Managing Director

DIN : 00007179

**Shashikant Thorat**

Company Secretary

Place: Mumbai

Date: May 16, 2018

**Dipali Goenka**

CEO and Jt. MD

DIN: 00007199

Place: Mumbai

Date: May 16, 2018

# Consolidated Statement of Profit & Loss

For The Year Ended March 31, 2018

(₹ million)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>INCOME</b>			
Revenue from Operations	15	60,505.75	66,405.43
Other Income	16	812.21	805.52
<b>Total Income</b>		<b>61,317.96</b>	<b>67,210.95</b>
<b>EXPENSES</b>			
Cost of materials consumed	17	26,098.80	28,561.58
Purchases of stock-in-trade		3,460.78	3,778.15
Changes in inventory of finished goods, work-in-progress and stock-in-trade	18	675.65	(1,943.75)
Employee benefits expense	19	6,753.87	6,372.98
Depreciation and amortization expense	20	5,041.71	5,054.24
Other expenses	21	12,282.66	13,802.52
Finance costs	22	1,407.63	1,582.58
<b>Total expenses</b>		<b>55,721.10</b>	<b>57,208.30</b>
<b>Profit before exceptional items and tax</b>		<b>5,596.86</b>	<b>10,002.65</b>
Exceptional Items (Net)	23	-	4,647.52
<b>Profit before tax</b>		<b>5,596.86</b>	<b>5,355.13</b>
<b>Income tax expense</b>	24		
- Current Tax		1,225.23	1,244.87
- Deferred Tax		389.71	486.52
<b>Total Income Tax Expense</b>		<b>1,614.94</b>	<b>1,731.39</b>
<b>Profit for the year</b>		<b>3,981.92</b>	<b>3,623.74</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)	(46.17)	65.00
Deferred gain on cash flow hedges	9 (c)	(1,485.72)	1,074.45
(ii) Income tax effect	24	506.27	(371.88)
		<b>(1,025.62)</b>	<b>767.57</b>
B (i) Items that will not be reclassified to profit or loss			
Change in fair value of FVOCI equity instruments	9 (c)	(5.37)	(5.20)
Remeasurement of post employment benefit obligation	19	49.05	25.16
(ii) Income tax effect	24	(16.97)	(8.71)
		<b>26.71</b>	<b>11.25</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(998.91)</b>	<b>778.82</b>
<b>Total Comprehensive Income for the year</b>		<b>2,983.01</b>	<b>4,402.56</b>
<b>Profit is attributable to</b>			
- Owners of Welspun India Limited		3,849.67	3,575.62
- Non-controlling interests		132.25	48.12
<b>Other comprehensive income is attributable to:</b>			
- Owners of Welspun India Limited		(978.39)	770.03
- Non-controlling interests		(20.52)	8.79
<b>Total Comprehensive Income is attributable to</b>			
- Owners of Welspun India Limited		2,871.28	4,345.65
- Non-controlling interests		111.73	56.91
<b>Earnings Per Share (Rs.) [Nominal value per share : Re.1 (March 31, 2017 : Re.1)]</b>	33		
- Basic		3.83	3.56
- Diluted		3.83	3.56
<b>Summary of significant accounting policies</b>	2		
The accompanying notes are an integral part of these consolidated financial statements			

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

Place: Mumbai

Date: May 16, 2018

**For and on behalf of the Board of Directors**

**Balkrishnan Goenka**

Chairman

DIN: 00270175

**Altat Jiwani**

Chief Financial Officer

Place: Mumbai

Date: May 16, 2018

**Rajesh Mandawewala**

Managing Director

DIN : 00007179

**Shashikant Thorat**

Company Secretary

Place: Mumbai

Date: May 16, 2018

**Dipali Goenka**

CEO and Jt. MD

DIN: 00007199

Place: Mumbai

Date: May 16, 2018



# Consolidated Statement of Changes in Equity

For the year ended on March 31, 2018

## a. Equity Share Capital

Equity shares of Re. 1 each issued, subscribed and fully paid	No. of shares	Amount (₹ million)
Balance as at April 01, 2016	1004724050	1,004.73
Balance as at March 31, 2017	1004724050	1,004.73
Changes during the year*	1100	-
Balance as at March 31, 2018	1004725150	1,004.73

\*1100 Equity Shares held by one of Subsidiary has been sold during the year

## b. Other Equity

		Reserves and Surplus						Other Reserve			Non-controlling interests	Total		
		Notes	Capital redemption reserve	Capital Securities reserve	Debt redemption reserve	General reserve	Retained earnings	FVOCI Equity instruments	Hedging reserve	Foreign currency translation reserve			Other Equity reserve	
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 Debt 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
Balance as at April 1, 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
Profit for the year			-	-	-	-	-	3,849.67	-	-	-	3,849.67	132.25	3,981.92

# Consolidated Statement of Changes in Equity

For the year ended on March 31, 2018

		Reserves and Surplus				Other Reserve			Non-controlling interests	Total			
	Notes	Capital redemption reserve	Capital Securities reserve	Debt redemption reserve	General reserve	Retained earnings	FVOCI instruments	Equity Hedging reserve	Foreign currency translation reserve	Other Equity			
Other Comprehensive Income	9 (b), 9 (c)	-	-	-	-	32.07	(5.37)	(960.16)	(44.93)	(978.39)	(20.52)	(998.91)	
<b>Total Comprehensive Income for the year</b>													
Transactions with owners in their capacity as owners :													
Dividends paid	27 (b)	-	-	-	-	(653.07)	-	-	-	(653.07)	-	(653.07)	
Dividend distribution tax paid	27 (b)	-	-	-	-	(132.97)	-	-	-	(132.97)	-	(132.97)	
Transfer to Debenture Redemption Reserve	9 (b)	-	-	46.80	-	(46.80)	-	-	-	-	-	-	
Transactions with non-controlling interests	29 (c)	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2018</b>													
		488.38	1,474.73	3,238.12	146.11	711.39	18,952.12	11.45	98.61	(68.92)	25,051.99	467.00	25,518.99

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E3000003

**For and on behalf of the Board of Directors**

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

**Balkrishan Goenka**

Chairman

DIN: 00270175

**Rajesh Mandawewala**

Managing Director

DIN : 00007179

**Dipali Goenka**

CEO and Jt. MD

DIN: 00007199

**Altaf Jiwani**

Chief Financial Officer

Place: Mumbai

Date: May 16, 2018

**Shashikant Thorat**

Company Secretary

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

# Consolidated Statement of Cash Flow

For The Year Ended March 31, 2018

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	5,596.86	5,355.13
Adjustments for :		
Depreciation and amortisation expense	5,041.71	5,054.24
Amortisation of government grants	(414.82)	(625.07)
Unrealised Foreign Exchange Differences	(3.89)	52.56
Loss / (Gain) on disposal of property, plant and equipment	(10.74)	1.58
Profit on Redemption/ Sale of Units of Mutual Funds (Net)	(43.61)	(110.07)
Profit on Sale of Bonds/ Certificate of Deposits (Net)	(7.59)	(60.88)
Unwinding of discount on security deposits	(18.81)	(18.96)
Net gain on financial assets measured at fair value through profit or loss	(9.07)	(16.10)
Dividend income classified as investing cash flows	-	(0.33)
Liabilities Written Back as no Longer Required	(26.51)	-
Provision for Doubtful Debts/ Advances (net)	11.77	-
Debts/ Advances Written off	2.54	8.67
Interest income classified as investing cash flows	(269.95)	(312.75)
Finance expenses	1,407.63	1,582.58
<b>Operating Profit Before Working Capital Changes</b>	<b>11,255.52</b>	<b>10,910.60</b>
<b>Adjustments for changes in working capital :</b>		
(Increase) / decrease in trade receivables	219.32	(973.86)
Increase / (decrease) in trade payables	(1,032.63)	807.35
Increase / (decrease) in provisions	(615.41)	845.54
Increase / (decrease) in employee benefit obligations	176.18	(67.20)
Increase / (decrease) in other current liabilities	(583.67)	491.93
Increase/ (decrease) in other non current liabilities	221.90	(185.23)
Increase in inventories	(243.78)	(1,763.65)
Increase in other financial assets	(914.39)	(327.87)
(Increase) / decrease in other non-current assets	(206.27)	88.33
Increase in other current assets	(1,484.02)	(437.52)
	<b>(4,462.77)</b>	<b>(1,522.18)</b>
Cash Flow Generated from Operations	6,792.75	9,388.42
Taxes Paid (net of refunds)	(1,342.54)	(1,066.50)
<b>Net Cash Flow from Operating Activities</b>	<b>5,450.21</b>	<b>8,321.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, capital work-in-progress and intangible assets	(3,378.20)	(7,002.69)
Sale of property, plant and equipment	66.54	35.00
Receipt from capital subsidy	108.38	533.04
Realisation/ (investment) in fixed deposit and margin money (net)	(93.67)	(193.45)
Sales/ (Purchase) of Investment (Net)	29.82	(790.36)
Dividend received	-	0.33
Interest received	252.08	293.93
<b>Net Cash Flow used in Investing Activities</b>	<b>(3,015.05)</b>	<b>(7,124.20)</b>

# Consolidated Statement of Cash Flow

FOR THE YEAR ENDED MARCH 31, 2018

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Non current borrowing	475.60	4498.59
Repayment of borrowings - Non Current	(1,640.98)	(2,055.80)
Proceeds from / (Repayment of) borrowings - Current (Net)	862.41	(1,988.16)
Transactions with non-controlling interests	-	(127.79)
Dividends Paid	(650.44)	(53.17)
Tax on Dividends Paid	(132.97)	(10.23)
Interest and Other Expenses	(1,413.21)	(1,253.39)
<b>Net Cash Flow used in Financing Activities</b>	<b>(2,499.59)</b>	<b>(989.95)</b>
<b>(A + B + C)</b>	<b>(64.43)</b>	<b>207.77</b>
Cash and Cash Equivalents at the beginning of the year	1,238.01	1,060.51
Effects of exchange rate changes on cash and cash equivalents	17.67	(30.27)
Cash and Cash Equivalents at the end of the year	1,191.25	1,238.01
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(64.43)</b>	<b>207.77</b>
Cash and cash equivalents comprise of:		
Cash on Hand	12.86	3.51
Bank balances		
- In current accounts	1,063.14	1,102.90
- Fixed deposits with Banks with original maturity period of less than three months	115.25	131.60
<b>Total</b>	<b>1,191.25</b>	<b>1,238.01</b>

## Change in Liability arising from financing activities

	April 1, 2017	Cash flow	Foreign exchange	March 31, 2018
Borrowing-Non Current [Refer Note 10 (a)]	21,392.93	(1,165.38)	-	20,227.55
Borrowing-Current [Refer Note 10 (a)]	11,720.77	862.41	3.62	12,579.56
	33,113.70	(302.97)	3.62	32,807.11

### Note:

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

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E300003

**For and on behalf of the Board of Directors**

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

**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: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note: 1 Corporate Information

The consolidated financial statements comprise financial statements of Welspun India Limited (the group) and its subsidiaries (collectively, the Group) for the year ended 31 March 2018. The Group is a public limited group 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 May 16, 2018.

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

## Note: 2 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 Group and its subsidiaries.

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

### 2.1 Basis of preparation of financial statements

The consolidated financial statements has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended from time to time). 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.

The Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

### 2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests,

even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## 2.3 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.



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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
- 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.

## 2.4 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.

## 2.5 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 (INR), which is Group'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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

carried at fair value are reported as part of the fair value gain or loss

## c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

## 2.6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific revenue recognition criteria described below must also be met before revenue is recognized:

### Sale of Goods

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.

### Export Incentives

In case of sale made by the group 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 post export basis at the rate at which the entitlements accrue and is included in the 'Other Operating Revenue'.

### Rendering of service

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

### Interest Income

Interest income from the financial assets are recognized using effective interest rate method.

### Other Income

Other income is accounted for on accrual basis except where the receipt of income is uncertain.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## 2.7 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 Group 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.

## 2.8 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.

### 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 Group 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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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 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.

## 2.9 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.

## 2.10 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.

## 2.11 Property, plant and equipment

Property Plant and equipment except for freehold land held are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any. The cost of property plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected cost of decommissioning. 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 statement of profit or loss during the reporting period in which they are incurred. The group has elected to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## 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.

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.

For following items of property, plant and equipment, depreciation is calculated using the straight-line method 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.

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.

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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. 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.

## 2.12 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.

## 2.13 Impairment of non-financial 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



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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 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.

## 2.14 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.

## 2.15 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

#### A. 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.

#### B. Initial Recognition and 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 Statement of Profit or Loss.

#### C. Subsequent Measurement

##### 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



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

measurement categories into which the Group classifies its debt instruments:

**i. 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 such assets are 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.

**ii. 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.

**iii. Fair value through profit or loss:**

A financial asset which is not classified in any of the above categories are measured at Fair value through profit or loss

**Equity Investments**

Investment in subsidiaries are carried at cost in the separate financial statements.

The Group subsequently measures all other 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, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such

investments are recognised in the Statement of Profit and 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 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held 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 group's cash management policy.

**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.

**D. Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- ii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount;
- 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.

## E. 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. 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.

## F. 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.

## Financial liabilities

### A. Initial Recognition and 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.

### B. Subsequent Measurement 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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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.

## 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 Group 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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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.

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).

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## 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 group 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.

## 2.16 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.

## 2.17 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 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.



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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

## 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 ('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 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 Group 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) **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.

## 2.18 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.

Provisions for restructuring are recognised by the group when it has developed a



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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.

## 2.19 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.

## 2.20 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.

## 2.21 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.

## 2.22 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

## 2.23 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.

## 2.24 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 Group:

### a. Issue of Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

### b. Amendment to existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards, applicable to the Group:

- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates;
- Ind AS 12 - Income Taxes

Application of above standards/amendments are not expected to have any significant impact on the Group's Financial Statements.

## 2.25 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 Group'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).

#### ii) Estimation of Provisions & Contingent Liabilities.

The Group 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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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 Group. 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 Group'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 Group's property, plant and equipment and intangible assets (Refer Notes 3 and 4).

## iv) Estimation of Provision for Inventory

The Group 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 employments plans include the discount rate. Any changes in

these assumptions will impact the carrying amount of such obligations.

The Group 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 Group 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 group 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 Group is complying all terms and conditions for eligibility.

## 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 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, 2018

## Note 3 - Property, Plant and Equipment

	Freehold Land	Buildings	Plant and Equipment	Vehicles	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Computers	Total	Capital Work in Progress
(₹ million)										
<b>Cost or valuation</b>										
<b>At April 1, 2016</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	309.26	1,574.52	6,309.26	16.17	80.03	115.70	1.81	104.26	8,511.01	6,487.08
Disposals	-	-	(151.38)	(4.07)	(0.73)	(1.38)	-	(0.28)	(157.84)	-
Transfers	-	-	-	-	-	-	-	-	-	(7,917.77)
Exchange Differences	(0.08)	-	(0.32)	-	(1.45)	(4.34)	(0.08)	(2.06)	(8.33)	-
<b>At March 31, 2017 (A)</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>401.31</b>
<b>Depreciation</b>										
<b>At April 1, 2016</b>										
Depreciation charge during the year	-	193.20	3,381.64	9.45	22.34	37.58	6.61	17.22	3,668.04	-
Disposals	-	244.55	4,643.76	11.38	32.15	47.67	6.49	30.10	5,016.10	-
Exchange Differences	-	-	(115.76)	(3.22)	(0.65)	(1.35)	-	(0.25)	(121.23)	-
<b>At March 31, 2017 (B)</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 book value at March 31, 2017 (A-B)</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>401.31</b>
<b>Cost or valuation</b>										
<b>At April 1, 2017</b>										
Opening gross carrying amount	3,007.42	8,223.43	31,537.07	49.12	191.06	352.17	21.17	190.56	43,572.00	401.31
Additions	277.99	394.59	1,658.26	19.37	39.72	48.15	7.29	114.02	2,559.39	2,463.91
Disposals	(0.18)	-	(195.73)	(2.08)	(0.46)	(0.04)	-	(3.01)	(201.50)	-
Transfers	-	-	-	-	-	-	-	-	-	(2,236.47)
Exchange Differences	0.06	-	0.25	-	1.06	4.89	0.03	1.99	8.28	-
<b>At March 31, 2018 (A)</b>	<b>3,285.29</b>	<b>8,618.02</b>	<b>32,999.85</b>	<b>66.41</b>	<b>231.38</b>	<b>405.17</b>	<b>28.49</b>	<b>303.56</b>	<b>45,938.17</b>	<b>628.75</b>
<b>Depreciation</b>										
<b>At April 1, 2017</b>										
Depreciation charge during the year	-	437.75	7,909.56	17.61	53.39	83.85	13.07	45.70	8,560.93	-
Disposals	-	296.70	4,517.65	10.99	41.34	51.13	5.43	67.77	4,991.01	-
Exchange Differences	-	-	(141.08)	(1.74)	(0.35)	(0.04)	-	(2.43)	(145.64)	-
<b>At March 31, 2018 (B)</b>	<b>-</b>	<b>734.45</b>	<b>12,286.09</b>	<b>26.86</b>	<b>95.06</b>	<b>136.39</b>	<b>18.51</b>	<b>112.25</b>	<b>13,409.61</b>	<b>-</b>
<b>Net book value at March 31, 2018 (A-B)</b>	<b>3,285.29</b>	<b>7,883.57</b>	<b>20,713.76</b>	<b>39.55</b>	<b>136.32</b>	<b>268.78</b>	<b>9.98</b>	<b>191.31</b>	<b>32,528.56</b>	<b>628.75</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 Rs. 31.28 million (Previous Year : Rs.99.39 million) incurred on in-house Research and Development activities [Refer note 36]
- The Company has given certain assets on operating lease, details of which are given below:

	As At March 31, 2018		As At March 31, 2017	
	Buildings	Plant and Equipment	Buildings	Plant and Equipment
Cost or valuation	1.21	35.18	1.21	35.18
Accumulated Depreciation	0.32	32.74	0.30	32.56
Net book value	0.89	2.44	0.91	2.62
Depreciation for the year	0.02	0.18	0.02	0.21

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 4 : Intangible assets

(₹ million)

	Computer Software	Goodwill on consolidation	Capital Work in Progress
<b>Cost or valuation</b>			
<b>At April 1, 2016</b>			
Opening gross carrying amount	135.69	1,808.56	
Exchange differences	(0.06)	(67.39)	
Additions	59.77	-	162.23
<b>At March 31, 2017 (A)</b>	<b>195.40</b>	<b>1,741.17</b>	<b>162.23</b>
<b>Amortisation</b>			
<b>At April 1, 2016</b>	19.18		
Amortisation charge during the year	38.14	-	-
Disposals	-	-	-
Exchange differences	(0.01)	-	-
<b>At March 31, 2017 (B)</b>	<b>57.31</b>	<b>-</b>	<b>-</b>
<b>Net book value at March 31, 2017 (A-B)</b>	<b>138.09</b>	<b>1,741.17</b>	<b>162.23</b>
<b>Cost or valuation</b>			
<b>At April 1, 2017</b>			
Opening gross carrying amount	195.40	1,741.17	162.23
Exchange differences	0.01	45.10	-
Additions	196.50	-	227.30
Disposals	(0.01)	-	-
Transfers	-	-	(189.55)
<b>At March 31, 2018 (A)</b>	<b>391.90</b>	<b>1,786.27</b>	<b>199.98</b>
<b>Amortisation</b>			
At April 1, 2017	57.31	-	-
Amortisation charge during the year	50.70	-	-
Disposals	(0.01)	-	-
Exchange differences	0.01	-	-
<b>At March 31, 2018 (B)</b>	<b>108.01</b>	<b>-</b>	<b>-</b>
<b>Net book value at March 31, 2018 (A-B)</b>	<b>283.89</b>	<b>1,786.27</b>	<b>199.98</b>

### Notes :

Capital work-in-progress mainly comprises of Software development expenses.

## Note 4 : Intangible assets

### (i) Impairment tests for goodwill

Goodwill acquired through business combination pertains to the Home Textile Segment which is the only reportable segment.

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Home Textile Segment</b>	1,786.27	1,741.17

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (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:**

(₹ million)

Assumptions	As At March 31, 2018	As At March 31, 2017
Sales Growth (% annual growth rate)	4% to 13%	3% to 10%
EBITDA (%)	2% to 7%	2% to 6%
Pre-tax discount rate (%)	9% to 16%	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

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Investment in equity shares (fully paid up)</b>		
<b>a) Quoted - Equity investment at FVOCI</b>		
283,500 (March 31, 2017 : 283,500) Equity Shares of Rs. 10 each fully paid up of AYM Syntex Limited (Formerly known as Welspun Syntex Limited)	17.05	22.42
80 (March 31, 2017 : 80) Equity Shares of Re. 1 each fully paid up of Khaitan Chemicals & Fertilizers Limited	*	*
<b>b) Quoted - Equity investment at FVPL Fully paid up</b>	-	*
<b>c) Unquoted - Equity investment at FVPL Fully paid up</b>	254.40	*
<b>Total (equity instruments)</b>	<b>271.45</b>	<b>22.42</b>
<b>Others - FVPL</b>	<b>6.17</b>	<b>6.35</b>
<b>Total Non Current Investments</b>	<b>277.62</b>	<b>28.77</b>
Aggregate amount of quoted investments and market value thereof	17.05	22.42
Aggregate amount of unquoted investments	260.57	6.35

\* Amount is below the rounding norms adopted by the Company



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 5 (a) : Current investments

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Investments in equity instruments (fully paid-up)</b>		
<b>Preference shares at FVPL (unquoted)</b>		
459,670 (March 31, 2017 : 459,670) 8% Redeemable Preference Shares of Rs. 10 each fully paid up of Worli Realty Private Limited.	194.84	185.38
<b>Investments in Mutual Funds at FVPL (quoted)</b>		
1,114,488 (March 31, 2017 : 1,114,488) ICICI Mutual Fund P1571 Money Market Fund - Growth	-	250.07
11,102 (March 31, 2017 : 11,102) Invesco India Ultra Short Term Mutual Fund	252.00	25.00
6,238 (March 31, 2017 : Nil) Reliance Liquid Fund - Treasury Plan-Growth Plan - Growth Option	26.34	-
112,525 (March 31, 2017 : Nil) Invesco India Medium Term Bond - Direct Plan Growth	204.73	-
<b>Investments in Bonds at FVPL (quoted)</b>		
12 (March 31, 2017 : 12) 11.60% Bank of Maharashtra Perpetual Bonds of Face Value of Rs.10,00,000 each	-	12.00
4,700 (March 31, 2017 : 4700) 8.68% Infrastructure Leasing & Financial Services Option-III 06/12/2023 Bonds of Face Value of Rs.1,000 each	-	4.70
1 (March 31, 2017 : 1) 11.09% IDBI Bank Limited (Series I) Perpetual Bonds of Face Value of Rs.10,00,000 each	-	1.00
8 (March 31, 2017 : 11) 9.51% Corporation Bank Limited Perpetual Bonds of Face Value of Rs.10,00,000 each	8.24	10.90
25,000 (March 31, 2017 : 25,000) 9.25% Dewan Housing Finance Corporation Limited 09/09/2023 Bonds of Face Value of Rs.1,000 each	-	25.00
10 (March 31, 2017 : 10) 8.75% Bajaj Finance Limited 14/08/2026 Bonds of Face Value of Rs.10,00,000 each	-	10.21
56 (March 31, 2017 : 56) 0% Andhra Pradesh Expressway Limited 15/10/2025 Bonds of Face Value of Rs.10,00,000 each	-	98.50
12 (March 31, 2017 : 12) 11.70% Uco Bank Limited Bonds of Face Value of Rs.10,00,000 each	-	12.00
28 (March 31, 2017 : 28) 9.50% Yes Bank Limited 23/12/2021 Bonds of Face Value of Rs.10,00,000 each	-	28.00
850,000 (March 31, 2017 : 850,000) 7.63% West Bengal State Electricity Distribution Company 15/02/2027 Bonds of Face Value of Rs.100 each	-	87.80
14 (March 31, 2017 : 14) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2027 Bonds of Face Value of Rs.10,00,000 each	-	14.00
298 (March 31, 2017 : 298) 8.97% Uttar Pradesh Power Corporation Limited 13/02/2026 Bonds of Face Value of Rs.10,00,000 each	-	298.20
36,000 (March 31, 2017 : 36,000) 9.40% Reliance Home Finance Limited 03/01/2032 Bonds of Face Value of Rs.1,000 each	-	37.30
80 (March 31, 2017 : 80) 9.90% Industrial Finance Corporation of India Limited 05/11/2037 Bonds of Face Value of Rs. 25,000 each	3.20	2.00
26 (March 31, 2017 : 26) 9.48% Oriental Bank of Commerce Perpetual Bonds of Face Value of Rs. 1,000,000 each	-	26.00
100 (March 31, 2017 : 100) 10.40% Vijaya Bank Perpetual Bonds of Face Value of Rs. 1,000,000 each	-	100.49
2 (March 31, 2017 : Nil) 7.98% Andhra Bank Limited 24/10/2027 Bonds of Face Value of Rs. 10,00,000 each	2.00	-
61 (March 31, 2017 : Nil) 9% Yes Bank Limited Perpetual Bonds (Base III Tier I) of Face Value of Rs.10,00,000 each	61.01	-
3 (March 31, 2017 : Nil) 8.97% Uttar Pradesh Power Corporation Limited 15/02/2023 Bonds of Face Value of Rs.10,00,000 each	3.10	-
27 (March 31, 2017 : Nil) 9.20% IL and FS Transportation Networks Limited Primary NCD 15/04/2022 of Face Value of Rs. 10,000,00 each	27.42	-
4,130 (March 31, 2017 : Nil) 8.70% Indiabulls Housing Finance Limited 26/09/2019 Bonds of Face Value of Rs. 1,000 each	4.20	-
213 (March 31, 2017 : Nil) 9.10% Reliance General Insurance Company Limited 17/08/2026 Bonds of Face Value of Rs. 10,00,000 each	214.51	-

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 5 (a) : Current investments

(₹ million)

	As At March 31, 2018	As At March 31, 2017
3 (March 31, 2017 : Nil) 11.95% United Bank of India Perpetual Bonds of Face Value of Rs. 10,00,000 each	3.18	-
<b>Total</b>	<b>1,004.77</b>	<b>1,228.55</b>
Aggregate amount of quoted investments and market value thereof	809.93	1,043.17
Aggregate amount of unquoted investments	194.84	185.38

## Note 5 (b) : Non-current Loan

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Loan to Employees	4.89	3.65
<b>Total</b>	<b>4.89</b>	<b>3.65</b>

## Note 5 (b): Current Loans

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Loan to Employees	5.78	6.29
<b>Total</b>	<b>5.78</b>	<b>6.29</b>

## Note 5 (c) : Other non-current financial assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Security Deposits to		
- Related Parties	192.85	143.55
- Others	130.88	113.75
Advances Recoverable in Cash		
- Considered Good	-	10.00
- Considered Doubtful	43.50	33.50
	<b>43.50</b>	<b>43.50</b>
Less : Provision for Doubtful Advances	43.50	33.50
	-	10.00
Fixed deposits with Banks with maturity period more than twelve months	70.27	50.76
Margin Money Deposit Accounts	2.01	2.76
Interest Accrued on Fixed Deposits	15.91	1.13
<b>Total</b>	<b>411.92</b>	<b>321.95</b>

## Note 5 (c) : Other current financial assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Security Deposits to		
- Related Parties	17.17	7.80
- Others	22.49	44.29
Advances to Related Parties	1.55	1.26
Advances Recoverable	-	9.89

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 5 (c) : Other current financial assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Government Grants Receivable	4,326.91	2,727.07
Technology Upgradation Fund Credit Receivable	572.39	600.68
Interest Receivable under Subvention Scheme	13.92	7.79
Mark-to-Market gain (Net) on Forward/ Swap Contracts	148.05	1,641.62
Interest Accrued on Bonds/ Certificate of Deposits	26.01	20.62
Interest Accrued on Deposits	11.15	19.59
Insurance Claim Receivable	19.73	489.61
<b>Total</b>	<b>5,159.37</b>	<b>5,570.22</b>

## Note 5 (d) : Trade receivables

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Unsecured, considered good</b>		
- Trade receivables	9,257.31	9,624.11
- Receivables from related parties (Refer Note 30)	77.90	0.04
Less : Provision for Doubtful Debts	25.31	23.54
<b>Total</b>	<b>9,309.90</b>	<b>9,600.61</b>

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Company 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.

## Note 5 (e) : Cash and cash equivalents

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Cash on Hand	12.86	3.51
Balances with banks		
- In Current Accounts	1,063.14	1,102.90
Fixed deposits with Banks with original maturity period of less than three months	115.25	131.60
<b>Total</b>	<b>1,191.25</b>	<b>1,238.01</b>

## Note 5 (f) : Bank balances other than cash and cash equivalents

(₹ million)

	As At March 31, 2018	As At March 31, 2017
- Fixed Deposits (Refer note (a) below)	436.46	364.40
- In Margin Money Deposit Accounts (Refer note (a) below)	9.96	9.74
- Unpaid Dividend Account (Refer note (b) below)	18.59	15.96
<b>Total</b>	<b>465.01</b>	<b>390.10</b>

(a) Includes the following balances which are not available for use by the Company:

- Fixed Deposits of Rs. 114.58 million (March 31, 2017 : Rs.110 million) are earmarked for repayment of Current Maturities of Long Term Loans
- Fixed Deposits of Rs. 274.64 million (March 31, 2017 : Rs.Nil) are held as Lien against LC limit.
- Fixed Deposits include Rs. 0.04 million (March 31, 2017 : Rs. 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, 2018

## Note 6 : Deferred tax assets

	(₹ million)	
	As At March 31, 2018	As At March 31, 2017
<b>The balance comprises temporary differences attributable to:</b>		
Deferred Tax Asset arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	-	2.51
- Provision for Employee Benefits	1.37	0.87
- Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	2.81	7.59
- Provision for Inventory	184.05	468.69
- Unabsorbed Depreciation and Business Losses	4.85	229.92
- Classification of investment in preference shares on FRV	79.80	100.51
- Others	29.62	31.26
Minimum Alternative Tax Credit Entitlement	247.71	178.04
Deferred Tax Liabilities arising on account of Timing differences in :		
- Property, plant, equipment and Intangible Assets	116.84	159.18
- Hedging reserves	-	115.34
- Preference shares	54.64	42.71
<b>Total</b>	<b>378.73</b>	<b>702.16</b>

	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 for inadmissible under section 40(a) of the Income Tax Act, 1961	Provision Inventory	Unabsorbed in depreciation and Business Losses	Classification of investment in preference shares on FRV	Other items	Total
Particulars												(₹ million)
<b>April 01, 2016</b>	<b>(206.92)</b>	<b>(115.34)</b>	<b>(42.71)</b>	<b>115.30</b>	<b>2.99</b>	<b>0.83</b>	<b>1.75</b>	<b>461.46</b>	<b>379.97</b>	<b>100.51</b>	<b>32.57</b>	<b>730.41</b>
(Charged) / Credited :												
to Statement of Profit and Loss	47.74	-	-	62.74	(0.48)	0.04	5.84	7.23	(150.05)	-	(1.31)	(28.25)
to Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>March 31, 2017</b>	<b>(159.18)</b>	<b>(115.34)</b>	<b>(42.71)</b>	<b>178.04</b>	<b>2.51</b>	<b>0.87</b>	<b>7.59</b>	<b>468.69</b>	<b>229.92</b>	<b>100.51</b>	<b>31.26</b>	<b>702.16</b>
(Charged) / Credited :												
to Statement of Profit and Loss	42.34	-	(11.93)	69.67	(2.51)	0.50	(4.78)	(284.64)	(225.07)	(20.71)	(1.64)	(438.77)
to Other Comprehensive Income	-	115.34	-	-	-	-	-	-	-	-	-	115.34
<b>March 31, 2018</b>	<b>(116.84)</b>	<b>-</b>	<b>(54.64)</b>	<b>247.71</b>	<b>-</b>	<b>1.37</b>	<b>2.81</b>	<b>184.05</b>	<b>4.85</b>	<b>79.80</b>	<b>29.62</b>	<b>378.73</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 7 : Other Non-current assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Capital Advances to		
- Related Party	75.00	75.00
- Others	304.25	163.01
Security Deposits to Others	22.72	17.93
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	132.21	108.42
- Considered Doubtful	56.57	56.57
	188.78	164.99
Less : Provision for Doubtful Balances	56.57	56.57
	132.21	108.42
Status Holder Incentive Scrip in Hand	2.03	3.77
Prepaid Expenses	-	0.67
<b>Total</b>	<b>536.21</b>	<b>368.80</b>

## Note 7 : Other Current assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Others</b>		
Balances with Customs, Excise, Sales Tax and other Government Authorities		
- Considered Good	3,920.86	2,478.10
- Considered Doubtful	12.50	12.50
	3,933.36	2,490.60
Less : Provision for Doubtful Balances	12.50	12.50
	3,920.86	2,478.10
Advances Recoverable in Cash or in Kind or for Value to be Received	-	60.47
Grauity Fund	8.96	-
Prepaid Expenses	172.36	188.44
Advance to vendors	767.14	657.28
Advance to Employees	30.24	27.67
Others	-	4.30
<b>Total</b>	<b>4,899.56</b>	<b>3,416.26</b>

## Note 8 : Inventories

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Raw Materials	4,119.32	3,344.96
Work-in-Progress	3,567.96	4,250.06
Finished Goods and Traded Goods (including in transit)	4,488.20	4,481.75
Packing Materials	218.99	226.27
Stores, Spares, Dyes and Chemicals	659.33	506.98
<b>Total</b>	<b>13,053.80</b>	<b>12,810.02</b>

## 9 (a) : Equity share capital

(i) Authorised equity share capital	Equity Shares of Re. 1 each	
	Number of Shares	Amount (₹ million)
As at March 31, 2016	1,555,000,000	1,555.00
As at March 31, 2017	1,555,000,000	1,555.00
As at March 31, 2018	1,555,000,000	1,555.00
Equity Shares of Re. 1 each (March 31, 2017 : Re. 1 each)		

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

ii) Issued, subscribed and paid up	Equity Shares of Re. 1 each fully paid up	
	Number of Shares	Amount (₹ million)
As at April 01, 2016	1,004,724,050	1,004.73
As at March 31, 2017	1,004,724,050	1,004.73
Changes during the year*	1,100	-
As at March 31, 2018	1,004,725,150	1,004.73
Equity Shares of Re. 1 each (March 31, 2017 : Re. 1 each)		

\*1100 Equity Shares held by one of Subsidiary has been sold during the year

(iii) Shares held by holding company (Holding company as defined in Ind AS-24 : "Related Party Disclosure")	As at March 31, 2018		As at March 31, 2017	
	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	679,078,913	679.08
	679,078,913	679.08	679,078,913	679.08

## Note: Change in holding company during the previous year

1. MGN Agro Properties Private Limited (up to March 29,2017)
2. Krishiraj Trading Limited (KTL) (up to September 27,2016)

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	%	Number of Shares	%
<b>Equity Shares :</b>				
Prasert Multiventure Private Limited	679,078,913	67.59	679,078,913	67.59

## (v) Rights, preferences and restrictions attached to Equity shares

The company has one class of equity shares having a par value of Re. 1 per share (March 31, 2017 : Re. 1). Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

## (vi) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceeding March 31, 2018)

10,475,496 equity shares of Rs. 10 each fully paid were issued in January 2013 to the erstwhile shareholders of Welspun Global Brands Limited (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.

## Note 9 (b) : Reserves and surplus

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<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	488.38	488.38
<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	1,474.73	1,474.73



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 9 (b) : Reserves and surplus

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Debenture Redemption Reserve</b>		
Balance as at the beginning of the year	99.31	55.00
Add : Additions during the year	46.80	44.31
Balance as at the end of the year	146.11	99.31
<b>Securities Premium reserve</b>		
Balance as at the beginning of the year	3,238.12	3,238.12
Add : Additions during the year	-	-
Balance as at the end of the year	3,238.12	3,238.12
<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	711.39	711.39
<b>Retained earnings</b>		
Balance as at the beginning of the year	15,903.22	12,430.08
Less : Adjustment for transaction with non-controlling interest [Refer note 29 (c)]	-	14.19
Add : Profit for the year	3,849.67	3,575.62
	19,752.89	15,991.51
Less : Appropriations		
Final dividend on Equity Shares	653.07	50.24
Dividend distribution tax on Final dividend on Equity Shares	132.97	10.23
Transfer to Debenture Redemption Reserve	46.80	44.31
<b>Add : Items of other comprehensive income recognised directly in retained earnings</b>		
Remeasurements of post-employment benefit obligation, net of tax	32.07	16.49
Balance as at the end of the year	18,952.12	15,903.22
<b>Total</b>	<b>25,010.85</b>	<b>21,915.15</b>

## Note 9 (c) : Other reserves

(₹ million)

	Notes	FVOCI - Equity Investments (Refer note (f) below)	Hedging reserve (Refer note (g) below)	Foreign currency Translation reserve (Refer note (h) below)	Total other reserves
<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>
Change in fair value of FVOCI equity instrument	5 (a)	(5.37)	-	-	(5.37)
Amount recognised in Hedging Reserve during the year		-	861.13	-	861.13
Gain transferred to Statement of Profit and Loss	28	-	(2,325.56)	-	(2,325.56)
Deferred tax		-	504.27	-	504.27
Foreign currency translation differences		-	-	(44.93)	(44.93)
<b>As at 31 March, 2018</b>		<b>11.45</b>	<b>98.61</b>	<b>(68.92)</b>	<b>41.14</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Notes: 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 Group, a sum equal to the nominal amount of the shares to be redeemed has to be transferred to this reserve and 2) when Group 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 Group to be issued to members of the Group as fully paid bonus shares.

### (b) Capital Reserve

Out of total, Capital Reserve of Rs. 1,426.55 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.

### (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.

The group designates the spot component of foreign currency forward contracts and the intrinsic value of foreign currency option contracts as hedging instruments in cash flow hedge relationships. The group defers changes in the forward element of foreign currency forward contracts and the time value element of foreign currency option contracts in the costs of hedging reserve. The deferred costs of hedging are included in the initial cost of the related inventory when it is recognised or reclassified to profit or loss when the hedged item affects profit or loss.

### (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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 10 (a) : Non-current borrowings

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As At March 31, 2018	As At March 31, 2017
<b>1</b>	<b>Secured Loans:</b>				
	<b>Measured at amortised cost</b>				
<b>(A)</b>	<b>Debentures</b>				
	9.84% Redeemable Non-convertible Debentures.[Refer Note (aa) below]			877.27	1,094.23
<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 installment due in April 2019.	Repayable in 30 quarterly installments commencing from January 2012.	734.69	1,022.36
(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	293.83	538.06
(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	190.43	213.98
(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	2,538.02	3,087.55
(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	863.86	1,003.19
(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 Rs. 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	151.31	208.21
(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.	7,438.15	7,956.65
(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	3,272.87	3,226.63

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 10 (a) : Non-current borrowings

(₹ million)

Sr. No.	Particulars	Maturity Date	Terms of Repayment	As At March 31, 2018	As At March 31, 2017
(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	842.81	715.89
(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	2,570.94	2,417.27
(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 due in June 2025.	Repayable in 28 quarterly instalments commencing from September 2018	310.96	-
(l)	Long Term Working Capital loan in a subsidiary is secured against a charge registered on Companies House .	Last instalment due in July 2020.	Repayable in 39 quarterly instalments commencing from May 2017.	196.83	-
<b>2</b>	<b>Unsecured Loans :</b>				
	<b>Measured at amortised cost</b>				
	<b>Loans from Others</b>				
(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
(b)	Liability component of compound financial instruments (Refer note (ab) below)			47.81	42.08
	<b>Total borrowings</b>			<b>20,329.78</b>	<b>21,528.42</b>
	Less : Current maturities of long-term debt (included in Note 10(b) )			3,199.07	1,232.77
	Less : Interest accrued but not due (included in Note 10 (b) )			102.23	135.49
	<b>Total</b>			<b>17,028.48</b>	<b>20,160.16</b>

\* The rate of interest on the Non-current borrowings in the table above are in the range of 9.25 % to 11.20 % (March 31, 2017 : 9.84 % to 11.37 %). These loans are eligible for Central and State Government Interest Subsidies/ Rebates.

### Notes :

#### (aa) Nature of security and terms of repayment for secured debentures :

On March 30, 2016, the Company's subsidiary Welspun Captive Power Generation Limited (WCPGL) issued 2,200 rated, listed, secured, redeemable, Non-Convertible Debentures of Rs. 10 lacs each aggregating to Rs. 2,200,000,000. The debentures bear an interest at an agreed upon annual rate of 9.84% compounded monthly and payable annually. The debentures are guaranteed by Welspun India Limited. These Debentures were subsequently listed on the Wholesale Debt Market Segment of the National Stock Exchange (NSE) on April 13, 2016. The subsidiary has redeemed 1,320 secured, redeemable, Non-Convertible Debentures of Rs. 10 lacs each aggregating to Rs 1,320,000,000 upto March 31, 2018.

Structure and Redemption of Non Convertible Debentures are set out as below:

Sr. No.	Redemption Date	Amount (Rs. million)
1	At the end of the 38th month from date of allotment i.e. May 30, 2019.	880

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (ab) 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 subsidiary. The Option may be exercised in full or in part by the subsidiary. The Shares shall neither be converted into Equity Shares of the subsidiary nor shall carry any voting rights in the subsidiary 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 Rs. 10 each with effect from April 01, 2015.

## Note 10 (a) : Current borrowings

	As At March 31, 2018	As At March 31, 2017
(₹ million)		
Secured:		
Measured at amortised cost		
- Working Capital Loans from Banks [Refer Note (i) below]	7,812.70	7,235.32
Unsecured :		
Measured at amortised cost		
- Working Capital Loans from Banks	375.54	314.98
- Supplier financing [Refer note (ii) below]	2,381.00	2,335.04
- Commercial Paper [Refer note (iii) below]	500.00	-
- Export bills discounted	1,511.26	1,836.97
<b>Total current borrowings</b>	<b>12,580.50</b>	<b>11,722.31</b>
Less : Interest accrued but not due [included in Note 10 (b)]	0.94	1.54
	<b>12,579.56</b>	<b>11,720.77</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.

## Note 10 (b) : Other Non-current financial liabilities

	As At March 31, 2018	As At March 31, 2017
(₹ million)		
Security Deposits	23.17	20.36
<b>Total</b>	<b>23.17</b>	<b>20.36</b>

## Note 10 (b) : Other current financial liabilities

	As At March 31, 2018	As At March 31, 2017
(₹ million)		
Current maturities of long term debt		
- Rupee Term Loans from Banks [Refer note (b) below and note 10 (a)]	3,199.07	1,009.12

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 10 (b) : Other current financial liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
- From Others [Refer Note 10 (a)]	-	3.65
- Debentures Redeemable within One Year [Refer note 10 (a)]	-	220.00
Interest Accrued but not due on Borrowings	102.67	136.41
Interest Accrued but not due on Debentures	0.50	0.62
Security Deposits	77.43	98.77
Creditors for Capital Purchases	182.96	490.06
Provision for mark-to-market losses on derivatives	-	22.22
Unpaid Dividends (Refer note (a) below)	18.59	15.96
Other Payables	56.86	75.09
<b>Total</b>	<b>3,638.08</b>	<b>2,071.90</b>

### Notes:

- (a) Rs. 0.45 million was due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 and was paid during the year
- (b) Fixed Deposits of Rs. 114.58 million (March 31, 2017 : Rs. 110 million,) are earmarked for repayment of the above Current Maturities of Long Term Loans.

## Note 10 (c) : Trade payables

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Acceptances	27.38	74.60
Trade Payables	6,419.15	7,442.73
<b>Total</b>	<b>6,446.53</b>	<b>7,517.33</b>

## Note 11 : Non-current provisions

(₹ million)

	As At March 31, 2018	As At March 31, 2017
- Provision for Contingency [Refer note (b) below]	23.41	21.92
<b>Total</b>	<b>23.41</b>	<b>21.92</b>

## Note 11 : Current provisions

(₹ million)

	As At March 31, 2018	As At March 31, 2017
- Provisions for Contingency [Refer note (c) below]	1.01	1.00
- Provision for exceptional items [Refer note (a) below]	233.55	850.46
<b>Total</b>	<b>234.56</b>	<b>851.46</b>

Particulars	Provision for exceptional items [Refer note (a) below]	Provisions for Contingency - Non Current and Current [Refer note (b) & (c) below]
<b>As at March 31, 2016</b>		27.84
Charged/ (credited) to profit or loss	5,004.85	1.37
Provisions utilised/adjusted during the year	4,154.39	6.29
<b>As at March 31, 2017</b>	850.46	22.92
Charged/ (credited) to profit or loss	-	1.50
Provisions utilised/adjusted during the year	616.91	-



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

Particulars	Provision for exceptional items [Refer note (a) below]	Provisions for Contingency - Non Current and Current [Refer note (b) & (c) below]
<b>As at March 31, 2018</b>	233.55	24.42

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

## Note 12 : Non-current employee benefit obligations

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Employee Benefits Payable**	-	51.67
<b>Total</b>	-	<b>51.67</b>

## Note 12 : current employee benefit obligations

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Provision for Compensated Absences [Refer Note 19]	182.21	152.25
Provision for Gratuity [Refer Note 19]	-	16.43
Employee Benefits Payable**	551.21	368.96
<b>Total</b>	<b>733.42</b>	<b>537.64</b>

\*\* Includes salary, wages, bonus, leave travel allowance and director commission

## Note 13 : Deferred tax liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>The balance comprises temporary differences attributable to:</b>		
<b>Deferred Tax Liabilities arising on account of Timing differences in :</b>		
- Property, Plant and Equipment and Intangible assets	3,137.59	2,197.38
- Hedging reserves	51.88	450.73
- Valuation of current investments	1.74	1.09
- Provision for Inventory	-	62.64
- Government grants	-	47.61
Deferred Tax Asset arising on account of Timing differences in:		
- Provision for Doubtful Debts/ Advances	49.88	32.87
- Provision for Unpaid Statutory Dues under Section 43B of the Income Tax Act, 1961	60.62	54.55
- Provision for Employee Benefits	43.25	49.42
- Expenses inadmissible under section 40(a) of the Income Tax Act, 1961	14.24	23.20
- Government grants	62.12	-
- Provision for Inventory	74.63	-
- Unabsorbed Depreciation and Business Losses of Subsidiaries	54.23	232.53
- Others	0.10	2.27
Minimum Alternative Tax Credit Entitlement	1,087.36	196.81
<b>Total</b>	<b>1,744.78</b>	<b>2,167.80</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

Particulars	Property, Plant and Equipment	Hedging and reserves	Valuation of current investment	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
April 01, 2016	1,741.29	78.87	(3.53)	-	(43.37)	(46.36)	(40.14)	(46.51)	(15.84)	-	(168.72)	(128.05)	1,327.64
Charged / (Credited)													-
to Statement of Profit and Loss	456.09	-	4.62	(196.81)	10.50	(8.19)	-	23.31	78.48	(232.53)	216.33	106.47	458.27
to Other Comprehensive Income	-	371.86	-	-	-	-	(9.28)	-	-	-	-	19.31	381.89
March 31, 2017	2,197.38	450.73	1.09	(196.81)	(32.87)	(54.55)	(49.42)	(23.20)	62.64	(232.53)	47.61	(2.27)	2,167.80
Charged / (Credited):													-
to Statement of Profit and Loss	940.21	-	0.65	(890.55)	(17.01)	(6.07)		8.96	(137.27)	178.30	(109.73)	(16.55)	(49.06)
to Other Comprehensive Income	-	(398.85)	-	-	-	-	6.17	-	-	-	-	18.72	(373.96)
March 31, 2018	3,137.59	51.88	1.74	(1,087.36)	(49.88)	(60.62)	(43.25)	(14.24)	(74.63)	(54.23)	(62.12)	(0.10)	1,744.78

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 14 : Other Non current liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Deferred Income [Refer Note below]	888.83	773.62
<b>Total</b>	<b>888.83</b>	<b>773.62</b>

## Note 14 : Other current liabilities

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Advances from Customers	74.84	155.38
Amounts due to Related Parties	595.87	595.87
Unearned Revenue	6.05	5.14
Statutory dues	173.78	396.98
Deferred Income (Refer Note below)	203.30	422.37
Others	0.12	0.10
<b>Total</b>	<b>1,053.96</b>	<b>1,575.84</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.

## Note 15 : Revenue from Operations

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Sale of Products</b>		
Finished Goods and Traded Goods	52,655.86	57,438.19
Power & Steam	646.78	266.36
Sub Total	53,302.64	57,704.55
<b>(b) Other operating income</b>		
<b>Government Grant:</b>		
Vat/ State Goods and Service Tax incentive (SGST) [Refer Note (i) below]	2,249.65	2,866.59
Export Benefits [Refer Note (ii) below]	4,319.44	5,029.88
Sale of Coal	25.64	82.69
Sale of Scrap	607.00	721.68
Job Work and Processing Charges	1.38	0.04
<b>Sub Total</b>	<b>7,203.11</b>	<b>8,700.88</b>
<b>Total</b>	<b>60,505.75</b>	<b>66,405.43</b>

### Notes:

- (i) **Value Added Tax (VAT)/State Goods and Service Tax (SGST) Concession:** Reimbursement of VAT/SGST 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.
- (ii) **Merchandise Export Incentive Scheme (MEIS):** Group is entitled for reward under MEIS computed at specified rates on FOB value of exports to specified countries.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 16 : Other income

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income from financial assets measured at amortised cost		
On Fixed Deposits	26.20	24.94
Interest income from financial assets measured at fair value through profit or loss		
On Bonds and Certificate of Deposits	212.83	222.40
Interest income on Others	30.92	22.27
Interest income on income tax refund	-	43.14
Rent	43.49	34.01
Dividend income from investments	-	0.33
Unwinding of discount on security deposits	18.81	18.96
Net gain on financial assets measured at fair value through profit or loss	9.07	16.10
Liabilities Written Back as no Longer Required	26.51	-
Profit on Redemption/ Sale of Units in Mutual Funds	43.61	110.07
Profit on Sale of Bonds/ Certificate of Deposits	7.59	60.88
Profit on Sale of Property , Plant and Equipments	13.80	0.01
Exchange Gain (Net)	289.11	-
Service Charges	6.40	6.40
Income on Statusholder Incentive Scrip	9.84	130.52
Miscellaneous	73.83	115.49
<b>Total</b>	<b>812.21</b>	<b>805.52</b>

## Note 17 : Cost of materials consumed

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Raw material consumed		
Opening inventory	3,344.96	3,406.38
Add: Purchases (net)	24,313.16	25,995.80
Less : Inventory at the end of the year	4,119.32	3,344.96
	23,538.80	26,057.22
Packing material consumed		
Opening inventory	226.27	246.83
Add: Purchases (net)	2,552.72	2,483.80
Less : Inventory at the end of the year	218.99	226.27
	2,560.00	2,504.36
<b>Total</b>	<b>26,098.80</b>	<b>28,561.58</b>

## Note 18 : Changes in inventory of finished goods, work-in-progress and stock-in-trade

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>(Increase)/ Decrease in Stocks</b>		
Stock at the end of the year :		
Finished Goods and Traded Goods	4,488.20	4,481.75
Work-in-Process	3,567.96	4,250.06
<b>Total A</b>	<b>8,056.16</b>	<b>8,731.81</b>
Less : Stock at the beginning of the year :		
Finished Goods and Traded Goods	4,481.75	3,761.87
Work-in-Process	4,250.06	3,026.19
<b>Total B</b>	<b>8,731.81</b>	<b>6,788.06</b>
<b>(Increase )/ decrease in Stocks (A-B)</b>	<b>675.65</b>	<b>(1,943.75)</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 19 : Employee Benefits Expense

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages, Allowances and Other Benefits	6,184.59	5,855.79
Contribution to Provident and Other Funds	376.78	359.26
Staff and Labour Welfare	192.50	157.93
<b>Total</b>	<b>6,753.87</b>	<b>6,372.98</b>

### I Defined Contribution Plans

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:</b>		
Employers' Contribution to Provident Fund & Pension Scheme	307.21	295.98
Employers' Contribution to Employees' State Insurance	42.90	37.95
Employers' Contribution to Superannuation Scheme	5.75	4.37
Other social security funds*	20.92	20.96
<b>Total</b>	<b>376.78</b>	<b>359.26</b>

### 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, 2018	As At March 31, 2017
	% p.a.	% p.a.
Discount Rate	7.56 - 7.88	7.12 - 7.26
Salary Escalation Rate @	5.00 to 7.00	5.00 to 7.50

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

#### b. Change in the Present Value of Obligation

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Opening Present Value of Obligation</b>	<b>353.37</b>	<b>299.73</b>
Current Service Cost	87.97	82.08
Past Service Cost	13.83	
Interest Cost	25.59	24.08
<b>Total amount recognised in profit or loss</b>	<b>127.39</b>	<b>106.16</b>
Remeasurements		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic assumptions	-	4.70
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial assumptions	(28.58)	(16.22)
Actuarial (Gains)/Losses on Obligations - Due to Experience assumptions	(26.07)	(10.57)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Total amount recognised in other comprehensive income</b>	<b>(54.65)</b>	<b>(22.09)</b>
Benefit/ Exgratia paid	(32.64)	(30.42)
<b>Closing Present Value of Obligation</b>	<b>393.47</b>	<b>353.38</b>

## c. Change in Fair Value of Plan Assets

(₹ million)

	As At March 31, 2018	As At March 31, 2017
<b>Opening Fair Value of Plan Assets</b>	<b>336.94</b>	<b>301.13</b>
Interest Income	24.40	24.20
<b>Total amount recognised in profit or loss</b>	<b>24.40</b>	<b>24.20</b>
<b>Remeasurements</b>		
Return on Plan Assets, Excluding amounts included in Interest Income	(5.61)	3.05
<b>Total amount recognised in other comprehensive income</b>	<b>(5.61)</b>	<b>3.05</b>
Contributions	79.34	32.15
Benefits paid	(32.64)	(23.58)
<b>Closing Fair Value of Plan Assets</b>	<b>402.43</b>	<b>336.95</b>

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

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Present Value of Funded Obligation	(393.47)	(353.38)
Fair Value of Plan Assets	402.43	336.95
<b>Funded Status [ Surplus/(Deficit) ]</b>	<b>8.96</b>	<b>(16.43)</b>

## e. Amount recognised in the Balance sheet

(₹ million)

	As At March 31, 2018	As At March 31, 2017
Present value of Obligation	393.47	353.38
Fair Value of Plan Assets	402.43	336.95
Funded Status [Surplus/ (Deficit)]	8.96	(16.43)
Expense recognised in statement of profit or loss	-	-
<b>Net (liability)/ Asset Recognised in the Balance Sheet</b>	<b>8.96</b>	<b>(16.43)</b>

## f. Expenses Recognised in the Statement of Profit and Loss

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Current Service Cost	87.97	82.08
Net Interest Cost	1.19	(0.11)
Past Service Cost	13.83	0.00
<b>Total Expenses recognized in the statement of profit and loss*</b>	<b>102.99</b>	<b>81.97</b>

\* Included in Employee Benefits Expense



## Notes

To Consolidated Financial Statements for the year ended March 31, 2018

### g. Expenses recognized in the Other Comprehensive Income

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Re-measurement		
Return on Plan Assets	5.61	(3.05)
Net Actuarial Loss/(gain) recognised in the year	(54.66)	(22.11)
<b>Net (Income)/Expenses for the Period Recognised in OCI</b>	<b>(49.05)</b>	<b>(25.16)</b>

### h. Sensitivity Analysis

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Projected Benefit Obligation on Current Assumptions	393.47	353.38
Delta Effect of +1% Change in Rate of Discounting	(31.13)	(30.00)
Delta Effect of -1% Change in Rate of Discounting	36.48	35.40
Delta Effect of +1% Change in Rate of Salary Increase	35.48	35.59
Delta Effect of -1% Change in Rate of Salary Increase	(30.90)	(30.64)
Delta Effect of +1% Change in Rate of Employee Turnover	9.78	6.77
Delta Effect of -1% Change in Rate of Employee Turnover	(11.22)	(7.85)

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 / asset 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:

(₹ million)

	As At March 31, 2018		As At March 31, 2017	
	(₹ million)	%	(₹ million)	%
Insurer Managed funds	402.43	100.00	336.95	100.00

### j. Defined benefit liability and employer contributions

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, 2019 are Rs. 75.61 million.

The weighted average duration of the defined benefit obligation is 08-12 years (2017: 9-13 years). The expected maturity analysis of gratuity is as follows:

(₹ million)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 6 - 10 years	11 Years & Above	Total
<b>March 31, 2018</b>						
Defined benefit obligation (gratuity)	34.50	31.61	99.40	157.47	658.29	981.27
<b>Total</b>						
<b>March 31, 2017</b>						
Defined benefit obligation (gratuity)	28.33	25.48	80.80	134.36	586.75	855.72
<b>Total</b>						

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## III Other Employee Benefit

The liability for leave entitlement and compensated absences as at year end is Rs.182.21 million (March 31, 2017: Rs.152.25 million).

## Note 20 : Depreciation and Amortisation Expense

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	4,991.01	5,016.10
Amortisation of intangible assets	50.70	38.14
<b>Total depreciation and amortization expense</b>	<b>5,041.71</b>	<b>5,054.24</b>

## Note 21 : Other Expenses

(₹ million)

	Year ended March 31, 2018	Year ended March 31, 2017
Stores and Spares Consumed	800.39	1,014.37
Dyes and Chemicals Consumed	2,348.89	2,796.64
Contract Labour Charges	613.75	694.52
Job Work Expenses	1,147.47	1,119.66
Power, Fuel and Water Charges	1,585.61	2,068.99
Excise Duty	5.90	26.38
Repairs and Maintenance:		
Plant and Machinery	148.55	155.98
Factory Building	157.77	125.25
Others	307.64	322.71
Brokerage and Commission	511.41	560.42
Freight, Forwarding and Coolie Charges	1,309.13	1,299.91
Directors' Sitting Fees	5.14	4.75
Rent	453.72	417.39
Rates and Taxes	52.00	68.53
Printing and Stationery	15.87	16.06
Travelling and Conveyance	391.48	373.07
Legal and Professional Charges	456.10	750.67
Security Expenses	45.44	44.69
Insurance	183.70	167.41
Communication	53.10	88.37
Postage and Courier	72.60	67.82
Loss on Sale/ Discarding of Property , Plant and Equipments (Net)	3.06	1.59
Provision for Doubtful Debts/Advances	11.77	-
Loss on Cancellation/ Settlement of Forward Contracts (Net)	14.45	59.32
Exchange Loss (Net)	-	45.01
Debts/ Advances Written off	2.54	8.67
Design and Development Expenses	129.59	145.09
Royalty	89.85	134.99
Advertising and Sales Promotion	1,026.20	916.19
Donations	15.62	3.44
Corporate Social Responsibility Expenses (Refer note 23 (b) below)	126.71	87.48
Payments to auditors (Refer note 23 (a) below)	21.20	22.53
Miscellaneous	176.01	194.62
<b>Total Other Expenses</b>	<b>12,282.66</b>	<b>13,802.52</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Note:</b>		
Expenses capitalised as a part of Capital Work-in-progress		
Employee Costs	13.25	32.25
Other Expenses	-	0.40
<b>Total</b>	<b>13.25</b>	<b>32.65</b>

## Note 21 (a) : Details of Payments to auditors

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
Payment to auditors		
As auditor:		
Audit fee	16.43	16.42
Tax audit fee	2.74	2.79
In other Capacities:		
Taxation matters	-	0.10
Company law matters	0.13	0.09
Certification fees	1.62	2.83
Re-imbursement of expenses	0.28	0.30
<b>Total payments to auditors</b>	<b>21.20</b>	<b>22.53</b>

## Note 21 (b) : Corporate Social Responsibility Expenses

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
(i) Gross amount required to be spent by the Company during the year	156.91	114.09
(ii) Amount spent during the year ending on March 31, 2018		
(a) Construction/acquisition of any asset	-	-
(b) on purposes other than (i) above	126.71	87.48
<b>Total Other Expenses</b>	<b>126.71</b>	<b>87.48</b>

## Note 22 : Finance costs

	(₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	182.86	55.36
(net of interest subsidy of Rs. 1,732.44 million, Previous Year : Rs. 2,032.81 million)		
- Interest on short term borrowings	702.98	873.91
- Interest on Debentures	116.34	247.93
- Interest to Others	31.25	19.84
Discounting and Bank Charges	374.20	385.54
<b>Total</b>	<b>1,407.63</b>	<b>1,582.58</b>

## Note 23 : Exceptional items

- a) During the previous year, the Group had made provision towards Exceptional Items (refund to the customers, inventory write-down, legal fees etc.) relating to the traceability issue. The Group has

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

reassessed the outstanding provision/ liability as at March 31, 2018 and no significant additional provision is considered necessary.

- (b) Relating to the traceability issue, four putative class action suits filed in USA against the Company and its subsidiary viz., Welspun USA Inc. by certain consumers were consolidated in one of the courts during the quarter ended December 31, 2016 and are proceeding as a single putative class action. The court proceedings are in a preliminary stage and it cannot be determined at present whether the consolidated putative class action suit will be permitted to proceed as a class action and therefore the monetary impact, if any, of the final outcome of the law suit is currently un-ascertainable.
- (c) During the previous 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 had accounted for Rs. 357.33 millions under Exceptional Item being loss of profit from the date of incident till the plant was recommissioned.

## Note 24 : Income tax expense

This note provides an analysis of the Group'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 Group's tax positions.

### (a) Statement of Profit & Loss

	(₹ million)	
	March 31, 2018	March 31, 2017
<b>Current Tax</b>		
Current Tax on profits for the year.	1,225.23	1,244.87
<b>Total current tax expense</b>	1,225.23	1,244.87
<b>Deferred Tax</b>		
Decrease (Increase) in deferred tax assets	438.77	28.25
(Decrease) Increase in deferred tax liabilities	(49.06)	458.27
<b>Total deferred income tax expense/(benefit)</b>	389.71	486.52
<b>Income tax expense</b>	<b>1,614.94</b>	<b>1,731.39</b>

### (b) Other Comprehensive Income (OCI)

	(₹ million)	
	March 31, 2018	March 31, 2017
Deferred gain on cash flow hedges	506.27	(371.88)
Net loss/(gain) on remeasurement of defined benefit plans	(16.97)	(8.71)
<b>Total</b>	<b>489.30</b>	<b>(380.59)</b>

### (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	(₹ million)	
	March 31, 2018	March 31, 2017
<b>Profit for the year before income tax expense</b>	<b>5,596.86</b>	<b>5,355.13</b>
<b>Tax at the Indian tax rate @ 34.61 %</b>	<b>1,936.96</b>	<b>1,853.30</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Donation	4.44	0.19
Corporate social responsibility expenditure	61.49	15.14

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

(₹ million)

	March 31, 2018	March 31, 2017
Dividend Income	-	(0.11)
Research and Development Expenditure	(228.62)	(137.51)
Interest on loan given to subsidiary	(23.30)	8.38
Other Items	(148.08)	5.83
<b>Difference in Overseas tax rate</b>	<b>12.05</b>	<b>(13.83)</b>
<b>Income Tax Expenses</b>	<b>1,614.94</b>	<b>1,731.39</b>

## Note 25 : Fair value measurements

### Financial instruments by category

(₹ million)

	March 31, 2018			March 31, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
<b>Investments</b>						
- Equity instruments	254.40	17.05	-	-	22.42	-
- Preference shares	194.84	-	-	185.38	-	-
- Bonds and debentures	326.86	-	-	768.11	-	-
- Mutual funds	483.07	-	-	275.07	-	-
- Others	6.17	-	-	6.35	-	-
Trade receivables	-	-	9,309.90	-	-	9,600.61
Loans	-	-	10.67	-	-	9.94
Cash and cash equivalents	-	-	1,191.25	-	-	1,238.01
Bank balance other than Cash and cash equivalents	-	-	465.01	-	-	390.10
Security deposits	-	-	363.39	-	-	309.39
Government Grants Receivable	-	-	4,326.91	-	-	2,727.07
Technology Upgradation Fund Credit Receivable	-	-	572.39	-	-	600.68
Interest Receivable under Subvention Scheme	-	-	13.92	-	-	7.79
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	148.05	-	-	1,641.62	-
Other financial assets	-	-	146.64	-	-	605.61
<b>Total financial assets</b>	<b>1,265.34</b>	<b>165.10</b>	<b>16,400.07</b>	<b>1,234.91</b>	<b>1,664.04</b>	<b>15,489.20</b>
<b>Financial liabilities</b>						
Borrowings	-	-	32,910.28	-	-	33,250.74
Trade payables	-	-	6,446.53	-	-	7,517.33
Security Deposits	-	-	100.60	-	-	119.13
Creditors for Capital Purchases	-	-	182.96	-	-	490.06
Foreign exchange forward cover	-	-	-	22.14	0.08	-
Other financial liabilities	-	-	75.45	-	-	91.00
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>39,715.82</b>	<b>22.14</b>	<b>0.08</b>	<b>41,468.26</b>

#### (i) Fair value of Financial assets and liabilities measured at amortised cost

	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Trade receivables	9,309.90	9,309.90	9,600.61	9,600.61
Loans	10.67	10.75	9.94	10.24

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	1,191.25	1,191.25	1,238.01	1,238.01
Bank balance other than Cash and cash equivalents	465.01	465.01	390.10	390.10
Security deposits	363.39	363.39	309.39	309.39
Government Grants Receivable	4,326.91	4,326.91	2,727.07	2,727.07
Technology Upgradation Fund Credit Receivable	572.39	572.39	600.68	600.68
Interest Receivable under Subvention Scheme	13.92	13.92	7.79	7.79
Mark-to-Market gain (Net) on Forward/ Swap Contracts	-	-	-	-
Other financial assets	146.64	146.55	605.61	606.04
<b>Total</b>	<b>16,400.07</b>	<b>16,400.06</b>	<b>15,489.20</b>	<b>15,489.93</b>
<b>Financial liabilities</b>				
Borrowings	32,910.28	32,920.95	33,250.74	33,250.74
Derivative financial liabilities	-	-	-	-
Trade payables	6,446.53	6,446.53	7,517.33	7,517.33
Security Deposits	100.60	100.69	119.13	120.23
Creditors for Capital Purchases	182.96	182.96	490.06	490.06
Foreign exchange forward cover	-	-	-	-
Other financial liabilities	75.45	75.45	91.00	91.00
<b>Total</b>	<b>39,715.82</b>	<b>39,726.58</b>	<b>41,468.26</b>	<b>41,469.36</b>

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.

## (ii) 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, 2018

Financial assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets :</b>					
<b>Financial Investments at FVPL</b>					
Equity instruments	5 (a)			254.40	<b>254.40</b>
Preference shares	5 (a)	-	-	194.84	<b>194.84</b>
Bonds and debentures	5 (a)	326.86	-	-	<b>326.86</b>
Mutual funds	5 (a)	483.07	-	-	<b>483.07</b>
Others	5 (a)	6.17	-	-	<b>6.17</b>
<b>Derivatives designated as hedges</b>					
Mark-to-Market Gain on Forward Contracts	5 (c)	-	148.05	-	<b>148.05</b>
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	5 (c)	17.05	-	-	<b>17.05</b>
<b>Total financial assets</b>		<b>833.15</b>	<b>148.05</b>	<b>449.24</b>	<b>1,430.44</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Trade receivables	5 (d)	-	9,309.90	-	<b>9,309.90</b>
Loans	5 (b)	-	10.75	-	<b>10.75</b>
Cash and cash equivalents	5 (e)	-	1,191.25	-	<b>1,191.25</b>
Bank balance other than Cash and cash equivalents	5 (f)	-	465.01	-	<b>465.01</b>
Security deposits	5 (c)	-	-	363.39	<b>363.39</b>
Government Grants Receivable	5 (c)	-	4,326.91	-	<b>4,326.91</b>
Technology Upgradation Fund Credit Receivable	5 (c)	-	572.39	-	<b>572.39</b>
Interest Receivable under Subvention Scheme	5 (c)	-	13.92	-	<b>13.92</b>
Other financial assets	5 (c)	-	146.55	-	<b>146.55</b>
<b>Total financial assets</b>	-	-	<b>16,036.67</b>	<b>363.39</b>	<b>16,400.06</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	32,873.14	47.81	<b>32,920.95</b>
Trade payables	10 (c)	-	6,446.53	-	<b>6,446.53</b>
Security Deposits	10 (b)	-	100.69	-	<b>100.69</b>
Creditors for Capital Purchases	10 (b)	-	182.96	-	<b>182.96</b>
Other financial liabilities	10 (b)	-	75.45	-	<b>75.45</b>
<b>Total financial liabilities</b>		-	<b>39,678.77</b>	<b>47.81</b>	<b>39,726.58</b>

Financial assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial Investments at FVPL</b>					
Preference shares	5 (a)	-	-	185.38	<b>185.38</b>
Bonds and debentures	5 (a)	768.11	-	-	<b>768.11</b>
Mutual funds	5 (a)	275.07	-	-	<b>275.07</b>
Others	5 (a)	6.35	-	-	<b>6.35</b>
<b>Derivatives designated as hedges</b>					
Mark-to-Market Gain on Forward Contracts	5 (c)	-	1,641.62	-	<b>1,641.62</b>
<b>Financial Investments at FVOCI</b>					
Listed Equity Investment	5 (c)	22.42	-	-	<b>22.42</b>
<b>Total financial assets</b>		<b>1,071.96</b>	<b>1,641.62</b>	<b>185.38</b>	<b>2,898.95</b>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Trade receivables	5 (d)	-	9,600.61	-	9,600.61
Loans	5 (b)	-	10.24	-	10.24
Cash and cash equivalents	5 (e)	-	1,238.01	-	1,238.01
Bank balance other than Cash and cash equivalents	5 (f)	-	390.10	-	390.10
Security deposits	5 (c)	-	-	309.39	309.39
Government Grants Receivable	5 (c)	-	2,727.07	-	2,727.07
Technology Upgradation Fund Credit Receivable	5 (c)	-	600.68	-	600.68
Interest Receivable under Subvention Scheme	5 (c)	-	7.79	-	7.79
Other financial assets	5 (c)	-	606.04	-	606.04
<b>Total financial assets</b>			<b>15,180.54</b>	<b>309.39</b>	<b>15,489.93</b>
<b>Financial Liabilities</b>					
Borrowings	10 (a)	-	33,208.66	42.08	<b>33,250.74</b>
Trade payables	10 (c)	-	7,517.33	-	<b>7,517.33</b>
Security Deposits	10 (b)	-	120.23	-	<b>120.23</b>
Creditors for Capital Purchases	10 (b)	-	490.06	-	<b>490.06</b>
Other financial liabilities	10 (b)	-	91.00	-	<b>91.00</b>
<b>Total financial liabilities</b>		-	<b>41,427.28</b>	<b>42.08</b>	<b>41,469.36</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.

**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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## iii) 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.

## (iv) 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, 2018 and March 31, 2017:

(₹ million)

Particulars	Preference shares
<b>As at March 31, 2016</b>	<b>169.27</b>
Gains recognised in Statement of Profit and Loss	16.11
<b>As at March 31, 2017</b>	<b>185.38</b>
Gains recognised in Statement of Profit and Loss	9.46
<b>As at March 31, 2018</b>	<b>194.84</b>

## v) 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 (Rs. million)		Significant unobservable inputs	Probability-weighted range		Sensitivity
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017	
Preference Shares	194.84	185.38	Discount Rate	10.0%	9.5%	<p>March 31, 2018 : Increase in discount factor by 50 basis points (bps) would decrease fair value by Rs. 7.80 million and decrease in discount rate by 50 bps would increase fair value by Rs. 8.16 million.</p> <p>March 31, 2017 : Increase in discount factor by 50 basis points (bps) would decrease fair value by Rs. 7.86 million and decrease in discount rate by 50 bps would increase fair value by Rs. 8.26 million.</p>

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## vi) 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.

## 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 (INR)	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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (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:

- 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 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.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from top ten customers	58.25%	64.43%

### 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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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, 2018

(₹ million)

Ageing	Less than 3 months	3 months to 6 months	Above 6 months	Total
Gross Carrying Amount	6,262.92	1,393.27	1,675.16	9,331.35
Expected Loss Rate	-	0.70%	0.70%	0.23%
Allowance for Doubtful	-	9.75	11.70	21.45
Carrying amount of trade receivables (net of impairment)	6,262.92	1,383.52	1,663.46	9,309.90

## As at March 31, 2017

(₹ million)

Ageing	Less than 3 months	3 months to 6 months	Above 6 months	Total
Gross Carrying Amount	9,381.20	242.95		9,624.15
Expected Loss Rate	-	10%	-	0%
Allowance for Doubtful	-	23.54	-	23.54
Carrying amount of trade receivables (net of impairment)	9,381.20	219.41		9,600.61

Reconciliation of loss allowance provision - Trade receivables

	Amount (₹ million)
Allowance for doubtful debts on March 31, 2017	23.54
Change in Allowance for doubtful debts	(2.09)
Allowance for doubtful debts on March 31, 2018	21.45

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:

(₹ million)

	As at March 31, 2018	As at March 31, 2017
Expiring with one year (Export bills discounting, Bank overdraft etc.)	8,197.06	7,871.28
Expiring beyond one year (bank loans)	2,441.50	5,160.55
<b>TOTAL</b>	<b>10,638.56</b>	<b>13,031.83</b>



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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 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, 2018

(₹ 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	11,348.16	1,297.31	5,061.50	6,824.70	11,764.16	3,147.58	39,443.41
Trade payables	4,899.93	870.53	667.67	8.42	-	-	6,446.55
Other financial liabilities	441.90	-	0.50	-	19.77	-	462.17
<b>Total non derivatives liabilities</b>	<b>16,689.99</b>	<b>2,167.84</b>	<b>5,729.67</b>	<b>6,833.12</b>	<b>11,783.93</b>	<b>3,147.58</b>	<b>46,352.13</b>
<b>Derivatives</b>							-
Forward contracts	-	75.19	67.67	-	-	-	142.86
<b>Total derivatives liabilities</b>	<b>-</b>	<b>75.19</b>	<b>67.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142.86</b>

### 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	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	-	-	-	7,517.34
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>

## 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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (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, 2018				March 31, 2017			
Foreign Currency	USD	EUR	GBP	Others*	USD	EUR	GBP	Others*
<b>Financial Assets</b>								
Trade Receivables	11,518.17	493.85	9.67	-	8,602.56	72.52	409.84	-
Derivative contracts	-	-	-	-	(30,114.78)	(9.67)	(81.00)	-
<b>Net exposure to foreign currency risk (assets)</b>	11,518.17	493.85	9.67	-	(21,512.22)	62.85	328.84	-
<b>Financial liabilities</b>								
Borrowings	4,315.80	-	838.47	-	4,362.92	-	546.72	-
Trade payables	5,466.86	81.13	-	7.71	1,785.47	156.95	337.95	0.41
Other financial liabilities	5.37	60.61	-	-	-	-	-	-
Forward Contracts	-	-	-	-	(292.75)	(163.43)	-	-
<b>Derivative liabilities</b>								
Foreign exchange forward contracts	(107.30)	-	-	-	(172.23)	(163.43)	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	9,680.72	141.74	838.47	7.71	5,683.41	(169.91)	884.67	0.41

\*Others consists of JPY and CHF foreign currencies.

## (b) Foreign currency sensitivity

The sensitivity of other component of equity arises from foreign forward exchange contracts.

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD sensitivity</b>				
INR/USD - Increase by 3% (March 31, 2017 - 4%)*	52.07	(11.71)	-	(1,216.30)
INR/USD - Decrease by 3% (March 31, 2017 - 4%)*	(52.07)	(11.71)	-	1,216.30
<b>EURO sensitivity</b>				
INR/EURO - Increase by 3% (March 31, 2017 - 4%)*	12.38	6.54	-	(0.39)
INR/EURO - Decrease by 3% (March 31, 2017 - 4%)*	(12.38)	(6.54)	-	0.39
<b>GBP sensitivity</b>				
INR/GBP - Increase by 3% (March 31, 2017 - 4%)*	(24.86)	(2.26)	-	(0.98)
INR/GBP - Decrease by 3% (March 31, 2017 - 4%)*	24.86	2.26	-	0.98

\* Holding all other variables constant

## (ii) Cash flow and fair value interest rate risk

The Group 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 Group 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 Group by maintaining an appropriate mix between fixed and floating rate borrowings.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	(₹ million)	
	As at March 31, 2018	As at March 31, 2017
Fixed rate borrowings	14,709.20	10,219.48
Floating rate borrowings	19,106.14	23,031.25
<b>Total borrowings</b>	<b>33,815.34</b>	<b>33,250.73</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	March 31, 2018			March 31, 2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Borrowings -Term Loan	9.96%	19,106.14	57%	10.11%	23,031.25	69%
<b>Net exposure to cash flow interest rate risk</b>	<b>-</b>	<b>19,106.14</b>	<b>-</b>	<b>-</b>	<b>23,031.25</b>	<b>-</b>

## (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	(₹ million)	
	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Increase by 50 basis points (March 31, 2017 - 50 basis points)*	(95.53)	(115.16)
Decrease by 50 basis points (March 31, 2017 - 50 basis points)*	95.53	115.16

\* Holding all other variables constant including change in interest subsidy

## (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	(₹ million)	
	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Increase in price 0.75% (March 31, 2016 - 0.75% )*	4.54	7.82
Decrease in price 0.75% (March 31, 2016 - 0.75% )*	(4.54)	(7.82)

\* Holding all other variables constant

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Impact of hedging activities

### Disclosure of effects of hedge accounting on financial positions:

March 31, 2018	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-INR)	26,526.72		154.25		01-Apr-18 to 29-Mar-19	1:1	861.13	(861.13)

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-INR)	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-INR)	9.67	163.43	0.21	(6.85)	01-Apr-17 to 31-Mar-18	1:1	-	-
Forward contracts (GBP-INR)	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		

### Disclosure of effects of hedge accounting on financial performance

March 31, 2018 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	861.13	6.48	2,325.56	Revenue

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

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.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Movement in cash flow hedging reserve

(₹ million)

Risk category	Foreign currency risk
Derivative instruments	Forward contracts
<b>(i) Cash flow hedging reserve</b>	
<b>As at April 01, 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>
Add: Gain recognised in other comprehensive income during the year	861.13
Less: Amounts reclassified to profit or loss	(2,325.56)
Less: Deferred tax relating to above	504.27
<b>As at 31 March, 2018</b>	<b>98.61</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).

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:

(₹ million)

	March 31, 2018	March 31, 2017
Non current borrowings	17,028.48	20,160.16
Current borrowings	12,579.56	11,720.77
Current maturities of long term debt and finance lease obligations	3,199.07	1,232.77
Less: cash and cash equivalent	1,191.25	1,238.01
Net debt	31,615.86	31,875.69
Total equity	26,523.72	24,326.75
Gearing ratio	1.19	1.31

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (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 Coverage (DSCR) Ratio must be atleast 1.2 times.

The Group has complied with these covenants throughout the reporting period. As at 31 March 2018, the DSCR ratio was 2.35 times (March 31, 2017 : 4.15 times).

## (b) Dividend

	(₹ million)	
	March 31, 2018	March 31, 2017
<b>Equity Share</b>		
Final dividend for the year ended March 31, 2017 of Re. 0.65 (March 31, 2016 of Rs. 0.05) per fully paid share (Dividend distribution tax for the year ended March 31, 2017 : Rs. 132.97 million, March 31, 2016 : Rs. 10.23 million)	653.07	50.24
<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 Rs 0.65 per fully paid equity share (31 March 2017 – Rs 0.65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	653.07	653.07

## 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, bath rugs/ mats, area rugs, carpet, bedsheets, utility bedding and fashion bedding and generation of Power.

The chief operational decision maker monitors the operating results under single operating segment viz., "Home Textiles" for the purpose of making decision about profit or loss in the financial statements. As per requirement of Ind-AS 108 "Operating Segments" no disclosure is required as the Group is operating in single segment namely "Home Textiles"

### ii) Information about Secondary Geographical Segments:

	(₹ million)					
	India		Outside India		Total	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
External Revenue	7,627.65	7,765.60	52,878.10	58,639.83	60,505.75	66,405.43
Carrying Amount of Segment Assets*	58,542.21	58,010.16	13,205.32	14,426.93	71,747.53	72,437.09
Capital Expenditure	3,134.39	7,260.60	76.95	41.82	3,211.34	7,302.42

\* Carrying Amount of Segment Assets are excluding the Tax Assets.

#### 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, 2018

## 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-18 %	31-Mar-17 %	31-Mar-18 %	31-Mar-17 %	
Anjar Integrated Textile Park Private Limited (AITP)	India	100.00	100.00	-	-	Development of Textile Park
Welspun Anjar SEZ Private Limited (WASEZ)	India	100.00	100.00	-	-	Development of Industrial Park
Besa Developers and Infrastructure Private Limited (BESA)	India	100.00	100.00	-	-	Real Estate
Welspun Global Brands Limited (WGBL) (formerly known as Welspun Retail Limited)	India	98.03	98.03	1.97	1.97	Trading in Home Textile Product
Welspun USA Inc. (WUSA)	U.S.A.	98.64	98.64	1.36	1.36	Trading in Home Textile Product
Welspun Captive Power Generation Limited (WCPGL)	India	77.00	77.00	23.00	23.00	Power Generation
Welspun Holdings Private Limited, Cyprus (WHPL)	Cyprus	98.17	98.17	1.83	1.83	Investment
Welspun Home Textiles UK Limited (WHTUUKL) (Held through WHPL)	U.K.	98.17	98.17	1.83	1.83	Investment
CHT Holdings Limited (CHTHL) (Held through WHTUUKL)	U.K.	98.17	98.17	1.83	1.83	Investment
Christy Home Textiles Limited (CHTL) (Held through CHTHL)	U.K.	98.17	98.17	1.83	1.83	Investment
Christy Europe GmbH (Held through CHTL)	Germany	98.17	98.17	1.83	1.83	Trading in Home Textile Product
Welspun UK Limited (WUUKL) (Held through CHTL)	U.K.	98.17	98.17	1.83	1.83	Trading in Home Textile Product
Christy 2004 Limited (Held through WUUKL)	U.K.	98.17	98.17	1.83	1.83	Trading in Home Textile Product
Christy Lifestyle LLC (Held through WUUKL)	U.S.A.	98.17	98.17	1.83	1.83	Trading in Home Textile Product
Christy UK Limited (CUKUL) (Held through CHTL)	U.K.	98.17	98.17	1.83	1.83	Trading in Home Textile Product
ER Kingsley (Textiles) Limited (Held through CHTL)	U.K.	98.17	98.17	1.83	1.83	Trading in Home Textile Product
Welspun Mauritius Enterprises Limited (WMEL)	Mauritius	98.03	98.03	1.97	1.97	Investment
Novelty Home Textiles S A DE C V (Held through WMEL)	Mexico	98.03	98.03	1.97	1.97	Manufacturing of Textile Products
Welspun Zucchi Textiles Limited (WZTL)	India	100.00	100.00	-	-	Manufacturing of bathrobes
Welspun Flooring Limited (WFL)	India	100.00	100.00	-	-	Manufacturing of Home Textile Product
Welspun Nexgen Inc. (WNI)*	U.S.A.	100.00	-	-	-	Investment

\* On November 27, 2017, Welspun Nexgen Limited (WNI) was incorporated as 100% Subsidiary Company.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## (b) Non-controlling interests (NCI)

Set out below is summarised financial information for Welspun Captive Power Generation Limited that has non-controlling interests that is material to the group. The amounts disclosed for subsidiary is before inter-company eliminations.

(₹ million)

Summarised Balance Sheet	Welspun Captive Power Generation Limited	
	As At March 31, 2018	As At March 31, 2017
Current assets	1,048.20	805.71
Current liabilities	205.21	893.37
<b>Net current assets</b>	<b>842.99</b>	<b>(87.66)</b>
Non-current assets	2,046.24	2,409.99
Non-current liabilities	1,089.64	1,063.41
<b>Net non-current assets</b>	<b>956.60</b>	<b>1,346.58</b>
<b>Net assets</b>	<b>1,799.59</b>	<b>1,258.92</b>
<b>Accumulated NCI</b>	<b>413.91</b>	<b>289.55</b>

(₹ million)

Summarised statement of profit and loss	Welspun Captive Power Generation Limited	
	Year Ended 31 March 2018	Year Ended 31 March 2017
Revenue	3,634.85	2,088.17
Profit for the year	540.52	190.94
Other comprehensive income	0.15	0.50
<b>Total comprehensive income</b>	<b>540.67</b>	<b>191.44</b>
Profit allocated to NCI	124.32	43.92
Dividends paid to NCI	-	-

(₹ million)

Summarised cash flows	Welspun Captive Power Generation Limited	
	Year Ended 31 March 2018	Year Ended 31 March 2017
Cash flows from operating activities	700.40	1,109.69
Cash flows from investing activities	(213.54)	0.04
Cash flows from financing activities	(460.20)	(1,244.03)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>26.66</b>	<b>(134.30)</b>

## (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 Rs.143.83 million. Immediately prior to the purchase, the carrying amount of the existing 68% non-controlling interest was Rs.978.82 million. The carrying amount of the 9% non-controlling interest acquired in Welspun Captive Power Generation Limited was Rs.113.60 million. The group recognised a decrease in non-controlling interests of Rs.113.60 million and a decrease in equity attributable to owners of the parent of Rs.14.19 million. The effect on the equity attributable to the owners of Welspun India Limited is summarised as follows:

(₹ million)

	Year Ended 31 March 2017
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

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 30 : Related Party Disclosures

### (i). Relationships

(a)	Enterprises where Control Exists	
	Holding Company	Krishiraj Trading Limited (KTL) (up to September 2016 ,27) MGN Agro Properties Private Limited (up to March 29, 2017) Prasert Multiventure Private Limited (PMPL) (with effect from March 2017 ,30)
(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) Welspun Global Brand Limited Gratuity Fund (WGBLGF) Welspun India Limited Gratuity Fund(WILGF) Technopak Advisors Private 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 outstanding balances are unsecured and repayable in cash.

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 30 : Related Party

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

PARTICULARS	Holding Company 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													Total c/f
	PMPL	KTL	WCL	AYMSL	WENL	WEUPL	WRPL	WPSTL	WWL	WML	WEMO	MITCPL	WFTL	
Transactions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(₹ million)
Loans, Advances and Deposits given	-	-	-	-	-	-	-	(143.83)	-	-	-	-	-	(143.83)
Repayment of Loans, Advances and Deposits given	-	-	-	-	-	-	17.17	-	-	-	-	-	-	17.17
Repayment of Loans, Advances and Deposits received	-	-	-	-	-	-	(17.17)	-	-	-	-	-	-	(17.17)
Purchase of Goods (Including Taxes)	-	-	(0.60)	-	-	-	-	-	-	-	-	-	-	(0.60)
Purchase of Services/ Expenses incurred	-	-	10.11	796.48	-	-	-	250.77	-	-	-	-	-	1,057.36
Sale of Goods/ DEPB Licenses *	-	-	(64.40)	(1,101.26)	-	-	-	(183.03)	-	-	-	-	-	(1,348.69)
Sale of Services/ Expenses incurred	-	-	74.13	-	-	-	47.92	8.55	-	-	-	-	0.04	130.64
Purchase of Fixed Assets / Capital Goods	-	-	(11.12)	-	-	-	(53.11)	(7.96)	-	-	-	-	(0.04)	(72.23)
Remuneration and Commission	-	-	642.74	25.14	1.05	-	81.74	-	-	-	-	-	-	750.67
Investment Made during the year	-	-	(31.53)	(0.03)	(2.09)	(0.03)	-	(45.44)	-	-	-	-	-	(79.12)
Equity Dividend Paid +	441.40	-	-	0.01	-	-	-	0.04	-	-	-	-	-	9.90
Corporate Social Responsibility Expenses	-	(25.25)	-	-	-	-	-	(0.04)	-	-	-	-	-	(10.63)
Contributions made	-	-	13.44	-	-	-	-	-	-	-	-	-	-	13.44
Closing Balance	-	-	(32.17)	-	(34.04)	-	-	-	-	-	-	-	-	(66.21)
Loans, Advances and Deposits received (including interest accrued but not due)	-	-	598.27	-	-	-	-	-	-	-	-	-	-	-
Loans, Advances and Deposits given (including interest accrued on loan)	-	-	(598.27)	-	-	-	-	-	-	-	-	-	-	(598.27)
Trade Receivables (Net of Bills Discounted with Banks)	-	-	1.36	-	1.18	-	196.14	-	-	-	75.00	-	-	273.68
Trade and Other Payables	-	-	-	-	(1.26)	-	(188.22)	-	-	-	(75.00)	-	-	(264.48)
Investments	-	-	68.68	-	-	-	-	8.97	-	-	-	-	-	77.65
	-	-	-	-	(0.04)	-	-	-	-	-	-	-	-	(0.04)
	-	-	-	66.55	0.41	-	-	15.09	-	-	-	-	-	82.05
	-	(0.03)	(130.79)	(1.01)	-	-	-	-	-	-	-	-	-	(131.83)
	-	-	17.05	-	-	-	-	-	-	-	-	-	-	17.05
	-	-	(18.94)	-	-	-	-	-	-	-	-	-	-	(18.94)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

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															Total		(₹ million)		
	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		Post-em-employment Benefit Plan		Total	
	WEL	WFL	WFHK	Worli Realty	Western Tradelink	WIDL	TAPL	DBG	RRM	BKG	RBG	VBG	WGBLGF	WILGF						
Transactions during the year																				
Loans, Advances and Deposits given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(143.83)	(143.83)		
Repayment of Loans, Advances and Deposits given	17.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.17	17.17		
Repayment of Loans, Advances and Deposits received	(17.17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17.17)	(17.17)		
Purchase of Goods (Including Taxes)	(0.60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.60)	(0.60)		
Purchase of Services/ Expenses incurred	1,057.36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,057.36	1,057.36		
	(1,348.69)	-	-	-	(25.40)	-	-	-	-	-	-	-	-	-	-	-	(1,374.09)	(1,374.09)		
Sale of Goods/ DEPB Licenses *	130.64	-	-	-	-	-	0.43	-	-	-	-	-	-	-	-	-	131.07	131.07		
	(72.23)	-	-	-	-	-	(0.40)	-	-	-	-	-	-	-	-	-	(72.63)	(72.63)		
Sale of Services/ Expenses incurred	750.67	-	-	0.41	-	-	-	-	-	-	-	-	-	-	-	-	751.08	751.08		
	(79.12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79.12)	(79.12)		
Purchase of Fixed Assets / Capital Goods	9.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.90	9.90		
	(10.63)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.63)	(10.63)		
Remuneration and Commission	13.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.44	13.44		
Investment Made during the year	(66.21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66.21)	(66.21)		
	-	-	-	-	-	-	-	-	82.74	55.99	38.69	-	2.47	-	-	-	179.89	179.89		
	-	-	-	-	-	-	-	-	(84.88)	(58.85)	(41.45)	-	(0.47)	-	-	-	(185.65)	(185.65)		
Equity Dividend Paid +	(143.83)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(143.83)	(143.83)		
	441.46	-	3.53	-	-	-	-	0.49	-	0.44	1.31	-	-	-	-	-	447.22	447.22		
Corporate Social Responsibility Expenses	(35.08)	-	(0.27)	-	-	-	(1.37)	(0.04)	-	(0.03)	(0.10)	-	-	-	-	-	(36.89)	(36.89)		
	-	-	-	108.22	-	-	-	-	-	-	-	-	-	-	-	-	108.22	108.22		
	-	-	(76.89)	-	-	-	-	-	-	-	-	-	-	-	-	-	(76.89)	(76.89)		
Contributions made	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.50	65.00	78.50		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32.15)	(32.15)	(32.15)		
Closing Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Loans, Advances and Deposits received (including interest accrued but not due)	598.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	598.27	598.27		
	(598.27)	(3.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(601.30)	(601.30)		
Loans, Advances and Deposits given (including interest accrued on loan)	273.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	273.68	273.68		
	(264.48)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(264.48)	(264.48)		
Trade Receivables (Net of Bills Discounted with Banks)	77.65	-	-	0.26	-	-	-	-	-	-	-	-	-	-	-	-	77.91	77.91		
	(0.04)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.04)	(0.04)		
Trade and Other Payables	82.05	-	-	-	-	-	-	-	52.74	38.69	38.69	-	-	-	-	-	212.17	212.17		
	(131.83)	-	(0.15)	-	(4.45)	-	-	(54.88)	(41.45)	(41.45)	(41.45)	-	-	-	-	-	(274.21)	(274.21)		
Investments	17.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	211.89	211.89		
	(18.94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(204.29)	(204.29)		

Year 2016-17 figures are given in round 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 2016-17

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 31 : Capital commitments:

Description	(₹ million)	
	Year Ended 31 March 2018	Year Ended 31 March 2017
Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances)	2,235.11	400.67

## Note 32 :

There are no financial assets or financial liabilities which are subject to offsetting as at March 31, 2018 and March 31, 2017 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, 2018 and March 31, 2017.

## Note 33 : Earnings per Share

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
Profit available for Equity Shareholders (A) (₹ million)	3,849.67	3,575.62
Number of Equity Shares for Basic Earnings Per Share		
- Weighted Number of equity shares outstanding during the year (B)	1,004,724,050	1,004,724,050
- Weighted Number of diluted equity shares outstanding during the year (C)	1,004,724,050	1,004,724,050
Basic Earnings per share (A/B) (Rs.)	3.83	3.56
Diluted Earnings per share (A/C) (Rs.)	3.83	3.56
Nominal value of an equity share (Rs.)	1.00	1.00

## Note 34 : Leases

Where the Company is a lessee:

### Operating Lease

The Company, some of its subsidiaries and it's 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, 2018	As at March 31, 2017
Not later than 1 year	212.50	157.25
Later than 1 year and not later than 5 years	633.50	356.98
Later than 5 years	93.17	33.07

The aggregate rental expenses of all the operating leases for the year are Rs. 453.72 million (FY 2016-17: Rs. 417.39 million).



# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

## Note 35 : Contingent Liabilities:

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Excise, Customs and Service Tax Matters	318.24	310.90
Stamp Duty Matter	4.74	4.74
Sales Tax Matters	16.87	51.64
Income Tax Matters	180.81	162.94
Claims against the group not acknowledged as debts	52.24	52.24
Bank Guarantees	50.03	47.09

(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.

## 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:

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Material Consumption	175.56	204.75
Employee benefits expenses	113.86	95.07
Others	146.32	172.41
<b>Total</b>	<b>435.74</b>	<b>472.23</b>

Details of Capital Expenditure incurred during the year for Research and Development is given below:

(₹ million)

Description	As at March 31, 2018	As at March 31, 2017
Plant and Machinery	31.28	99.39
<b>Total</b>	<b>31.28</b>	<b>99.39</b>

## Note 37 : Additional information mandated by Schedule III of the Companies Act, 2013 regarding Subsidiary companies considered in the consolidated financial statements:

(₹ million)

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	As a % of consolidated profit/(loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Parent</b>								
<b>Welspun India Limited</b>								
31 March, 2018	91.58%	24,290.71	76.37%	3,041.08	-2.56%	25.57	102.80%	3,066.65
31 March, 2017	88.24%	21,465.54	81.33%	2,947.12	1.09%	8.46	67.13%	2,955.58

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

(₹ million)

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	As a % of consolidated profit/(loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Foreign Currency</b>								
<b>Subsidiaries</b>								
<b>Indian</b>								
Welspun Global Brands Limited								
31 March, 2018	10.06%	2,667.31	11.65%	463.94	97.95%	(978.46)	-17.25%	(514.52)
31 March, 2017	16.95%	4,124.40	10.53%	381.57	89.60%	697.82	24.52%	1,079.39
Welspun Zucchi Textiles Limited								
31 March, 2018	0.39%	103.51	0.10%	3.92	0.00%	-	0.13%	3.92
31 March, 2017	0.41%	99.59	0.08%	3.07	0.00%	-	0.07%	3.07
Welspun Flooring Limited								
31 March, 2018	2.84%	753.54	-0.30%	(11.89)	0.00%	-	-0.40%	(11.89)
31 March, 2017	-0.01%	(2.88)	-0.28%	(9.98)	0.00%	-	-0.23%	(9.98)
Besa Developers and Infrastructure Private Limited								
31 March, 2018	-0.05%	(14.46)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
31 March, 2017	-0.06%	(14.43)	0.00%	0.04	0.00%	-	0.00%	0.04
Anjar Integrated Textile Park Private Limited								
31 March, 2018	0.00%	(0.15)	-0.01%	(0.25)	0.00%	-	-0.01%	(0.25)
31 March, 2017	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
Welspun Anjar SEZ Private Limited								
31 March, 2018	8.06%	2,137.09	-0.31%	(12.39)	0.00%	-	-0.42%	(12.39)
31 March, 2017	8.28%	2,015.06	0.50%	18.01	0.00%	-	0.41%	18.01
Welspun Captive Power Generation Limited								
31 March, 2018	6.78%	1,799.59	13.57%	540.53	-0.02%	0.15	18.13%	540.68
31 March, 2017	2.31%	562.30	3.87%	140.14	0.05%	0.38	3.19%	140.52
<b>Foreign</b>								
Welspun Holdings Private Limited								
31 March, 2018	1.70%	451.57	-0.02%	(0.66)	-0.03%	0.33	-0.01%	(0.33)
31 March, 2017	1.86%	451.30	0.03%	1.26	-0.05%	(0.40)	0.02%	0.86
Welspun Home Textiles UK Limited								
31 March, 2018	1.25%	330.27	-0.01%	(0.37)	3.06%	(30.61)	-1.04%	(30.98)
31 March, 2017	1.49%	361.55	-0.01%	(0.45)	5.32%	41.46	0.93%	41.01
Welspun Mauritius Enterprises Limited								
31 March, 2018	0.20%	53.10	0.00%	(0.11)	0.00%	-	0.00%	(0.11)
31 March, 2017	0.22%	53.30	-0.02%	(0.76)	0.00%	0.01	-0.02%	(0.75)
Novelty Home Textiles S A DE C V								
31 March, 2018	-0.01%	(3.86)	0.00%	-	0.01%	(0.13)	0.00%	(0.13)
31 March, 2017	-0.01%	(3.62)	0.00%	-	0.05%	0.39	0.01%	0.39
CHT Holdings Limited*								
31 March, 2018	1.17%	309.77	-2.32%	(92.31)	2.90%	(28.97)	-4.07%	(121.28)
31 March, 2017	1.79%	435.94	-3.14%	(113.64)	1.80%	14.05	-2.26%	(99.59)

# Notes

To Consolidated Financial Statements for the year ended March 31, 2018

(₹ million)

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	As a % of consolidated profit/(loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Foreign Currency								
Welspun USA Inc.								
31 March, 2018	3.66%	970.22	0.93%	36.87	1.06%	(10.63)	0.88%	26.24
31 March, 2017	4.97%	1,208.45	-0.21%	(7.56)	5.44%	42.34	0.79%	34.78
Welspun Next Gen Inc.								
31 March, 2018	1.02%	270.69	0.00%	-	-0.14%	1.39	0.05%	1.39
31 March, 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inter-company Elimination and Consolidation Adjustments								
31 March, 2018	-30.41%	(8,062.18)	-2.97%	(118.67)	-4.28%	42.97	-2.54%	(75.70)
31 March, 2017	-27.90%	(6,785.12)	5.99%	216.80	-4.43%	(34.48)	4.15%	182.32
Non-controlling Interest in all subsidiaries								
31 March, 2018	1.76%	467.00	3.32%	132.25	2.05%	(20.52)	3.75%	111.73
31 March, 2017	1.46%	355.27	1.33%	48.12	1.13%	8.79	1.29%	56.91
<b>Total</b>								
<b>31 March, 2018</b>	<b>100.00%</b>	<b>26,523.72</b>	<b>100.00%</b>	<b>3,981.92</b>	<b>100.00%</b>	<b>(998.91)</b>	<b>100.00%</b>	<b>2,983.01</b>
<b>31 March, 2017</b>	<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>

\* Amounts after consolidation with their subsidiaries

## Note 38 : 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.

**Note 39 :** The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

Firm Registration No: 324982E/E300003

**Per Vikas Kumar Pansari**

Partner

Membership No. 93649

**For and on behalf of the Board of Directors**

**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: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

Place: Mumbai

Date: May 16, 2018

## Notes

[illegible]

## Notes

This image shows a single sheet of white paper with horizontal ruling 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.

## Notes

[illegible]



## Notes

This image shows a single sheet of white paper with horizontal ruling 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.

## Notes

[illegible]

## Notes

This image shows a single sheet of white paper with horizontal ruling 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.

# 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

**Arun Tadarwal**

**Ram Gopal Sharma**

**Pradeep Poddar**

## NOMINATION AND REMUNERATION COMMITTEE

**Ram Gopal Sharma**

**Arun Tadarwal**

**Pradeep Poddar**

## 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

**S R B C & CO 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](mailto: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

The National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,

Bandra (E), Mumbai – 400 051

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street,

Mumbai – 400 051



Welspun India Limited  
Welspun House, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India  
Tel: +91 22 66136000/24908000 Fax: +91 22 24908020/24908021  
[www.welspunindia.com](http://www.welspunindia.com)  
Member of Welspun Group | [www.welspun.com](http://www.welspun.com)



[/TheWelspunGroup](https://twitter.com/TheWelspunGroup)



[/WelspunGroup](https://facebook.com/WelspunGroup)



[/company/welspun-group](https://company.linkedin.com/welspun-group)



**WELSPUN GROUP**  
LEADING TOMORROW TOGETHER

HOME TEXTILES | PIPES AND PLATES | INFRASTRUCTURE AND ENERGY