WELSPUN Corp Ltd

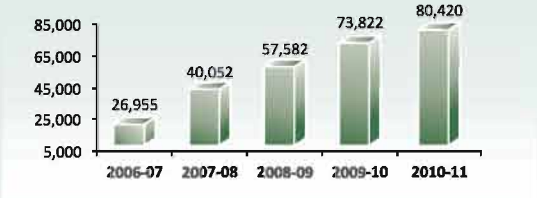
16th Annual Report 2010 - 11

PROGRESS lies not in enhancing what is,
but in advancing toward what will be.

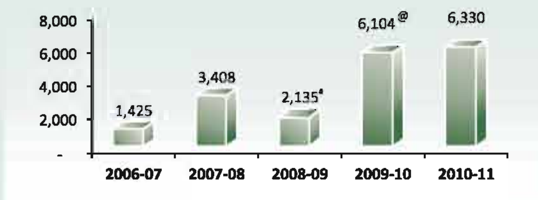
- Khalil Gibran

Financial Highlights (Consolidated)

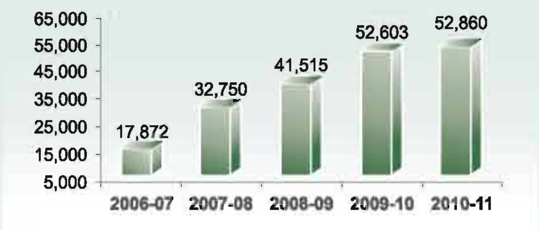
Revenue (including other income) (Rs. Mn)



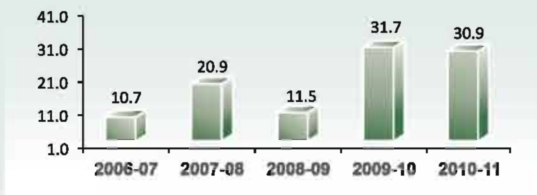
PAT (Rs. Mn)



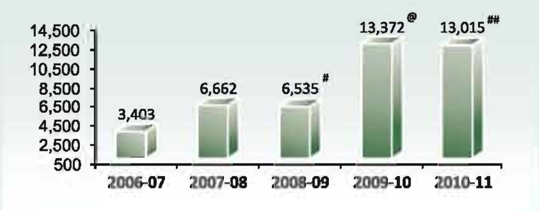
Exports/Overseas Revenue* (Rs. Mn)



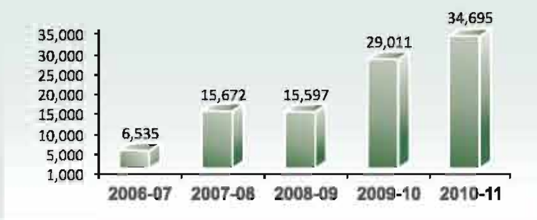
EPS (Rs/ Share.)



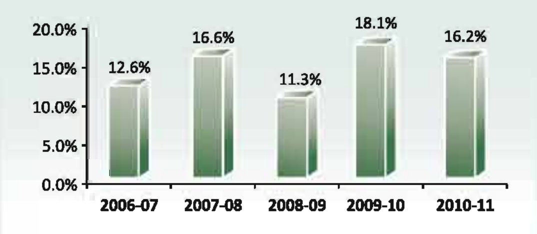
Reported EBITDA (Rs. Mn)



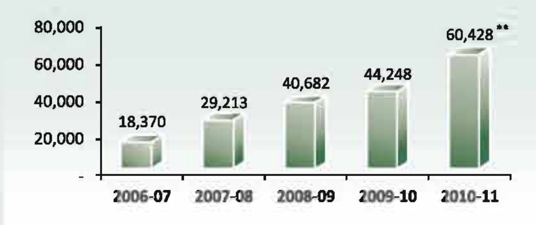
Networth (Rs. Mn)



EBITDA Margin (%)



Fixed Asset (Gross Block including CWIP & DRE) (Rs. Mn)



FY 2010-11: includes export rebate of Rs. 734 mn on receipt of favourable judgement from Honorable Supreme Court and provision of Rs. 2,007 mn on account of settlement with one of the customers thereby ending long pending litigation

@ FY 10 : Forex Provisoning made in the previous year were recovered during the year

** Includes Deemed Exports*

 # FY 09 : Figures are excluding the extraordinary item :Forex provision of Rs.1,256 mn, Provision on ECB of Rs.178 mn and Inventory write down of Rs. 385 mn during FY 2008-09.

*** includes expenditure on Build Operate & Transfer Projects*

PROGRESS lies not in enhancing what is, but in advancing toward what will be.

- Khalil Gibran

It starts with a plan, a project, a strategy or an idea.

Progress – a ubiquitous word in the corporate world and is often considered as one of the most important pre-requisite to ascertain the success of the organization. At Welspun too there was progress all round be it in terms of orders, expansion or growth.

The year began with the name change of erstwhile Welspun Gujarat Stahl Rohren Ltd to Welspun Corp Ltd. Despite tough economic and market conditions Welspun emerged stronger. The year closed with a healthy order book of Rs. 5,400 crores. The company successfully completed the investment in the Saudi plant, which has commenced production in Q4 FY11.

In September 2010, Welspun Group acquired 61% stake in MSK Projects (India) Ltd which was rechristened to Welspun Projects Ltd. Another significant feat was the successful acquisition of 35% stake in Leighton Contractors (India) Private Ltd. (renamed as Leighton Welspun Contractors Pvt. Ltd.) by Welspun Infra Projects Pvt Ltd. In the Pipes business, the Ruby order was completed on time which was a great achievement for the Little Rock plant.

At the same time some key initiatives were put in place for future growth. The Mandya plant in Karnataka has started production and is ramping up to achieve desired level of production. Implementation of L-SAW plant at Anjar is on schedule, and is likely to be commissioned by the end of Q2 FY12. Welspun Middle East is all set to serve the buoyant markets of Middle East and Africa.

With the all round progress and world wide presence Welspun Corp is well poised to take the big leap and become the most respectable Company in the world.

WELSPUN Corp Ltd

Contents

Forward looking statement

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

Corporate Information

Company Identification Number : L27100GJ1995PLC025609
Date of Incorporation: 26th April 1995
Date of Being Listed in Stock Exchange : BSE: 27th March 1997
NSE: 4th December 2003

Type of Business : Manufacturing of Steel Pipes, Coils and Plates
Registered Capital : Rs. 2500 million
Paid Up Capital : Rs. 1023.67 million divided into 204,668,910 equity shares of Rs.5/- each fully paid-up

Par Value / Share : Rs.5/- each
Securities Registrar & Transfer Agent
: Link Intime India Private Ltd.
C- 13, Pannalal Silk Mills
Compound, LBS Marg,
Bhandup (West),
Mumbai - 400078

Board of Directors

Mr. Balkrishan Goenka
(Chairman, Executive)
Mr. Rajesh R. Mandawewala
(Managing Director)
Mr. Murarilal Mittal
(Executive Director Finance)
Mr. Mukul Sarkar
(Nominee Director of Exim Bank Ltd.)
Mr. Asim Chakraborty
(Director -Whole time)
Mr. Raj Kumar Jain
(Director)
Mr. K.H. Viswanathan
(Director)
Mr. Ram Gopal Sharma
(Director)
Mr. Nirmal Gangwal
(Director)

Chief Financial Officer

Mr. Brijgopal Jaju

Company Secretary

Mr. Pradeep Joshi

Auditors

MGB & Co., Chartered Accountants

Registered Office

"Welspun City",
Village Versamedi, Tal. Anjar, Dist Kutch,
Gujarat - 370110
Tel: +91-2836-661111
Fax: +91-2836-279060

Corporate Office

Welspun House, 5th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, INDIA
Tel: +91-22-6613 6000/ 2490 8000
Fax. +91-22-2490 8020/21
E-mail: CompanySecretary_WGSRL@welspun.com
Website: http://www.welspuncorp.com

Stock exchanges where the Company's securities are listed

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

The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 001

Singapore Exchange Securities Trading Limited (the"SGX-ST")
2 Shenton Way, #19-00 SGX Centre 1, Singapore - 068804

Bankers

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Citibank N.A.
Corporation Bank
Dena Bank
Export Import Bank of India
ICICI Bank Limited
Industrial Development Bank of India Limited
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Travancore
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India

Manufacturing Units

i. Village Jolva & Vadadla, Near Dahej, Taluka : Vagra, Dist. Bharuch, Gujarat - 392 130.

ii. Village Versamedi, Tal - Anjar, Dist.- Kutch, Gujarat - 370110

iii. KIADB Industrial Area, Gejjalagere, Taluka Maddur, Dist. Mandya, Karnataka -571428

Subsidiary
iv. 9301, Frazier Pike, Little Rock , Arkansas 72205, USA

v. 2nd Ind City Dammam, Kingdom of Saudi Arabia, P. O. Box 12943, Postal Code 31483

Important Changes and Developments

YEAR

2011
- Saudi plant commenced production.
- L-SAW plant at Anjar commissioned.
- Welspun Middle East established its presence in Dubai to cater to the bouyant markets of Middle East and Africa.
- Aquired 35% stake in Leighton Contractors (India) Private Limited (renamed as Leighton Welspun Contractors Pvt. Ltd.)

2010
- Awarded "EEPC India National Award" for Export Excellence.
- Initiated capacity expansion in India of LSAW by 350 KMT in Anjar, Gujarat, HSAW by 100 KMT in Mandya near Bangalore.
- Fund raising of US$ 250 mn of which US$ 150 mn was raised through FCCB (Foreign Convertible Currency Bonds) in Oct 2009 and $ 100 mn through QIP (Qualified Institutional Placement) in Nov 2009.
- Foray into the world of infrastructure by way of investment in Welspun Projects Limited (formerly known as MSK Projects India Ltd.)
- Completed investment in Middle East company with 300,000 MTPA HSAW facility in Saudi Arabia.
- Change in name of Welspun Gujarat Stahl Rohren Ltd to "Welspun Corp Ltd" w.e.f 27/04/2010.

2009
- Commissioning of the US Pipe Mill in Little Rock Arkansas, with the capacity of 350,000 tons of HSAW pipes.
- Commissioning of the Coil Mill at Anjar, Gujarat.

2008
- Recognized as 2nd Largest (Large Diameter) Pipe producer in the World by The Financial Times, UK.
- Plate Mill got operational from 28th March 2008. Achieved Level II automation, Rolled X-70 API Grade of 4.5 mtrs wide.
- Double Jointing & Coating facility commissioned at the Little Rock facility in Arkansas U.S.
- Awarded "Emerging Company of the Year" for Corporate Excellence 2008 by Economic Times.
- Commissioning of additional HSAW Mill with the capacity of 150,000 MTPA at Anjar, Gujarat.

2007
- Trail run of Plate Mill producing X 70 grade with widest plate of 4.5 mts and 45 mm thickness.
- 43 MW captive Power Plant Commercially Operational from Sept 2007.
- Initiated HSAW pipe facility at the Little Rock, Arkansas US.
- Largest Ever Order Received by any pipe company i.e. Order from TransCanada Pipelines Ltd. US.
- Ranked amongst India's Top 100 Corporate, 2007 by S&P and CRISIL.
- Recognized as the "Fastest Growing Company" by Business Today.
- Amongst the top 20 companies to watch out for in 2008 by Business Today.
- Recognized as the top 3 SAW Pipe companies in the World by "CLSA Asia Pacific Markets."
- Recognition as "Fastest Growing Steel Products Company" by Construction World NICMAR.

2006
- Setting up of 2 New HSAW Plants with a total capacity of 350,000 MTPA at Anjar, Gujarat, India.
- Setting up of the Bending Facility at Anjar, Gujarat.
- Additional Coating Plants at Anjar, Gujarat.

2005
- The Joint Venture with Eupec Pipe Coatings GmBH got merged with the Company to provide complete pipe solutions under one roof.
- Commissioning of ERW mill at the new location in Anjar with a capacity of 200,000 MTPA.
- Initiated Backward Integration project of Plate-Cum-Coil stackel Mill at Anjar to meet internal requirements and external sale for critical applications.

2004
- Recognised as " Fastest Growing Steel Companies" by the Construction World Magazine.

2002
- First Company from India to supply Pipes for the offshore Projects in the US.

2000
- Joint Venture with world's largest pipe Coating company Eupec Pipe Coatings GmBH, Germany to provide Pipe Coating solutions at Dahej, Gujarat, India.

FINANCIALS AT A GLANCE

(Rs. in Million)

Particulars	Year ended 31 March (Consolidated)			
	2011	2010	2009	2008
Income Statement Data				
Income from Operations	**80,420**	**73,822**	**57,582**	**40,052**
Operating Expenses (COGS, Mfg and Other Expenses)	67,406	60,450	51,048	33,389
Reported EBITDA	**13,015[##]**	**13,372[#]**	**6,535***	**6,662**
Depreciation	2,439	2,061	1,433	609
Gross Profit {EBITDA - Interest Expenses (Net)}	**11,544**	**11,301**	**4,768**	**5,844**
EBIT	**10,575**	**11,311**	**5,102**	**6,054**
Interest Expenses (Net)	1,471	2,071	1,766	818
PAT (After Minority Interest)	**6,330[##]**	**6,104[#]**	**2,135***	3,408
Balance Sheet Data				
Current Assets	44,439	51,471	45,848	26,121
Current Liabilties	31,240	33,510	39,555	18,092
Net Current Assets	**13,199**	**17,961**	**6,293**	**8,029**
Fixed Assets**	**51,518**	**38,283**	**37,190**	**26,807**
Investments	**14,405**	**1,596**	**1,140**	**3,250**
Gross Debt	**38,060**	**25,476**	**26,538**	**20,676**
Cash and Bank Balance	7,532	17,028	9,470	2,703
Liquid Investments	14,403	1,595	1,139	3,250
Cash and Liquid Investments	21,935	18,623	10,609	5,954
Net Debt	**16,125**	**6,853**	**15,929**	**14,722**
Shareholders Fund	**34,695**	**29,011**	**15,597**	**15,672**
Minority Interest	**2,024**	**0**	**-**	**-**
Average Shareholders Fund	**31,853**	**22,304**	**15,635**	**11,103**
Deffered Tax Liability	**4,344**	**3,352**	**2,488**	**1,738**
Capital Employed	**79,123**	**57,839**	**44,623**	**38,086**
Capital Employed (Net of Cash and Liquid Investments)	**57,188**	**39,217**	**34,013**	**32,132**
Average Capital Employed (Net of Cash and Liquid Investments)	**48,202**	**36,615**	**33,073**	**25,389**
Cash Flow Data				
Net Cash Flows by Operating Activities	6,746	3,843	13,195	2,855
Net Cash Flows by Investing Activities	(22,574)	(3,885)	(7,438)	(14,998)
Net Cash Flows by Financing Activities	5,526	2,767	1,010	11,273

Financial Ratios				
EPS - Basic (Rs/share)	30.95	31.69	11.5	20.9
EPS - Diluted (Rs/share)	28.66	28.40	11.4	18.3
EBITDA Margin (%)	16.18%	18.11%	11.35%	16.63%
PAT Margin (%)	7.87%	8.27%	3.71%	8.51%
Net Debt to Shareholders Fund	0.46	0.24	1.02	0.94
Net Debt to EBITDA	1.24	0.51	2.44	2.21
Return on Shareholders Fund	19.87%	27.37%	13.66%	30.69%
ROCE [EBIT/ (Average Capital Employed (Net of Cash and Liquid Investments))]	21.94%	30.89%	15.43%	23.84%

** FY 2008-09 :EBITDA would have been higher at Rs.8,167 million which was impacted by Forex provision at Rs.1,256 million, Provision on ECB of Rs.178 million and Inventory write down of Rs. 385 million during the year and Net Income would have been higher at Rs.3,336 million.*

*** includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item transalation difference account*

 # FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year

"## FY 2010-11 : includes export rebate of Rs. 734 mn on receipt of favourable judgement from Honorable Supreme Court and provision of Rs. 2,007 mn on account of settlement with one of the customers thereby ending long pending litigation"

WELSPUN Corp Ltd

FINANCIALS AT A GLANCE

(USD in Million)

Particulars	Year ended 31 March (Consolidated)			
	2011	2010	2009	2008
Income Statement Data				
Income from Operations	**1,766**	**1,555**	**1,254**	**994**
Operating Expenses (COGS, Mfg and Other Expenses)	1,481	1,273	1,112	829
Reported EBITDA	**286##**	**282#**	**142***	**165**
Depreciation	54	43	31	15
Gross Profit {EBITDA - Interest Expenses (Net)}	**254**	**238**	**104**	**145**
EBIT	**232**	**238**	**111**	**150**
Interest Expenses (Net)	32	44	38	20
PAT (After Minority Interest)	**139##**	**129#**	**47***	**85**
Balance Sheet Data				
Current Assets	997	1,146	904	652
Current Liabilties	701	746	780	451
Net Current Assets	**296**	**400**	**124**	**200**
Fixed Assets**	**1,155**	**853**	**733**	**669**
Investments	**323**	**36**	**22**	**81**
Gross Debt	**853**	**567**	**523**	**516**
Cash and Bank Balance	169	379	187	67
Liquid Investments	284	31	22	81
Cash and Liquid Investments	432	367	209	117
Net Debt	**362**	**153**	**314**	**367**
Shareholders Fund	**778**	**646**	**308**	**391**
Minority Interest	**45**	**0**	**-**	**-**
Average Shareholders Fund	**709**	**497**	**348**	**247**
Deffered Tax Liability	**97**	**75**	**49**	**43**
Capital Employed	**1,774**	**1,288**	**880**	**950**
Capital Employed (Net of Cash and Liquid Investments)	**1,282**	**873**	**671**	**802**
Average Capital Employed (Net of Cash and Liquid Investments)	**1,081**	**815**	**652**	**633**
Cash Flow Data				
Net Cash Flows by Operating Activities	148	80	287	71
Net Cash Flows by Investing Activities	(496)	(82)	(162)	(372)
Net Cash Flows by Financing Activities	121	58	22	280

Financial Ratios				
EPS - Basic (Rs/share)	0.68	0.67	0.25	0.52
EPS - Diluted (Rs/share)	0.63	0.60	0.25	0.45
EBITDA Margin (%)	16.18%	18.11%	11.35%	16.63%
PAT Margin (%)	7.87%	8.27%	3.71%	8.51%
Net Debt to Shareholders Fund	0.46	0.24	1.02	0.94
Net Debt to EBITDA	1.24	0.51	2.44	2.21
Return on Shareholders Fund	19.87%	27.37%	13.66%	30.69%
ROCE [EBIT/ (Average Capital Employed (Net of Cash and Liquid Investments))]	21.94%	30.89%	15.43%	23.84%

** FY 2008-09:EBITDA would have been higher at US $ 177.89 million which was impacted by Forex provision at US $ 27.35 million, Provision on ECB of US $ 3.51 million and Inventory write down of US $ 7.59 million during the year and Net Income would have been higher at US $ 72.66 million.*

*** includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item transalation difference account*

 # FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year

"## FY 2010-11 : includes export rebate of USD 16.12 mn on receipt of favourable judgement from Honorable Supreme Court and provision of USD 44.08 mn on account of settlement with one of the customers thereby ending long pending litigation"

Exchange rates used for Balance Sheet Items is Closing rate as on 31 March	44.60	44.90	50.72	40.08	43.59
Exchange rates used for Profit & Loss Items is Average rate for the year	45.53	47.47	45.91	40.29	45.29

> In line with our journey to become a Global Company with regional production facilities we have expanded our foot prints in Middle East.

Message from Chairman

My dear fellow stakeholders,

The year 2010-11 was a year of mixed opportunities with the economy across the globe showing signs of revival, though with some occasional hiccups, after the unprecedented financial meltdown. Against such backdrop, Welspun emerged stronger. Our existing businesses achieved superlative performances and all our production facilities helped us to consolidate our global leadership position.

Ushering in a new chapter

The last year saw some significant changes within our company. Foremost among them was the name change from Welspun Gujarat Stahl Rohren Ltd to Welspun Corp Ltd (WCL). The new identity embodies Welspun's global reach and reiterates the commitment of the company to achieve utmost customer satisfaction by understanding the needs of the global markets that it operates in. Despite volatile raw material prices we were able to close the year with a healthy order book of Rs 5,400 crore thus maintaining our reputation of being one of the largest large diameter line pipe companies in the world.

Global Presence

After successfully establishing our foot prints in the US, we made inroads into the buoyant markets of Middle East. We acquired majority interest in Aziz European Pipe Factory, one of the largest spiral pipe manufacturing facilities in the area that can produce upto 300,000 MTPA of spiral pipes. It also has a state-of-the-art coating mill. Thus cementing our presence in two of the largest Oil & Gas markets in the world, i.e. US and Saudi Arabia. To specifically cater to the Middle East and Northern African markets a separate marketing office has been set up in Dubai. In order to get big orders from international clients it is very important to be closer to them. By having a presence in the USA and Middle East we have not only become a local player but have gained higher cost efficiencies as well, in terms of transportation.

Growth Drivers

Oil and Natural Gas are expected to remain the primary sources of energy. With the revival in the domestic and global economy, oil prices are picking up resulting into increase of exploration activities, which in turn has led to the demand for Pipes. This increase in demand led us to embark upon an expansion plan. We have increased our HSAW capacity to 1.1 mn tonnes and are currently underway to increase our LSAW capacity to 0.70 mn tonnes. Similarly, to cater to the domestic market we have started a pipe facility in Mandya near Bangalore in Southern India, which will cater largely to the needs of the water segment. With the increased capacities, we are well poised to tap the opportunities arising from the domestic market as well as the international markets.

In our infrastructure business, we completed the acquisition of 35% shareholding in Leighton Contractors (India) Pvt. Ltd., (Leighton International's Indian operations). The new company is known as Leighton Welspun Contractors Private Limited. Leighton specialises in high-end engineering, procurement and construction (EPC) contracting as well as development of projects across an extensive range of disciplines including infrastructure, oil and gas, mining and building. With this initiative, we anticipate a new dimension in our growth trajectory with a multi-dimensional presence.

Another significant development during the year was the consolidation of the infrastructure business under one umbrella i.e. Welspun Infratech Ltd (WIL), a subsidiary of Welspun Corp. It was unanimously decided by the Board of Directors of WCL and WIL to merge Welspun Infra Developers Pvt Ltd (a closely held company) with WIL. To tap the burgeoning infrastructure space in India it was very crucial that we align ourselves and have a clear corporate structure that will enable us to participate and capitalise on the future opportunities in the world of infrastructure.

Earlier during the year, we acquired a majority stake in MSK Projects India Ltd, which was rechristened as Welspun Projects Ltd. Now with the combination of Leighton and Welspun Projects we are fully geared to take our infrastructure business to the next level.

Finally, our dream to become an integrated player (iron ore to pipes) has come true. It has opened a host of opportunities for WCL and Welspun Maxsteel. Furthermore, this will augment Welspun's already impressive capabilities to compete in the global oil and gas line-pipe market. With this step, the business will be able to withstand the underlying volatility in steel prices and deliver predictable business and optimal solutions to customers.

People Excellence

A successful company is often made of hard working and diligent people. We believe inspired employees are the key to taking an organisation to greater heights.

Taking a step further in this regard we did an employee engagement survey as a part of our quest to become a respected organisation. We partnered with the Indian arm of The Great Place to Work® Institute' to conduct this survey which would help us to gather relevant feedback. I want to take this opportunity to thank all of you who participated in the survey and gave us your valuable opinion. The actual journey of becoming a respected organisation should begin with us. By building on our strengths and addressing concerns, we will achieve our goal of being one of the most respected organisations across the globe.

The Road Ahead

The Government's efforts in taming inflation have brought positive results for the country and for Welspun Corp Ltd. The year 2010-11 has been a good year for us with all-round growth in sales and profits. What is even more encouraging is the sector outlook which is looking stronger.

With the demand picking up and new projects coming up in Middle East and Asian markets there are tremendous business potentials. Similarly, large projects are being planned in various other parts of the world for the period 2011-2015 which will provide huge impetus. As per Simdex the total pipe requirement globally is of the magnitude of 102 Mn tons which is equivalent to approximately $123 billion worth of business (source: Simdex, future Pipeline Projects, March 2011, Updated). Another area which will create vast opportunities is the huge replacement market in North America, which is having huge network of pipelines which are more than 30 to 40 years old. This is a strong market for pipe replacement.

With the oil & gas sector witnessing an upswing we are once again witnessing huge capex programs by most of the large oil and gas companies. Rising oil and gas exploration will provide impetus to the business, across Middle East, Africa, South America, Asia and Australia. The recent Shale Gas development in North America and Europe shall enable energy security in the region. India is also preparing for construction of pipelines (both in Government as well in private sector) as the domestic gas availability is poised to increase over the years. Welspun is very well positioned to capitalise on the emerging opportunities since it has enhanced global footprint and is now present in some of the most promising markets. With all such initiatives, we are confident of retaining our leadership positions in all our key markets to ensure profitable growth.

Yours sincerely,

B. K. Goenka
Chairman

PROGRESS THROUGH EMPLOYEES

With a worldwide presence in 35 countries Welspun employees cut across regions, races, ethnicity and cultures. Having a diverse employee base help the company understand their customers and geographies and represents the Global nature of the company.

WELSPUN
Corp Ltd

DIRECTORS' REPORT

To,
The Members,
Welspun Corp Limited

Your directors have pleasure in presenting the 16th Annual Report of your Company along with the Audited Financial Statement for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in million)

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Income from operations	62,694.40	66,273.35	80,236.35	73,636.72
Profit before interest, depreciation & tax	8,009.45	11,226.15	13,014.79	13,371.57
Less : Interest / Finance costs	1,089.18	1,661.70	1,471.03	2,070.90
Gross Profit / (Loss)	6,920.28	9,564.44	11,543.76	11,300.67
Less: Depreciation	1,656.65	1,479.20	2,439.47	2,060.61
Profit before tax for the year	5,263.63	8,085.24	9,104.29	9,240.06
Less : Provision for current taxation	1,142.36	2,216.24	1,941.49	2,271.24
Provision for deferred taxation	476.74	467.05	929.83	864.64
Profit after tax for the year (after Minority Interest)	3,644.52	5,401.96	6,330.25	6,104.03
Add : balance brought forward from previous year	11,074.89	6,795.96	11,439.75	6,458.73
Profit available for appropriation	14,719.41	12,197.92	17,770.00	12,562.78
Transfer to General Reserve	364.50	540.00	364.50	540.00
Transfer to Debenture Redemption Reserve	463.39	106.25	463.39	106.25
Proposed Dividend on equity shares & tax	475.74	476.52	475.74	476.52
Equity dividend & tax of earlier years	0.30	0.26	0.30	0.26
Balance carried forward to the next year	13,415.48	11,074.89	16,466.07	11,439.75

PERFORMANCE

The production and processing highlights for the year under report on standalone basis were as under:

- Pipes: 683,132 MT (previous year 686,226 MT). Slight decline is mainly on account of shifting of orders to the subsidiary in the US;
- Plates : 396,507 MT (previous year 383,577 MT);
- H. R. Coils: 103,456 MT (previous year 1,101 MT). This shows stabilization of coil mill;
- Coating: 852K sqm (previous year 5,036K sqm). Decline is mainly due to execution of more orders for uncoated pipes;
- Power: 219,803 MWH (previous year 305,462 MWH).

The Company achieved reduction in interest/ finance cost by 35% as compared to preceding year mainly due to repayment / buy back of high cost debt instruments and higher interest income earned on liquid investments.

The depreciation cost increased mainly due to capitalization of spiral pipe mill at Mandya, Karnataka.

DIVIDEND

The Board recommends the final dividend @40% for the year ended 31st March, 2011 i.e. Rs.2/- per equity share of Rs.5/- each fully paid-up. In respect of the dividend declared for the previous financial years, Rs.4.27 million remained unclaimed as on 31st March, 2011.

EXPANSION STATUS AND ACQUISITION

- **Spiral Pipe Project in Southern India for water application**

  As planned by the management, the Spiral Pipe Plant for water application at Mandya, Karnataka started commercial production during September, 2010..

- **Acquisition of management control of Welspun Projects Limited (formerly known as MSK Projects (India) Limited)**

  With effect from 16th August, 2010, Welspun Infratech Limited("WITL"), a wholly owned subsidiary of the Company acquired control of Welspun Projects Limited (a company engaged in infrastructure development and listed on BSE, NSE and Vadodara Stock Exchange) by way of transfer of Equity Shares from the then promoters, subscription to further issue of equity shares and purchase under the open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997. It also acquired Equity Shares by way of market purchase. Thus, WITL holds 24,448,445 Equity Shares (61.12%) in the issued Equity Share Capital of Welspun Projects Limited at a cost of Rs. 3,170.53 million.

  Your directors are confident that apart from making foray into infrastructure segment, this move will enable the Company to progress towards complete integration by being a one-stop-solution in the line pipe segment, capturing the full value chain from manufacturing of Plate and Coil to line pipe and finally to pipe laying.

- **Acquisition of majority stake in pipe and coating facilities in Kingdom of Saudi Arabia**

  In order to mainly cater to the demands from MENA (Middle East and North Africa) region, the Company has acquired, through its subsidiary, majority stake (50.01%) in each of the joint venture companies viz. : -

- Welspun Middle East Pipe Company LLC having a pipe plant with a capacity of 300,000 MTPA valued at US$ 80.05 million; and
- Welspun Middle East Pipe Coating Company LLC having a coating plant with a capacity of 4.5 million Sq. Mtrs/p.a. of external coating valued at US$ 34.95 million.

Both the plants have good connectivity to seaport and airports which provides strategic advantage to the Company.

- **Acquisition of 35% stake in Leighton Welspun Contractors Private Limited and restructuring of infrastructure business**
  To capitalize on the burgeoning infrastructure opportunities in India, the Company through its step down subsidiary viz. Welspun Infra Projects Private Limited (WIPPL) has acquired 35% stake in Leighton Welspun Contractors Private Limited (Leighton International's Indian operations), for Rs. 4,700 million.

  With this acquisition your directors expect the Company to have larger business avenues as well as support for achieving technical and financial qualification for infrastructure projects..

  Considering the need to consolidate infrastructure business, it has been agreed that Welspun Infra Developers Private Limited (the Company owned by the promoters) be merged with Welspun Infratech Limited (a wholly owned subsidiary of the Company) as per the Scheme of Amalgamation under Section 391 to 394 of the Companies Act. The resultant shareholding of Welspun Infratech Limited post merger would be 65.06% by the Company and 34.94% by the promoters.

FUNDS UTILIZATION

During the period under review, the Company has raised long term fund of Rs.10,000 million by issuing Secured Non-Convertible Debentures. The proceeds have been utilized partly for capital expansion and long term-working capital requirements and pending utilisation, the balance has been invested in liquid instruments.

The entire Foreign Currency Convertible Bonds issued by the Company during previous financial year is outstanding and has not been converted into equity shares. A large portion of the funds has been utilized for capital expenditure and investments outside India towards acquisition of stake in joint ventures in Kingdom of Saudi Arabia whereas, the balance is lying in bank accounts outside India.

DIRECTORS

Since the last report the following changes took place in the Board of Directors:

1. Mr. Mukul Sarkar was appointed as a nominee of Export-Import Bank of India in place of Mr. N. Shankar w.e.f. 25th April, 2011
2. Designation of Mr. Balkrishan Goenka was changed from Chairman and Managing Director to Chairman (executive) w.e.f. 11th October, 2010.
3. Mr. Rajesh R. Mandawewala was appointed as Managing Director w.e.f. 11th October, 2010.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ramgopal Sharma, Mr. Nirmal Gangwal and Mr. Asim Chakraborty retire by rotation at the forthcoming Annual General Meeting and being eligible, have been recommended for re-appointment. Your directors appreciate Mr. N.Shankar for his services as a member of the Board.

Details about these directors are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that:

I) in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) they 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 of the Company for the year under review;

iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) they have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

AUDITORS

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

AUDITORS' REPORT

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

EMPLOYEE STOCK OPTION SCHEME

The Company has granted Stock Options to eligible Directors and employees of the Company and its subsidiary companies.

The particulars required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines 1999 are given below:

Difference in employee compensation cost based on intrinsic value and fair value:

The Company has adopted intrinsic value method for valuation and accounting of the aforesaid Stock Options as per SEBI guidelines, and accordingly has accounted credit of Rs. 0.56 million as employee compensation for the year ended 31st March, 2011.

Had the Company valued and accounted the aforesaid Stock Options as per the Black Scholes Model, the net profit for the year would have been higher by Rs. 0.45 mn and the diluted earnings per share would have been Rs. 16.9371 instead of Rs. 16.9351 per share.

Details of Stock Options as required to be disclosed pursuant to Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999 are given below:

a	Options granted		During the year, no Option was granted.
b	Options vested (excluding vested portion of lapsed Options)		2,14,875 (vested during the year 14,250)
c	Options exercised		346,500
d	Total number of equity shares arising as a result of exercise of Options		346,500
e	Options lapsed		34,000
f	Total number of Options in force		564,000
g	Money realized by exercise of Options		Rs. 27,630,563
h	The pricing formula		Exercise price is to be at 25% discount to the latest available closing market price of the equity shares of the Company, prior to the date of grant.
i	Variation of terms and conditions		N.A.
j	Employee wise details of options granted to	Whole Time Directors Mr. M.L.Mittal Mr. Asim Chakraborty	 o 150,000* o 50,000*
		Employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	o Nil
		Employees, who were granted option, during one year, equal to or exceeding 1% of the issued capital (excluding o/s warrants & conversions) :	o Nil
k	Diluted EPS	Rs. 16.94 as compared to Rs. 25.18 of last year	

* Exercised during previous year 2009-10

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above Rules, your directors are pleased to give the particulars as prescribed therein in the Annexure, which forms a part of the Directors' Report.

PARTICULARS OF EMPLOYEES

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

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of Directors' Report.

SUBSIDIARY COMPANIES

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

Therefore, the said documents of the following subsidiary companies viz. (1) Welspun Pipes Limited (2) Welspun Tradings Limited (3) Welspun Natural Resources Private Limited (4) Welspun Plastics Private Limited (5) Welspun Pipes Inc (6) Welspun Tubular LLC (7) Welspun Global Trade LLC (8) Welspun Mauritius Holdings Limited (9) Welspun Middle East Pipe Coatings Company LLC (10) Welspun Middle East Pipe Company LLC (11) Welspun Middle East DMCC (12) Welspun Construction Private Limited (13) Welspun Infratech Limited (14) Welspun Road Projects Private Limited (15) Welspun Projects Limited (16) Welspun Infra Projects Private Limited (17) MSK Projects (Himmatnagar Byepass) Private Limited (18) MSK Projects (Kim Mandavi Corridor) Private Limited (19) Welspun Water Infrasturcture Private Limited (20) Welspun Energy Transportation Private Limited (21) Welspun Energy Maharashtra Private Limited will not be attached to the Annual Report. However, the aforesaid documents relating to the subsidiary companies and the related detailed information will be made available upon request by any member or investor of the Company. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by a member or an investor at the Registered Office of the Company or the respective subsidiary company.

As required under the exemption, a statement containing the requisite information for each subsidiary is attached with this Report.

FIXED DEPOSITS

The Company has not accepted any public deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975 and, as such, no amount on account of principal or interest on public deposit was outstanding on the date of the Balance Sheet.

LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Secured Non-Convertible Debentures are listed on the Bombay Stock Exchange Limited, The Foreign Currency Convertible Bonds are listed at Singapore Securities Trading Limited (SGX-ST).

Annual listing fees for the year 2011-12 have been paid to BSE, NSE and SGX-ST

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this Report. A certificate from the Company Secretary in Practice regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this Report. A separate report on Management Discussion & Analysis is enclosed as a part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

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

ACKNOWLEDGEMENT

Your directors express and place on record deep appreciation to Financial Institutions, Banks, Government Authorities, Customers, Suppliers and Shareholders of the Company. Your directors also wish to place on record their sincere appreciation of the dedicated services, hard work, solidarity and profuse support by all the employees of the Company and their families at all levels without which the Company's achievement would not have been possible.

For and on behalf of the Board

Place: Mumbai
Date: 26th May, 2011

B.K.Goenka
Chairman

Form –A
(See Rule 2)
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

			2010-2011	2009-2010
A. POWER AND FUEL CONSUMPTION				
1	**ELECTRICITY**			
(A)	Purchased			
	Unit (In '000s) MWH		12,549.63	3,417.21
	Total Amount (Rs. In Lacs)		725.84	290.24
	Rate/Unit (Rs)		5.78	8.49
(B)	Own Generation			
	(I)	Through D.G. Set (CPP)		
		Generated Unit (In '000s) MWH	18,811.00	21,421.23
		Units Generated Per Unit Of Fuel		
		Cost/Unit (Rs)	5.80	5.12
	(II)	Through Steam Turbine / Generator		
		Generated Unit (In '000) MWH	219,803.29	305,462.00
		Total Amount (Rs. in Lacs)	8,554.28	8,249.05
		Rate / Unit (Rs.)	3.89	2.70
2	**COAL (Generation of Steam)**			
	Unit (In '000) kg.		271,695.00	218,839.40
	Total Amount (Rs. in Lacs)		8,401.29	7,401.57
	Rate / Unit (Rs./kg.)		3.09	3.38
	OTHER – LIGNITE & LIME STONE (For Generation of Steam)			
	Unit Generated (In '000) kg		51,438.00	89,740.85
	Total Amount (Rs. in Lacs)		1,045.53	1,659.88
	Rate / Unit (Rs./kg.)		2.03	1.85
3	**FURNACE OIL**			
	Quantity (K. Ltrs.)		948.77	23,218.69
	Total Amount (Rs. in Lacs)		228.47	4,788.93
	Rate / Unit (Rs./Ltr.)		24.08	20.63
4	**OTHERS/INTERNAL GENERATION**			
(A)	**Natural Gas**			
	Quantity (SCM) (in '000)		31,599.39	
	Total Amount (Rs. in Lacs)		5,359.71	
	Rate / Unit (Rs. SCM)		16.96	
(B)	**Liquid Petroleum Gas**			
	Quantity (MT) (in '000)		50.00	
	Total Amount (Rs. in Lacs)		18.00	
	Rate / Unit (Rs. SCM/MT)		36.00	

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	STANDARD	2010-2011	2009-2010
Name of Product - **Welded Pipes**			
Electricity- (KWH)	-	139.22	150.34
Name of Product – **M.S. Pipes (ERW)**			
Electricity- (KWH)	-	117.13	98.91
Name of Product – **Power**			
Electricity- (KWH)	-	5.95	4.49
Name of Product – **M.S.Plates**			
Electricity- (KWH)	-	154.83	220.68
Furnace Oil (K.Ltrs.)	-	84.53	60.53
Natural Gas (SCM/MT)		61.89	-
Name of Product – **H.R.Coils**			
Electricity- (KWH)	-	131.39	185.49
LPG (MT)	-	3.66	18.93
Furnace Oil (K.Ltrs.)	-	-	60.53
Natural Gas (SCM/MT)		74.95	-

* The Captive Power Plant (CPP) is dual fuel operated and diesel is used as pilot and gas as main fuel. Consumption ratio varies according to load. Therefore individual output fuel wise can not be worked out.

Form – B

(See Rule 2)

Form for disclosure of particulars with respect to absorption.

Research and Development (R&D)

01	Specific areas in which R&D is carried out by the Company	**Anjar Pipe / Plate Mill:** During the year, the Company carried out R&D activities : (i) Development of API Grade through Coil route . (ii) Trial rolling of X-42,X-52 & X-65 done successfully through Pipe Division , Further optimization cost & process is being carried out. (iii) Slab chemistry for structural grade has been revised by reducing the Manganese (Mn) content does Optimizing the cost. Pipe Division, India did extensive work in strain-based pipeline designed for non-sour application considering mechanical metallurgy of steels and coating simulation (Alaska Pipeline Project-L555M), High strength heavy wall thickness project-Galsi, projects based on Sour service application like Petrobras project, IntecSea Project. Development of 5CT in ERW for Fremak. Develop existing vendors with new requirements for plates/coils, develop quality conscious cost effective new vendors.
02	Benefits derived as a result of the above R&D.	**Anjar Pipe Mill:** 1. Stepping towards development of high strength strain based LSAW pipe. 2. Provides choices for selection of raw material with stringent quality. Increased Customer Satisfaction. **Anjar Plate Mill:** The R&D activity resulted in reducing the raw material cost & Product Development.
03	Future plan of action	**Bharuch & Anjar Pipe Mill:** 1. To establish ourselves in the manufacturing of strain-based LSAW & HSAW pipe –API X80 grade. 2. Develop cost efficient good quality input material by indigenous development of plates/coils at PCMD, Anjar **Process Equipments:** 3. Make process equipments flexible enough to manufacture wide product range as per customer requirements to have sufficient product fill. **People:** To develop multi-skilled & knowledgeable manpower through in-house training, abroad training (including seminars). **Anjar Plate Mill:** The Company has an ongoing program for carrying out research and development which helps the Company to improve production processes and to innovate higher grade products. (a) Development for grade API –X-80 and X-70 through coil route. (b) Optimization of process for X-65 Sour.
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnovers.	–
	Technology absorption, adaptation and innovation.	
01	Efforts, in brief, made towards technology absorption, adaptation and innovation.	–
02	Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.	–
03	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: a) Technology imported b) Year of import c) Has technology been fully absorbed? d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	–
	Foreign exchange earnings and outgo :	
	Activities relating to exports;	Development of new markets like African country.
	Initiatives taken to increase exports;	People with relevant expertise and experience in the above markets appointed in a marketing role. Marketing organization restructure as per the ambitions of the global business.
	Development of new export markets for products and services and export plans;	Significant effort on approval of clients from these markets ongoing e.g. Woodside of Australia, SOC and SCOP in Iraq, Sasol in South Africa. We target to get approved as a supplier from global majors like Mc Dermott, SNC Lavalin, Foster Wheeler, Penspen, JP Kenny. Trying to open the Europe market also.
	Total foreign exchange used and earned.	Used : Rs. 34.75 bn Earned : Rs. 22.16 bn. Plus Rs. 11.56 bn (Net) earned by a subsidiary of the Company in India.

PROGRESS THROUGH PRODUCTS

Being a one stop solution provider starting from Pipe making to laying, Welspun has traversed the passage of time by producing world-class products and technology. Today, with the expertise to manufacturer the best of pipes in HSAW, LSAW and ERW category Welspun is setting their eyes on new horizon.

WELSPUN
Corp Ltd

Key Management Team

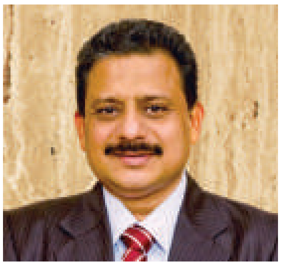
Mr. B.K. Goenka
Executive Chairman

Mr. R.R. Mandawewala
Managing Director

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

Mr. Asim Chakraborty
Director (Whole time)

Mr. B.R. Jaju
Director & Chief Financial Officer



Mr. Prashant Mukherjee
Director, Welded Pipes

Mr. L. T. Hotwani
Director, (Taxation & Accounts
CMD Office)

Mr. Vipul Mathur
Director,
Sales & Marketing

Mr. Dave J. Delie
President,
Welspun Pipes Inc.

Mr. Akbar Umatiya
Vice President,
Welspun Middle East

CORPORATE GOVERNANCE REPORT

I. PHILOSOPHY ON CORPORATE GOVERNANCE

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

II. BOARD OF DIRECTORS

The Company's Board comprises of mix of Executive and Non-Executive Directors with considerable experience and expertise across a range of field such as finance and accounts, general management and business strategy. Except the Chairman and the nominee appointed by EXIM Bank, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

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

Name of the Director	Category	Board Meeting Attended during the Year 2010-11	Attendance at the Last AGM	No. of other Directorship (as last declared to the Company)			Member / Chairperson in No. of Board Committees including other Companies (as last declared to the Company) !
				Pub.	Pvt	Other	
(01) Mr. B.K.Goenka - Executive Chairman@	P, E	7	No	14	5	7	1C, 5M
(02) Mr. R.R.Mandawewala - Managing Director#	P, E	3	No	12	2	15	1C, 4M
(03) Mr. M.L.Mittal - Executive Director (Finance)	E	6	No	8	7	3	4M
(04) Mr. K.H.Viswanathan	NE, I	7	No	1	4	Nil	1M, 2C
(05) Mr. Rajkumar Jain	NE, I	6	Yes	2	2	Nil	3C
(06) Mr. Ram Gopal Sharma	NE, I	7	Yes	4	Nil	Nil	4M, 1C
(07) Mr. Nirmal Gangwal	NE, I	7	No	6	3	Nil	3M
(08) Mr. N.Shankar -Nominee EXIM Bank*	NE, I, L	4	No	1	Nil	Nil	1M
(09) Mr. Asim Chakraborty - Whole time	E, NI	1	No	2	Nil	1	Nil
(10) Mr. Mukul Sarkar - Nominee EXIM Bank*	NE, I, L	0	No	1	Nil	Nil	Nil

! Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone considered

@ With effect from 11th October, 2010, the designation of Mr. Balkrishan Goenka changed from the Chairman and Managing Director to the Chairman (executive)

With effect from 11th October, 2010, Mr. Rajesh R. Mandawewala was appointed as the Managing Director.

* With effect from 25th April, 2011, Mr. Mukul Sarkar was appointed as a nominee of EXIM Bank in place of Mr. N. Shankar.

Abbreviations:

P = Promoter, I = Independent, NI = Non Independent, E = Executive Director, NE = Non-Executive Director, L = Lenders, C=Chairperson, M=Member.

7 meetings of the Board of Directors were held during the financial year 2010-11 on the following dates: 27th April, 2010, 4th May, 2010, 28th July, 2010, 11th October, 2010, 29th October, 2010, 2nd December, 2010 and 24th, January 2011.

III. AUDIT COMMITTEE

a) **Terms of reference:** Terms of reference: The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement.

b) **Composition**

The Audit Committee was constituted by the Board of Directors at its meeting held on 23rd August, 1997 and was re-constituted from time to time. The Committee comprises 4 non-executive independent directors having accounting and finance back-ground. The Chairman of the Committee is an independent director. The composition of the Committee and attendance of the members is given hereunder:

Name of the Member	Member/ Chairman	Number of Meetings Attended
Mr. Rajkumar Jain	Chairman	8
Mr. K.H.Viswanathan	Member	8
Mr. Ram Gopal Sharma	Member	8
Mr. N. Shankar	Member	4

8 meetings of the Audit Committee of the Board of Directors were held during the financial year 2010-11 on following dates: 27th April, 2010, 29th May, 2010, 28th July, 2010, 20th August, 2010, 29th October, 2010, 6th December, 2010, 24th January, 2011 and 16th February, 2011.

IV. REMUNERATION COMMITTEE

The Company has duly constituted Remuneration Committee consisting of independent, non-executive directors. During the year under review, 2 meetings of the Committee were held on July 28, 2010 and 11th October, 2010. Terms of reference, composition, remuneration paid to executive and non-executive directors are as under:

a) Terms of reference

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

b) Composition of the committee

The Committee comprises of 3 independent and non-executive directors as on date of this Report viz. Mr. Rajkumar Jain, Mr. K.H. Viswanathan and Mr. Ramgopal Sharma.

c) Remuneration policy:

Particulars of pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company and remuneration to Executive Directors including the details of remuneration and sitting fees paid/ payable to the directors for the financial year 2010-11 are as under:

Name of the Director	Salary & Allowance	Perquisites	Commission	Service Contract/ Tenure	Notice Period	Severance Fees	Stock Option	Sitting Fees
(01) Mr. B.K.Goenka Chairman	Rs.5.50 million	Nil	1% commission on profits as computed u/s. 349 & 350 of the Act.	Yes / 5 years ending 30th June, 2012	1 month	Nil	Nil	Nil
(02) Mr. Rajesh R.Mandawewala Managing Director*	Rs.10.00 million	As per rules of the Company	Nil	Yes / 5 years ending 10th October, 2015	3 months	Nil	Nil	Nil
(03) Mr. M.L.Mittal Executive Director-Finance	Rs.11.20 million	Nil	Nil	Yes/ 5 years ending 30th June, 2013	1 month	Nil	150,000	Nil
(04) Mr. Asim Chakraborty	Rs.5.27 million	Rs. 2.49 million	Nil	Yes/ 5 years ending 19th April, 2014	1 month	Nil	50,000	Nil

* w.e.f. October 11, 2010

No remuneration or perquisite was paid to, and no service contract was entered into with, but the sitting fees were paid to the following directors/ nominating institutions for attending meetings of Board / Committees.

Name of the Director	Sitting Fees (Rs.)
(01) Mr. K.H.Viswanathan	153,000
(02) Mr. Rajkumar Jain	192,000
(03) Mr. Ram Gopal Sharma	153,000
(04) Mr. Nirmal Gangwal	76,000
(05) Mr. N.Shankar	73,000

None of the directors had any transaction with the Company. However, transactions have taken place with some of the companies in which a director holds directorship. These transactions took place at the prevailing market value as normal commercial transaction and the same were disclosed to the Board.

V. SHARE TRANSFER AND INVESTOR'S GRIEVANCE COMMITTEE

a) Composition

The Share Transfer and Investor Grievance Committee was constituted in accordance with the Clause 49 of the Listing Agreement. The Chairman of the Committee is a non-executive director. The composition of the Committee is given hereunder:

Name of the Member	Member/ Chairman
Mr. K.H.Viswanathan	Chairman
Mr. B.K.Goenka	Member
Mr. R.R.Mandawewala	Member
Mr. M.L.Mittal	Member

Compliance Officer: Mr. Pradeep Joshi - Asst. Company Secretary

b) Number of Shareholders complaints / requests received during the year

During the year under review, total 130 investor's complaints / requests were received. Break-up and number of complaints / requests received under different category is given hereunder:

1.	Non Receipt of Share Certificate	: 23
2.	Non Receipt of Dividend	: 78
3.	Non receipt of Annual Report	: 11
4.	Non Receipt of Demat Credit/ Remat Certificate/ Rejected DRF	: 4
5.	Non receipt of Duplicate / Exchange Share Certificates	: 7
6.	Others	: 7

All the complaints / requests received during the year under report were resolved within the time to the satisfaction of the investors/shareholders and no complaints were pending as on 31st March, 2011 for more than 30 days. All the shares / debentures received for transfer / transmission have been transferred / transmitted and no transfer was pending as at 31st March, 2011.

VI. GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given hereunder:

Meeting	Day & Date of Meeting	Time	Place
13th Annual General Meeting	Thursday, 4th September, 2008	12.30 pm	Registered Office: Village Jolva and Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat – 396 190
14th Annual General Meeting	Friday, 4th September, 2009	11.30 am	Registered Office : Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110
15th Annual General Meeting	Tuesday, 31st August, 2010	10.00 am	Same as above

During the year under report, the resolution dated 23rd April, 2010 u/s 16, 21 and 31 of the Companies Act, 1956 for change of name of the Company and consequent amendments to the Memorandum and Articles of Association of the Company was passed as a special resolution.

VII. MANAGEMENT

a) Management Discussion and Analysis

Management Discussion and Analysis of various businesses of the Company is separately given in the Annual Report.

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board, and the interested directors neither participate in the discussion, nor do they vote on such matters.

VIII. DISCLOSURE

a) Related Party Transactions

For related party transactions, refer Note No. 16 of Notes to Accounts annexed to the Balance Sheet and Profit & Loss Account.

b) Non-Compliance

There were no non-compliances by the Company and hence no penalties and strictures were imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital market during last 3 years.

c) Whistle Blower Policy

The Company has a Whistle Blower Policy and no personnel have been denied access to the Audit Committee.

d) Code of Conduct

The Company has Code of Conduct for Board members and senior management personnel. A copy of the Code has been put on the Company's website for information of all the members of the Board and management personnel.

All Board members and senior management personnel have affirmed compliance of the same.

A declaration signed by the Managing Director of the Company is given below:

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

Rajesh R. Mandawewala
Managing Director

e) **Certification by Chief Financial Officer**

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

f) **Reconciliation of Share Capital Audit**

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

g) **Brief resume of Director being appointed / re-appointed.**

A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board and his shareholdings in the Company forms part of the Notice of the Annual General Meeting, annexed to this Annual Report.

h) **Accounting Standards**

The Accounting Standards laid down by the Institute of Chartered Accountants of India and applicable to the Company were followed by the Company in preparation of accounts of the Company.

IX. MEANS OF COMMUNICATION

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

These results are simultaneously posted on the website of the Company at www.welspuncorp.com. The official press release is also available on the website of the Company.

X. GENERAL SHAREHOLDER INFORMATION.

1. Annual General Meeting shall be held on Thursday, 8th Septembert, 2011 at 10:00 a.m. 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 1st April to 31st March.
3. Date of Book Closure: Monday, 4th July, 2011 to Wednesday, 6th July, 2011 (both days inclusive).
4. Dividend payment date: 12th September, 2011.
5. Listing on Stock Exchanges: The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited Mumbai (BSE), the Secured, Redeemable, Non-convertible Debentures are listed on Bombay Stock Exchange Ltd. and the Foreign Currency Convertible Bonds are listed on the Singapore Securities Trading Ltd. (SGX-ST) Annual listing fees for the year 2010-11 have been paid to BSE, NSE and SGX-ST.

Stock Code /Symbol:

Bombay Stock Exchange Ltd.	: 532144
National Stock Exchange of India Ltd.	: WELCORP; Series: EQ
ISIN No. (For dematerialized shares)	: INE 191B01025

6. Stock Market price data, high & low price of equity shares on Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Ltd. are as under:

	BSE		NSE	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2010	295.70	259.85	295.75	260.40
May - 2010	280.90	212.20	281.00	212.70
June - 2010	246.85	212.05	246.80	211.55
July - 2010	257.25	227.25	257.30	226.60
August - 2010	256.50	231.60	256.60	231.60
September - 2010	271.80	234.10	271.40	233.65
October - 2010	275.00	243.50	274.90	242.80
November - 2010	273.90	193.50	274.00	193.10
December - 2010	225.40	145.45	229.95	145.30
January - 2011	180.70	144.35	180.50	143.65
February - 2011	196.80	148.00	196.75	148.00
March - 2011	212.40	174.00	209.50	174.25

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

Month	BSE Index (Sensex)	Closing price of Shares (Rs.)	NSE (S&P Nifty)	Closing price of Shares (Rs.)
April - 2010	17,558.71	272.25	5,278.00	272.35
May - 2010	16,944.63	221.95	5,086.30	221.90
June - 2010	17,700.90	232.95	5,312.50	233.00
July - 2010	17,868.29	247.45	5,367.60	247.55
August - 2010	17,971.12	233.00	5,402.40	233.10
September - 2010	20,069.12	268.85	6,029.95	269.30
October - 2010	20,032.34	249.05	6,017.70	248.75
November - 2010	19,521.25	209.25	5,862.70	209.90
December - 2010	20,509.09	169.60	6,134.50	169.55
January - 2011	18,327.76	151.30	5,505.90	151.50
February - 2011	17823.40	190.35	5,333.25	190.85
March - 2011	19,445.22	206.40	5833.75	207.45

8. Registrar and Transfer Agent: The Company has appointed Registrar and Transfer Agent to handle the share /debenture transfer work and to resolve the complaints of shareholders/ debenture holders Name, Address and telephone number of Registrar and Transfer Agent is given hereunder:

M/s. Link Intime India Pvt. Limited
(Formerly known as : Intime Spectrum Registry Limited)
Unit : Welspun Corp Limited
(Formerly known as : Welspun-Gujarat Stahl Rohren Limited)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078

Email : rnt.helpdesk@linkintime.co.in
Tele. No.: +91-022-25946970
Fax No. : +91-022-25946969

9. Debentures and Debenture Trustee

The Secured Non Convertible Debentures issued by the Company are listed on BSE with the following identification numbers:

BSE Scrip Code	ISIN Nos.
945649	INE 191B07030
945651	INE 191B07055
946799	INE191B07071
946864	INE191B07089

Debenture Trustee:
IDBI Trusteeship Services Limited,
Asian Building, Ground floor,
17, R. Kamani Marg, Ballard Estate,
Near Custom House, Mumbai-400 001

10. Share / Debenture Transfer System: Our Registrar and Transfer Agent registers shares sent for transfer in physical form within 15 days from the receipt of the documents, if the same are found in order. Shares under objection are returned within two weeks.

11. Distribution of Shareholding:

Shareholding Pattern as on 31st March, 2011

Number of Shares	No. of shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares held
Upto – 500	74,399	92.62	7,636,217	3.73
501-1,000	3,128	3.89	2,443,110	1.19
1,001-2,000	1,311	1.63	1,978,067	0.97
2,001-3,000	461	0.57	1,154,848	0.56
3,001-4,000	183	0.23	648,657	0.32
4,001-5,000	150	0.19	715,914	0.35
5,001-10,000	275	0.34	2,022,916	0.99
10,001 and above	418	0.52	188,069,181	91.89
Total	**80,325**	**100.00**	**204,668,910**	**100.00**

12. Shareholding of the Directors of the Company as on 31st March, 2011

Name of the Director	No of shares	%
Mr. B.K.Goenka	140	0.00
Mr. R.R.Mandawewala	200	0.00
Mr. Asim Chakraborty	30,700	0.02

Besides above, the following directors of the Company have been granted Stock Options pursuant to Employees Stock Option Scheme entitling to subscribe for equity shares in the Company:

Name of the Director	No of Options
Mr. M.L.Mittal	150,000#
Mr. Asim Chakraborty	50,000#

* Lapsed due to resignation# Entire Options exercised during financial year 2009-10.

Apart from the above, none of the directors hold any share or convertible securities in the Company.

13. De-materialization of shares and liquidity: As on 31st March 2011, 92.98% shares have been dematerialized and have reasonable liquidity on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

14. Outstanding Employee Stock Options, Convertible Bonds conversion date and likely impact on equity share capital is as under:

Outstanding as on 31.03.2011	Impact on equity share capital
523,250 Options vested but not exercised representing equal number of equity shares to be exercisable up to 08.01.2012	Increase in equity capital by 523,250 equity shares of Rs. 5/-each at a premium of Rs. 75.00 per share
40,750 Options not vested and not exercised representing equal number of equity shares to be exercisable up to 20.04.2012	Increase in equity capital by 40,750 equity shares of Rs.5/-each at a premium of Rs. 61.75 per share
1,500 Foreign Currency Convertible Bonds of US$100,000 each convertible in to 24,010,000 equity shares during 27.11.2009 -17.10.2014	Increase in equity capital by 24,010,000 equity shares of Rs.5/-each at a premium of Rs. 295 per share

15. Disclosure of Shares held in suspense account under Clause 5A of the Listing Agreement.

There are 69,160 unclaimed equity shares. The Company has issued notice to the holders of those shares at the last recorded address of the shareholders. The Company is in the process of opening of a suspense account for crediting the unclaimed equity shares and freezing voting rights of those unclaimed equity shares.

16. Plant locations

i) Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat - 370110

ii) Village Jolva and Vadadla, Near Dahej, Tal: Vagra, Dist: Bharuch, Gujarat - 392130

iii) KIADB Industrial Area, Gejjalagere, Taluka Maddur, Dist. Mandya, Karnataka - 571428

iv) 9301, Frazier Pike, Little Rock, Arkansas - 72205 USA (Subsidiary's plant)

v) Industrial City-2, Dammam - 31483, Kingdom of Saudi Arabia (Subsidiary's plant)

17. Address for correspondence

The Company Secretary,
Welspun Corp Limited
(Formerly Known as Welspun-Gujarat Stahl Rohren Ltd.),
5th Floor, Welspun House,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013.

Tel: +91-22-66136000; +91-22-24908000, Fax: +91-22-24908020 / 21
e-mail: companysecretary_wgsrl@welspun.com

Certificate of Practicing Company Secretary on Corporate Governance Report

To the Members of
Welspun Corp Limited

We have examined the compliance of conditions of Corporate Governance by Welspun Corp Limited (Formerly known as Welspun-Gujarat Stahl Rohren Ltd.), for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011, the Registrars of the Company have certified that as at 31st March, 2011, there were no investor grievances remaining unattended/pending for more than 30 days.

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

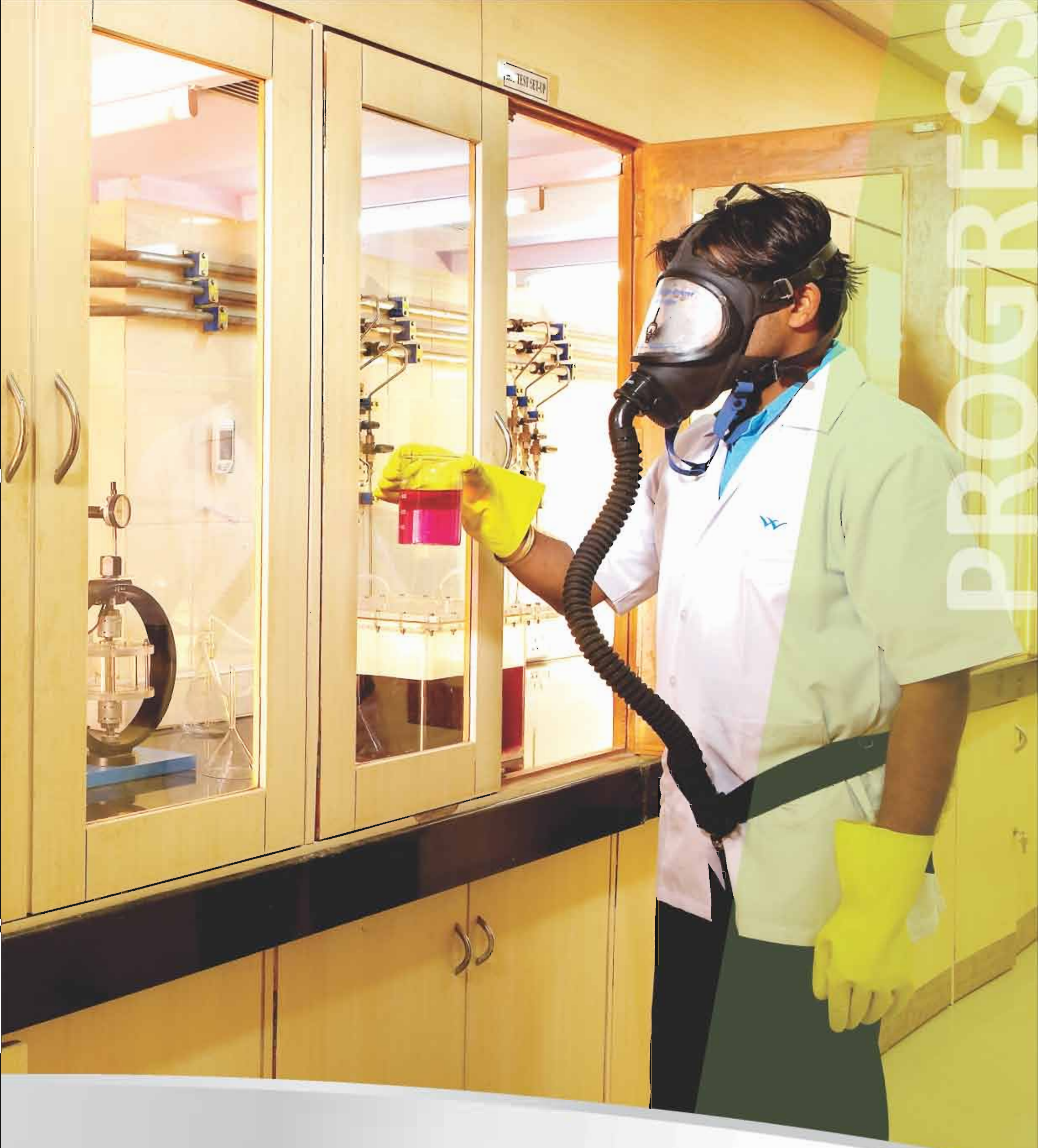
For **S. S. Risbud & Co.**
Company Secretaries

Sanjay Risbud
Proprietor
Certificate of Practice No. 5117

Mumbai
26th May, 2011

PROGRESS THROUGH INNOVATION

For a global company like Welspun it is imperative to focus on innovation. With innovative products and solutions requires the kind of pioneering spirit that makes a company strong. Our focus is on innovation and we're aiming for market and technology leadership. To achieve this aim, we're getting closer to our customers and creating value locally – all around the world.



WELSPUN
Corp Ltd

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statement of Welspun Corp Limited (Formerly known as Welspun-Gujarat Stahl Rohren Limited) ("Welspun" or the "Company"), and the notes thereto for the year ended March 31, 2011. This MD&A covers Welspun's financial position and operations for the year ended March 31, 2011. Amounts are stated in Indian Rupees unless otherwise indicated. Abbreviations and acronyms used in this MD&A are identified in the Glossary of Terms in Welspun's Annual Report of 2010-11. The numbers used in the analysis are on a consolidated basis, the corresponding number for the previous year have been regrouped and reclassified wherever necessary.

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Company Overview

Welspun Corp is a one-stop service provider offering complete pipe solutions with a capability to manufacture line pipes ranging from ½ inch to 120 inches, along with specialized coating, double jointing and bending. The Company has global current commissioned capacity of 1.85 mn tons at Dahej and Anjar in Gujarat–India, at Little Rock in the USA, and Dammam in Saudi Arabia.

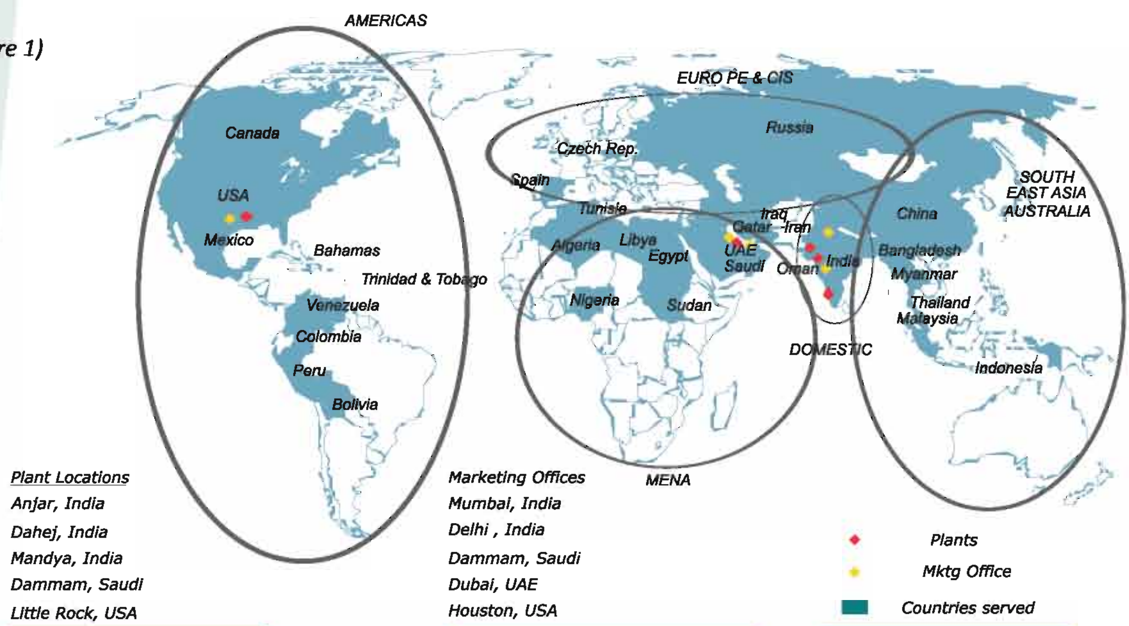
During FY 11, the Company has commissioned 0.10 mn tons capacity HSAW Plant at Mandya in Karnataka to cater the water segment at a lower transportation cost to the South India market. The Company has also commissioned operations at Dammam in Saudi Arabia with a capacity of 0.30 mn tons of HSAW Plant. The Company has also embarked on a new LSAW plant at Anjar with the capacity of 0.35 mn tons and is expected to start commercial production in the first half of FY 12.

The Company has continued to further strengthen its services to become an integrated Pipe manufacturer by setting up a world class plates and coils manufacturing facility. The state-of-the-art Plate cum Coil mill in India (Anjar) has production capacity of 1.5 mn tons, of API grade Plates and Coils. This backward integration assures high grade plate and coil requirement for pipe manufacturing.

The Company has deployed state of the art technology in its plants and adopted some of the highest standards for quality and service delivery. The Company has developed unmatched expertise to manufacture pipes of varying qualities, grades and sizes that are used in long distance transportation of oil & gas for critical purposes and in complex regions. We are amongst the few manufacturers of high grade pipe of X 80 and are also the first Company to manufacture the largest diameter pipe - 56 inches- in both HSAW as well as LSAW in X 80 grade.

The Company's strategy is to have full-integration and provide one stop solution in the Line Pipe segment thereby capture the entire value chain from manufacturing of Plate & Coils to Line Pipes and also Pipe laying.

(figure 1)



The Company has undertaken some of the most challenging projects in different parts of the world. The Company has emerged as a preferred supplier to most of the Fortune 100 Oil & Gas companies. Marketing office in Houston (USA) and Dubai (UAE) enables greater reach to the customers, along with various facilities and offices spread across the Globe. The Global Offices locations are shown in *figure 1*

The Company has been exporting pipes in the global market including some of the most demanding markets like US and Middle East in terms of quality and innovation in products and services.

The Company has become approved supplier to over 50 major oils and gas companies across the world. This enables the Company to participate and bid in the key projects across the world.

The Company has been pre-approved by some of the major international oil and gas companies like British Gas, British Petroleum (UK), Shell (Netherland), Golden Pass Pipeline LP (Exxon Mobil), TransCanada, Chevron (USA), Saipem (Italy), Total (France), Enterprise, Peru LNG S.R.L. (Hunt Oil), Saudi Arabian Oil Company (Kingdom of Saudi Arabia), Ruby (Elpaso), Qatar Petro DOW and Gazprom (Stroytransgaz) along with Indian oil and gas players like Reliance Industries Limited, GAIL, ONGC and Indian Oil Corporation.

Global Energy demand on growth trajectory

The ongoing global recovery coupled with rising demand for energy, is prompting oil and gas companies to invest more in new pipe infrastructure and push the energy demand. Progressing countries in Africa, Asia Pacific, Middle East etc are expected to pull in most of the energy investment in order to boost its economic operation. For Oil & Gas Sector, the investment to the tune of $12 trillion will be required for next 20 years resulting in an annual investment of over $500 billion as per International Energy Agency (IEA).

As per the IEA's estimate, the global oil demand in 2011 will be at 89.4 million barrels per day ("mb/d") (which is 5.2% higher or up by 4.4 mb/d as compared with 2009). (Refer figure2)

Global Oil demand

(figure 2) *Million barrels per day*

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11	4Q11	2011
Africa	3.3	3.2	3.2	3.1	**3.2**	3.2	3.3	3.2	3.3	**3.3**	3.3	3.4	3.3	3.4	**3.4**
Americas	29.2	28.9	29.4	29.7	**29.3**	29.6	30.1	30.7	30.4	**30.2**	30.2	30.1	30.8	30.4	**30.4**
Asia/Pacific	25.6	25.9	25.8	27	**26.1**	27.5	27.2	27	28.6	**27.6**	28.7	28.2	27.9	29.1	**28.5**
Europe	15.7	15	15.2	15.1	**15.2**	14.9	14.8	15.5	15.4	**15.2**	14.9	14.7	15.4	15.3	**15.1**
FSU	4	3.9	4.1	4	**4**	4.2	4.2	4.4	4.4	**4.3**	4.3	4.2	4.5	4.5	**4.4**
Middle East	6.7	7.2	7.7	7.1	**7.2**	7.1	7.5	8	7.4	**7.5**	7.4	7.7	8.2	7.5	**7.7**
World	84.5	84.2	85.4	85.9	**85**	86.5	87	88.7	89.4	**87.9**	88.8	88.4	90	90.2	**89.4**
Annual Change (%)	-3.2	-2.5	-0.5	1	**-1.3**	2.3	3.4	3.9	4.1	**3.4**	2.6	1.6	1.5	0.9	**1.6**
Annual Change (mb/d)	-2.8	-2.1	-0.4	0.9	**-1.1**	2	2.8	3.3	3.5	**2.9**	2.3	1.4	1.3	0.8	**1.4**

(Source: International Energy Agency)

Worldwide demand for natural gas is set to resume long-term upward trend with the resumption of global economic growth. Low carbon content of gas relative to oil will act as a supportive factor to gas demand as world shifts more towards greener technologies.

Global Gas Scenario

Currently global gas demand and production is the range of 3.3 tcm (2010) and shall reach to 5.1 tcm by 2035 by recording a compounded annual growth rate of 1.8%, which is an increase of 1.8 tcm over this period. This growth will increase the share of natural gas in global energy mix from about 21% to 25% in 2035.

According to the World Energy outlook (2011) report released by International Energy Agency, global gas demand under the GAS scenario (Golden Age of Gas), Gas will play a more prominent role in meeting world's energy needs till 2035. Non OECD countries especially China and India are expected to account for large part of total increase in demand as per the below table (Refer Figure 3):

Gas Demand by Region in GAS scenario (Golden Age of Gas) (bcm)

(figure 3)

	2008	2015	2020	2025	2030	2035	2008-2035*
OECD	**1541**	**1615**	**1691**	**1773**	**1865**	**1950**	**0.9%**
North America	815	841	872	924	986	1052	0.9%
United States	662	661	668	700	741	786	0.6%
Europe	555	574	608	636	653	667	0.7%
Pacific	170	200	210	213	226	231	1.1%
Japan	100	118	122	123	127	127	0.9%
Non-OECD	**1608**	**2070**	**2328**	**2611**	**2912**	**3182**	**2.6%**
E. Europe / Eurasia	701	755	786	824	857	876	0.8%
Russia	453	474	487	504	522	528	0.6%
Asia	341	576	715	864	1049	1244	4.9%
China	85	247	335	430	535	634	7.7%
India	42	81	104	134	176	234	6.5%
Middle East	335	428	470	536	592	632	2.4%
Africa	100	139	154	164	170	173	2.1%
Latin America	131	172	203	224	245	258	2.5%
Brazil	25	48	66	76	88	98	5.1%
World	**3149**	**3685**	**4019**	**4384**	**4778**	**5132**	**1.8%**
European Union	536	553	587	609	621	636	0.6%

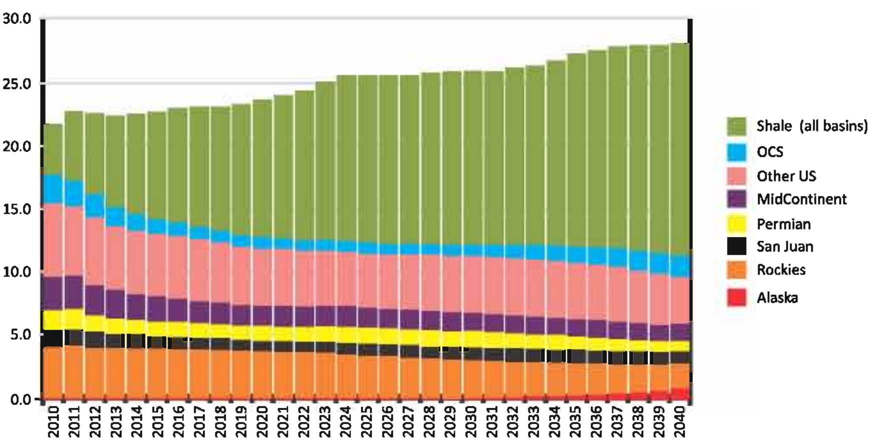
** Compound average annual growth rate.*
Source: World Energy outlook (2011) report

Shale Gas

Shale gas has been referred to as "the biggest energy innovation of the decade" by world renowned energy economist Daniel Yergin. It has become an increasingly important source of natural gas in the United States over the past decade and interest has spread to potential gas shales in Canada, Europe, Asia, and Australia.

Although many other nations are pursuing shale gas, commercial success is so far limited to US and Canada. Shale Gas production in the US has increased from virtually nothing in 2000 to over 10 billion cubic feet per day (bcfd) in 2010. Currently Shale gas contributes to nearly 17% of the total gas production in US and is expected to form 50% of total US natural gas production by 2030's as represented in the below chart (Figure 4).

(figure 4)



Source – Rice World Gas Trade Model Reference Case: James A Baker III Institute for Public Policy, Rice University study report titled "Shale Gas & National Security", June 2011(supported by U.S. department of Energy). Authors- Kenneth B Medlock III (PHD), Amy Myers Jaffe and Peter R Hartley (PHD).

Oil & Gas sector remains primary demand driver for pipes industry

The oil & gas industry has been the primary end user and the biggest demand driver for pipes historically with water infrastructure development and industrial applications being the other demand centers. Higher oil and gas prices typically drive exploration capex which in turn fuels demand for drilling activity (seamless pipes) and for the transportation of resources from the oil well to the end consumer (Line pipes – LSAW, HSAW and ERW pipes).

Global Pipe Demand Outlook

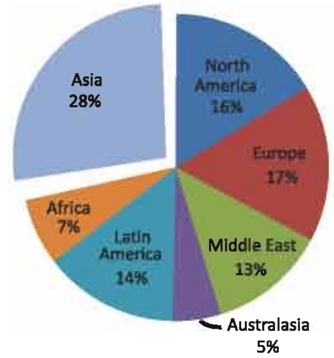
Global business potential for new pipeline projects augments well for the pipe demand. Based on the existing pipeline projects, the global pipeline demand is projected to be around 102 mn tons for about 772 projects resulting in an opportunity for supplies of more than $ 123 bn across the globe for the next four years (Source: Simdex), as presented in the table (refer to *figure 5 & 6*):

(figure 5)

Region	Total Weight (' 000 MT)	USD Bn
North America	16,317	20
Europe	17,503	21
Middle East	13,286	16
Australasia	4,919	6
Latin America	14,212	17
Africa	7,117	9
Asia	28,837	35
Total	**102,191**	**123**

1. *Conversion rate of $ 1200/ton*
Source: Simdex

(figure 6)



Besides new projects emanating for new finds, buoyancy in crude demand, newer gas finds, shale gas projects, large projects like Alaska pipeline, tax breaks in US to propel capex, potential replacement market in US bodes well for the pipes demand.

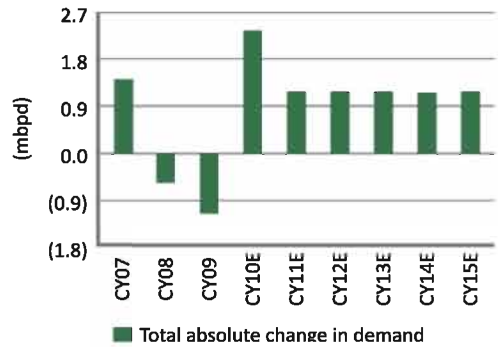
Crude Oil

With the recovery in global economies and particularly in the US market the potential of steel pipes industry looks better. Rising oil prices and further stimulus-led tax breaks will lead to higher capex spends in the oil & gas sector which will entail more demand for pipes. Thus an upturn is expected in order inflow, both domestic as well as international, for pipes majors.

With the oil prices range between US$ 90-100 and a steady revival in global economies with stimulus-led tax break leading to increased corporate capex the demand for steel pipes is becoming stronger. In USA, the recovery in oil prices has also resulted in an increased rig count of 1,713 in December '10 from 1,550 in July '10 reflecting a ramp-up in drilling activity.

On the back of faster-than-expected global recovery and an uptick in industrial activity in various economies, overall crude demand is to post a CAGR of 1.3% or average 1.2 mbpd, from 87.3 mbpd in CY10 to 93.2 mbpd in CY15E. The surging demand of crude in CY10E (87.3 mbpd) has surpassed the previous demand peak of 86.7 mbpd (CY07) (Source: IEA).

(figure 7)



The chart above depicts the recovery of Global crude demand from dip in CY08 and CY09. With many of the existing reserves depleting and new finds getting connected the demand potential for pipes is positive. Crude demand growth shall certainly be an added factor to the pipe demand.

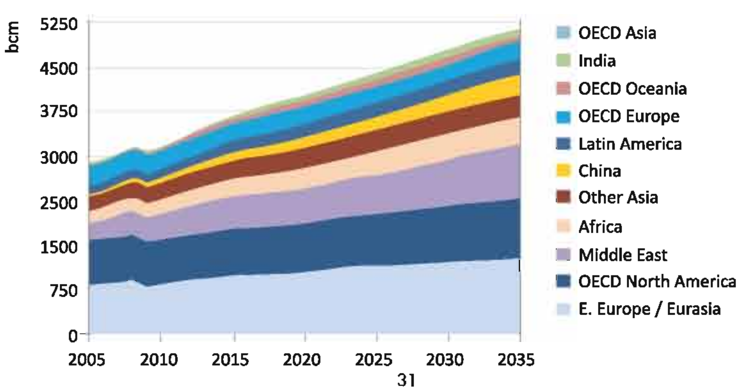
This growth is expected to be led by buoyant growth in non-OECD economies (+7.7 mbpd, +3.5% CAGR), marginally offset by flat-to-marginally-negative growth in OECD economies (-1.8 mbpd or -0.8% CAGR). (Refer figure 7)

Natural Gas

Natural Gas production increasingly will come from unconventional sources and their share in total output shall increase from 12% in 2008 to nearly 25% in 2035. The natural gas supply is becoming larger and is getting spread over many regions and locations, which shall continue to fuel the demand for pipeline infrastructure. The global gas production is estimated to match the demand from 3.3 tcm in 2010 to 5.1 tcm by 2035, with larger share of OECD, Middle East and Africa as per the below chart (Figure 8).

Natural Gas production by Region in the GAS scenario

(figure 8)



Shale Gas

Long-term growth in shale gas production is expected to play an important role in shaping North American, European and Asian natural gas demand. In USA shale gas supply is growing at a phenomenal rate. Shale gas addition to the supplies provides a huge potential for increase in pipelines demand over years. Pipelines from shale gas fields are being connected to the main trunk lines and thus creating demand potential for pipes in a consistent manner.

Positive developments are also taking place across the globe for Shale Gas development. U.S. Energy Information Administration (EIA) released a major report in 2011 assessing the potential for shale gas development in 48 basins in 32 countries around the world. According to the report, the assessed basins, could contain 6,622 trillion cubic feet (tcf) of gas contained in shale. China holds 1,275 tcf of technically recoverable Shale Gas resource. Following is the list of major countries holding Shale resources. Poland and Australia are the countries where major shale gas work is under process. (Refer Figure 9)

(figure 9)

Region	Technically Recoverable Shale Gas Resource - tcf
China	1,275
United States	862
Argentina	774
Mexico	681
South Africa	485
Australia	396
Canada	388
Algeria	231
Brazil	226
Poland	187
France	180
India	63
United Kingdom	20

Source:- EIA report April, 2011

Also increase in Shale Gas Production in the US will expedite the development of LNG Export Terminals in the US. The transition of the US from a net importer of LNG to a net exporter looks inevitable with the increase in shale gas production there over the last five years. The first LNG export terminal in the US commenced operations in 2010 and two more terminals are planned to start operations during 2011-2016. The total planned LNG liquefaction capacity of the US will reach 17.5 MTPA by 2016.

Alaska Pipeline Project

TransCanada and ExxonMobil intend to invest US $ 32 bn– $ 41 bn on an Alaska pipeline project translating to strong demand prospects for pipe manufacturers. The Alaska Pipeline Project is continuing to advance the technical, engineering, commercial, and regulatory work needed to make the project a reality. The Alaska Pipeline Project is actively working to file major permit applications with U.S. and Canadian regulatory agencies in 2012. The Alaska Pipeline Project is advancing ongoing technical and engineering work to refine plans for project design and construction.

Demand upside from potential replacement market

Replacement demand from developed nations remains strong. This has been debated for a long period of time and actual demand has not materialized thus far. Given the fact that a large percentage of pipelines in the US have reached the end of their lifespan (30 years) the replacement is required. The BP oil spill may prompt the US to accelerate the process to replace old infrastructure. More than 1 mn miles of the total 1.5 mn miles of USA pipelines were laid during the 1960's and 1970's.

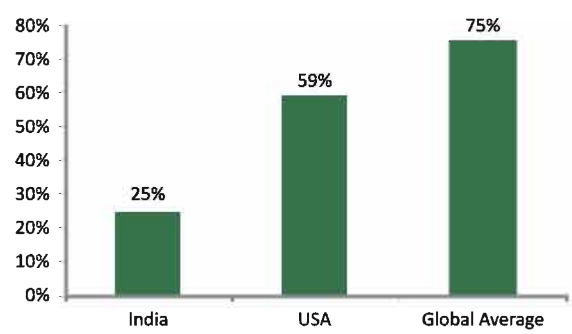
Considering that the actual annual demand-supply of pipes currently is around 16 - 17 mn tones per year, the replacement of even half of 1 mn miles of pipelines would take at least 10-12 years to complete.

Domestic (Indian) Steel Pipes Industry and Demand growing and is very competitive

Domestic Pipe Demand

Penetration levels of India's oil & gas pipeline network is much lower as compared to US (refer figure 10). With increased Oil & Gas finds in the country and LNG imports, demand for pipes is expected to grow significantly. Given the scope for expansion and the low cost of pipeline transportation, the pipes demand has immense upside potential in India.

(figure 10)



Major oil & gas pipeline players like GAIL, RGTIL (Reliance Gas Transportation Infrastructure Ltd.) and GSPL (Gujarat State Petroleum Ltd) plan to lay around 15,088 km of pipelines over the next 3-4 years.

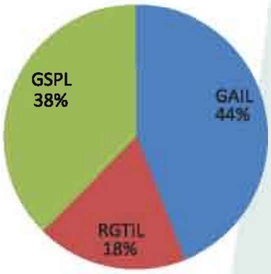
At a rate of 200 tons/km and conversion rate of US$ 1,200/tonne, these three players alone are expected to create a total business potential of US$ 3.7 bn. The table below (Figure 11) indicates the gas pipelines envisaged by oil and gas majors, GAIL, RGTIL and GSPL and other new projects under consideration.

GAIL plans to invest ~Rs 190 bn over the next 2–3 years to expand its pipeline network.

(figure 11)

Company	Quantity (KMT) (1)	Business Potential (US $ bn) (2)
GAIL	1,332	1.6
RGTIL	550	0.7
GSPL	1,135	1.4
TOTAL	**3,017**	**3.7**

(1) Conversion rate of 200 tons/km *(2) Conversion rate of $ 1200 /ton*
Source: Religare Jan 2011 report



Key Growth Drivers

Petroleum & Natural Gas Regulatory Board has initiated the push for more pipelines

Petroleum & Natural Gas Regulatory Board (PNGRB) has initiated pipeline projects which will enhance pipe line infrastructure and facilitate PNG distribution in various cities and industries in the coming days.

Recently Gujarat State Petronet Ltd (GSPL)-led consortium has bagged a contract from Petroleum and Natural Gas Regulatory Board (PNGRB) for laying three cross- country gas distribution pipelines for Mallavaram-Bhilvara (1611 km), Mehasana-Bhatinda (1688 km) and Bhatinda-Jammu (512 km) pipelines, estimated to cost Rs 12,500 crore and will have capacity to carry around 95 MMCD (million metric cubic meters per day) of gas. The laying of three major gas pipelines will facilitate the development of networks leading to the evolution of the much-awaited National Gas Grid.

City gas distribution to create value in long term

Piped natural gas (PNG) is being used as a fuel in for domestic and commercial applications such as cooking, water heating, space heating and air conditioning. In the next 5 years about Rs. 280 bn will be invested in pipeline infrastructure for CGD networks in 200 cities by 2015. HSAW/LSAW pipes would be used for common pipelines and ERW variety for last mile connectivity.

In a recent development, the Supreme Court ended years of uncertainty by allowing downstream oil regulator Petroleum and Natural Gas Regulatory Board (PNGRB) to process all pending applications for the grant of licenses to provide retail CNG to automobiles and piped cooking gas to households in cities. Supreme Court directed that all pending and new applications shall be dealt with by a multi-member board. The recently concluded third round in which bids were invited for installing and running a CGD network in Asansol-Durgapur (in West Bengal), Bhavnagar, Gandhidham-Anjar, Bhuj-Mundra and Jamnagar (all in Gujarat), Ludhiana and Jalandhar (in Punjab) and Panipat (in Haryana) saw an enthusiastic response. This development is positive for the CGD becoming a reality going forward.

Natural Gas to propel the pipe demand

Currently, Gas accounts for merely 10% of total primary energy consumption in India. Despite the domestic production nearly doubled since 2009, production is unlikely to keep pace with domestic gas demand. The major domestic producers of natural gas are Reliance Industries Limited, Oil & Natural Gas Corporation Limited (ONGC), Oil India Limited (OIL) and JVs of Tapti, Panna-Mukta and Ravv.

New Exploration Licensing Policy (NELP) bid rounds has enhanced the pace of capex towards development of newer resources. This will increase the demand for newer pipelines. Pipelines have inherent advantages such as lower operational cost, safety and protection against pilferage.

India's current gas Demand-Supply scenario shows that there is a wide gap between demand and supply and the gap is set to widen in the next five years. The gas demand in 2010-11 stands at around 179 MMSCMD (million standard cubic meters per day) and the domestic supply stands at less than 140 MMSCMD. The demand supply gap is set to widen in coming years.

According to global consultancy firm McKinsey, India's natural gas demand is expected to increase to 320 (mmscmd) by 2015. By 2030, Gas demand is expected to further increase to 600 MMSCMD. Only part of the domestic shortfall in gas is envisaged to be made good by other domestic finds which are expected to come on-stream within next few years. However a large share of incremental demand will be met by LNG.

It is expected that significant additional imported gas supplies will be required to meet the demand. India received its first imports in 2004, which is set to increase considerably and the role of LNG in meeting India's growing gas demand shall be paramount.

Liquefied Natural Gas (LNG) Terminals to enhance Pipe Demand in India

Currently, India has an LNG import capacity of 13.5 MTPA through two terminals, accounting for about 20% of the country's gas requirements. Petronet LNG runs India's first LNG receiving and regasification terminal at Dahej in Gujarat is having a capacity of 10 MTPA (which may be further expanded), equivalent to 40 MMSCMD of natural gas. A joint venture of Shell Gas BV and Total Gaz Electricite Holdings France runs a 3.5 MTPA capacity LNG terminal at Hazira, Gujarat.

Petronet LNG is also constructing another 5 MMTPA Greenfield LNG import and re-gasification plant in Kochi which is expected to be commissioned in 2012. Dhamra Port Co. Ltd (DPCL), a joint venture between Larsen and Toubro Ltd and Tata Steel Ltd is proposing an LNG terminal in the east coast of India. LNG terminal at Dabhol in Maharashtra with a capacity of 2.5 MTPA is also likely to start in 2012. IOC has also proposed a 5 MTPA LNG terminal at Ennore, Tamil Nadu. The planned Mundra LNG terminal having a capacity of 5 MTPA (with an option to scale up the capacity) is being developed at the port city of Mundra by Adani Group and is expected to commence operations by 2014.

New LNG terminals as well as expansion of the existing ones is likely to result in increased pipe demand as the LNG needs to be transported from terminals to end stations.

Shale Gas in India

There are significant positive developments happening in India as well on Shale Gas. In a major breakthrough, state-owned Oil and Natural Gas Corporation (ONGC) struck natural gas reserves in its maiden well drilled to tap shale gas in West Bengal. This is the first such discovery in sedimentary shale gas rocks outside the United States and Canada. As per the initial studies, many shale sequences in well explored basins are found to be promising like Damodar, Cambay, and Krishna Godavari and Cauvery basins.

Schlumberger, a global leader in oilfield services, has pegged the reserves of gas in shale deposits across India at 300 times higher than the largest gas basin in India. In the Damodar Valley Shale gas basin alone an initial gas-in-place estimates are of 300-2100 trillion cubic feet (tcf) in Indian shale gas basins.

A conducive regulatory environment in India coupled with technological investments the shale gas potential can be unveiled, which shall provide further upside for pipeline investment.

Water sector opportunity in India

Water pipelines offer another opportunity to pipe manufacturers as the government is increasing thrust on creating water infrastructure across the country. As per the estimates of The High Powered Expert Committee (HPEC) for urban infrastructure services, the total investment required to meet the current backlog and future needs for eight core urban infrastructure sectors during FY12 to FY31 is Rs 39.2 lakh crore which translates into an yearly average of appx Rs 2 lakh crore. Water supply, sewerage, solid waste management, and storm water drains account for about 20% of estimated investment requirements. Further, Rs 19.9 lakh crore, or almost Rs 1 lakh crore a year is estimated to be required for O&M on urban infrastructure during the FY12-31.The largest programme for urban infrastructure development led by Government of India, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which has been supporting the urban infrastructure development over the period 2007-2012, has disbursed Rs 38,463 crore in 4 years till 31st March 2011. About 58% of the projects that has been approved are in the water supply and sanitation sectors. Investment in water supply infrastructure has increased, especially after the launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) by the government in 2006.

Swot Analysis Of The Indian Pipe Industry

Strengths

- Approvals & Accreditations from major oil & gas companies leveraging strong market share by some players
- Safe and cost effective mode of transport for liquids & gases
- Cost effectiveness of the Indian Players compared to International Players.
- Some of the players capable to execute most stringent global projects.
- Thriving Domestic market

Weeknesses

- Dependence on government spending and changing regulations
- Intensifying competition with capacity increases by domestic players and participation from foreign players
- Larger reliance on Domestic Orders

INDIAN PIPE INDUSTRY

Opportunities

- Low pipeline penetration in India vis-à-vis developed nations compared to USA & France
- Increasing O&G exploration activity across the country provides opportunity for creating pipeline infrastructure
- PNGRB initiating new pipeline projects and building of City Gas Distribution
- Increasing Government layout for Infrastructure building with specific focus on O&G and water infrastructure

Threats / Risks

- Volatile Crude Oil prices
- Appropriate thrust on pipeline investment by Government
- Changing Government policies on Pipeline Investment
- Sharp fluctuations in steel prices between the bid & award of the contract
- Volatile Forex rates
- Intensifying competition, impacting margin
- Freight costs on pipeline Investments
- Global Economic environment

Welspun's Highlights

Capacities spread across the globe

The Company having stared its capacities in India, today has plant in US and Saudi Arabia. The Total capacity will reach 2.2 mn tons with the commissioning of 0.35 mn tons LSAW capacity in Anjar by Q2 FY 12. With this new facility, the LSAW line pipe capacity will increase to 0.70 mn tons from the current 0.35 mn tons catering towards the growing market of LSAW pipes for the deep offshore projects across the globe. With the Company's investment in the Kingdom of Saudi Arabia in FY 11 with capacity of 0.30mn tons, the HSAW line pipe capacity today stands at 1.30 mn tons from the earlier 1.0 mn tons. The Global capacity distribution of the Company is as under (refer Figure 12):

(figure 12)

(Capacity in '000 tons)

LOCATION / PRODUCT	INDIA			USA	MIDDLE EAST	
	DAHEJ	ANJAR	MANDYA	Little Rock	Saudi Arabia	TOTAL
LSAW	350	-	-	-	-	350
LSAW (New)	-	350*	-	-	-	350
LSAW (Total)	350	350	-	-	-	700
HSAW	50	500	100	350	300	1,300
HSAW (Total)	50	500	100	350	300	1,300
HFIW / ERW	-	200	-	-	-	200
TOTAL PIPES	400	1,050	100	350	300	2,200
PLATES/COILS	-	1,500	-	-	-	1,500

** to be commissioned by Q2 FY12*

Saudi Arabia plant to Cater MENA Region and Mandya Plant to focus on Water segment in India.

In view of domestic opportunities, with the spiral plant located in Mandya near Bangalore in Southern India the Company has started to cater the growing water segment in India. With the domestic capacities, the Company is well poised to tap the opportunities arising from the domestic market including the Oil & Gas pipelines projects in India. With the recent commissioning of Saudi capacity of 0.30 mn tons the Company is well geared to service the growing market of Middle East and North Africa. The Company has become a local player in major market and has strengthen its position by servicing couple of orders which are of high quality and delivered within committed timeline. This has enhanced the market positioning and enabled to build strong customer relationship.

Strong Order book position

The Current order book stands at stands at Rs. 5,400 Crores (US$ 1.2 bn) in pipes (726 K tons) and plates (32 K tons) as on 26 May 2011. 82% of orders of pipes are from the export market like North America, Middle East and South East Asia. This order book is good enough to cover almost approx 8 months of sales.

Commissioning of Coil Mill

During FY 11, the Company has commissioned coil mill which is the part of the Stakel mill (Plate cum coil mill). Now with this some of the coils for HSAW & ERW pipes are now being sources internally. The Company is poised to manage the volume growth by winning new orders from external clients. We have created a pool of trained manpower for producing API grade Plates & Coils which is going further strength our backward integration initiatives.

Laid the foundation for participation in Infrastructure sector

With effect from 16th August, 2010, Welspun Infratech Limited, a wholly owned subsidiary of the Company acquired 61.12% stake of Welspun Projects Limited (formerly known as MSK Projects Ltd). With this the Company has forayed into infrastructure segment, enabling the Company to progress towards complete integration by being a one-stop-solution in the line pipe segment, capturing the full value chain from manufacturing of Plate and Coil to line pipe and finally to pipe laying.

Further to this, to capitalize on the burgeoning infrastructure opportunities in India, the Company through its step down subsidiary viz. Welspun Infra Projects Private Limited (WIPPL) has acquired 35% stake in Leighton Welspun Contractors Pvt Ltd (Formerly known as Leighton Contractors (India) Private Limited). With this acquisition the Company would have larger business avenues as well as support for achieving technical and financial qualification for infrastructure projects. Considering the need to consolidate infrastructure business, Welspun Infra Developers Private Limited (the Company owned by the promoters) is being merged with Welspun Infratech Limited (a wholly owned subsidiary of the Company) as per the Scheme of Amalgamation under Section 391 to 394 of the Companies Act. The resultant shareholding of Welspun Infratech Limited post merger would be 65.06% by the Company and 34.94% by the promoters, subject to court's approval.

Welspun - A SWOT Analysis

Welspun poised to capture higher market share

Strengths

- Young & energetic team lead by experienced leaders with vast marketing experience and manufacturing capabilities
- Good brand in Large Diameter pipe market with good past track record.
- International accreditations from key clients
- Technical Capability for servicing high end markets
- Proven existing and upcoming capacities
- In- house Plate cum coil mill

Weeknesses

- Learn to execute large numbers of small quantity orders
- Yet to create larger presence in markets like Iraq, & Australia
- Further Strengthen global practices across the organization

WELSPUN
poised to capture higher market share

Opportunities

- Participating in major market of North America and Middle East as a local player
- Potential to participate in upcoming projects in Latin America Africa, South East Asia and Australia
- Backward integration with Plate cum Coil Mill provides input material security.
- Capability to deliver for critical applications in upcoming projects.
- The Replacement market in the US

Threats / Risks

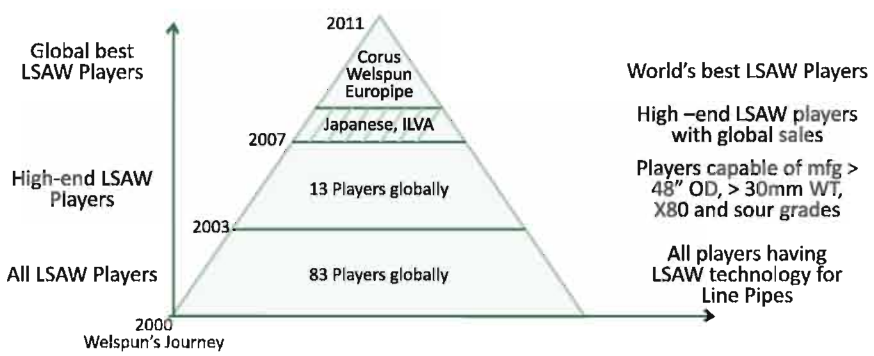
- Intense completion in Domestic Market
- Raw Material security as compared to integrated international players
- Preference for Local supplies in various markets
- Volatile Forex exchange rates.

Welspun's Strategy

Welspun's competitive positioning in LSAW market

(figure 13)

Welspun is one of the world's foremost players in LSAW market



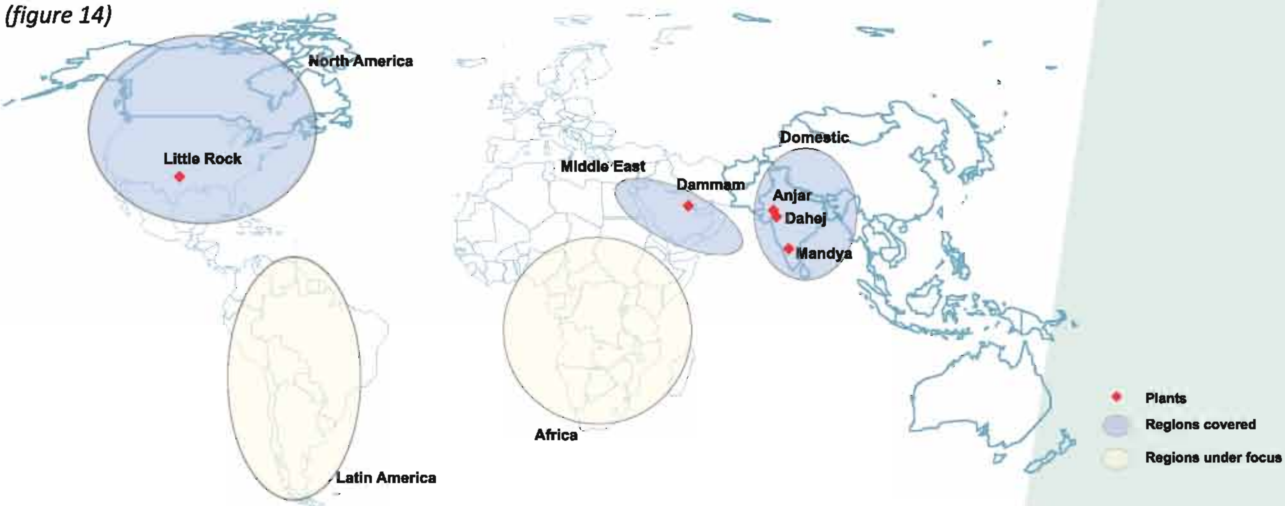
Source: Metal bulletin

Over the years, the Company has reached among top players in LSAW Market on the back of delivery of high end high quality products in the international market. Today it is ranked amongst top 3 companies with the capability of manufacture pipes for critical projects with extreme specification like 48 inch diameter pipes, X 80 grade and sour grades.

What we were......	Heading towards....
Less Competition	Intense Competition
Single Manufacturing Location Serving Global Market	Local Insider Serving the Regional Markets
Growth By Product & Market Development	Growth by Product & Market Development with Joint Ventures and Acquisitions
Owner's Business	EPC & Consultants Business
Single Business	Multiple Business (Diversification)
A General Linepipe Manufacturer with Presence across all Segments	A Specialised Line Pipe Manufacturer with Sales Driven Largely by High End Pipes

Welspun's competitive positioning in HSAW market

(figure 14)



The Company's HSAW plants located near the major markets of North America, Latin America, Middle East and Africa. With its local presence in Saudi and Little rock in Arkansas US and also through its Indian facilities in Dahej , Anjar in Gujarat and Mandya near Karnataka. This provides competitive advantage to supply high end pipes as a local player to global customers.

Exploring new markets

Over the years, the Company has received orders from various markets such as Saudi Arabia, Africa, South East Asia West and South Africa, Caribbean and Latin American regions.

Capability, consistency and continuously improving performance recognized by global clientele

The Company is receiving repeat orders from loyal customer base by delighting them with consistent high-quality products and services.

Leverage accreditations with international O&G majors

The Company has been pre-approved with international O&G majors and is further leveraging the relationship by partnering them and do research and development on high grade critical applications for newer projects. And at the same time the Company is growing its delivery capabilities with multi location plants with the state of the art technologies and processes

Welspun on the Path of Leadership through its

SCALE LEADERSHIP Scale of operations through large economical plants across the globe.
COST LEADERSHIP Produce world class products at the least cost and maintain competitive edge.
TECHNOLOGY LEADERSHIP Adopt and innovate cutting-edge technology to satisfy stringent requirements of customers.
QUALITY LEADERSHIP Consistent focus on quality at all levels, be the best in satisfying customers.
PROCESS LEADERSHIP Most efficient and effective processes to achieve the most optimal utilizations.
PEOPLE LEADERSHIP BEST IN CLASS PEOPLE produce extraordinary results.
GLOBAL LEADERSHIP Serve globally, act locally.

Outlook

Plates and Coils

The Plate business is passing through challenging time as globally shipping industry is in a bad phase, which is one of the largest consumers of steel plates, which has resulted in over-supplies with limited demand in various centers. In order to enhance plate and coil volume the Company has opened depots across major cities in the country which are enabling to substitute imported plates in the domestic market. These plates being largely consumed for blades of Wind Mill, Boiler for Construction etc. With the commissioning of LSAW plant at Anjar, the in-house requirement of plates will further increase.

Pipes

Rising oil and gas exploration will provide impetus to the business, across Middle East, Africa, South America, Asia and Australia. The recent Shale Gas development in North America and Europe shall enable energy security in the region. India is also preparing construction of pipelines (both in Government as well in private sector) as the domestic gas availability is poised to increase over the years. Also the government thrust on infrastructure development, irrigation and water supply shall enable good potential in the domestic market. However, the steel price volatility and the competitive forces in the global markets continue to pose a major challenge, which needs careful planning by the companies to overcome these volatilities.

Internal Control And Adequacy

Management of the Company maintains its adequate internal control system which is designed to provide reasonable assurance that assets are safeguarded and transactions are rightly executed and recorded in accordance with management authorization and accounting policies.

All the records are adequately maintained for preparation of financial statements and other financial information. Apart from internal controls, Our Company also audits the efficiency and security of its operations, its information technologies and data, in accordance with the global standards. The Audit Committee met eight times in the FY 11 to review internal audit reports as well as the internal control systems and financial disclosures

Material Developments In Human Resources

The Company's strategic intent is to grow at a fast pace as defined in DISHA 2012 which sets the direction and deliverables as well as the means to achieve this growth.

To achieve strategic goals and enable business success, the Company is investing in attracting, developing and retaining highest quality of human capital. The intent is to build a high performance management culture, backed by world-class processes operating on a value framework. The twin pillars of education and systems & processes will enable us to identify high performance & high potential people and build future leadership and thus, the underlying philosophy behind the management of human capital at Welspun is to strengthen its strategic alignment with the business. An HR-ERP package – WEL_CONNECT supported by an Oracle database is in place to manage all HR related activities. The Company has 5,776 employees across various locations

The key initiatives that are being driven are: The key initiatives that are being driven are:

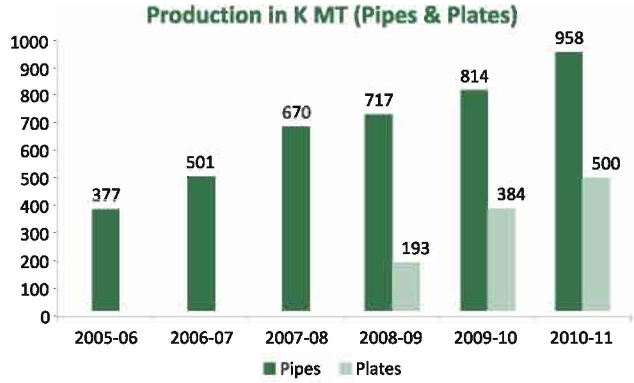
- The Group has embarked on a 'Leadership Development journey', with its top talent group of around 200 members of middle and senior management set to undergo comprehensive programs to enhance their General Management and Leadership Skills.
- The Company have partnered with SP Jain Institute of Management and Research to run customized Management Development Programs (MDP) & has partnered with Idiscoveri Education to provide specific leadership development programs. Around 120 people are undergoing the MDP and approximately 70 people are already part of Leadership programs.
- Capability building around technical areas has been initiated for workmen, supervisory staff and managers, initiating Technical training certification. As of today, approximately 80 employees across its locations have been certified as internal technical trainers. The Company has partnered with NTTF (Welcome-NETTUR TECHNICAL TRAINING FOUNDATION) a renowned technical institute for workmen development, with the NTTF satellite centre set to be operational in a few months
- Individual Development plans (IDPs) have been drawn for around 200 key talent members up across all India locations. Robust review mechanism has been put into place to track the progress of the same.
- Implemented "Great Places to Work" survey across the Welspun Group to understand what is working well and what needs to be improved in the Company. Business and Location wise action plans are being driven to address the key challenges.
- In order to build a strong middle management team over the next 5 years, the Welspun group decided to hire aggressively from top B Schools across the country and 50 lateral management graduates from top B Schools across the country have been brought on board.

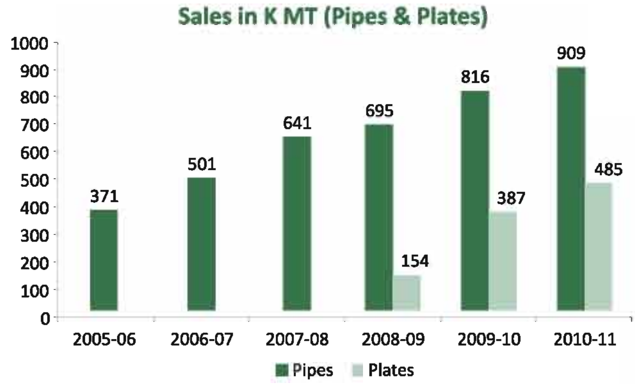
Discussion of Financial Analysis

The significant developments which had major impact on financial numbers were:

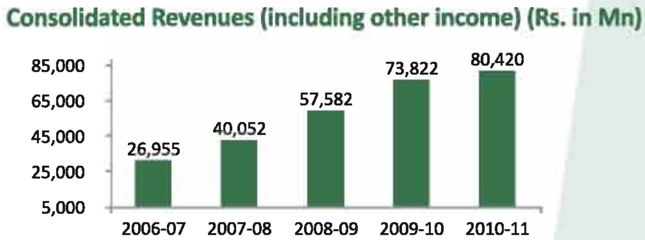
- Pipes sales volume up by 11.5 %, Plate and Coils sales volumes up by 25.3%.
- Pipe plant at Little Rock (Arkansas, U.S.) in full-swing.
- Mandya Plant in Karnataka and Dammam Plant in Saudi Arabia have commenced production and are contributing in overall financial performance.
- LSAW Plant at Anjar has started trial production and to be commissioned in Q2 FY12.
- Welspun Project Ltd (formerly known as MSK Projects India Ltd) has been consolidated as a subsidiary from August 16, 2010.

1. Revenue





- In FY 11, on an annualized basis, our Company has achieved over 57% capacity utilization against 54% in the previous year. The installed Capacity has reached 1.85 (1.50) mn tons/annum with the commissioning of new plants and thus making our Company one of the largest line pipe Company in the World.
- Production volumes record another high of 958k tons with a CAGR of 20.5% over a period of last six years. Plate & Coils production stood at 500k tons.
- Sales volume for pipes were 909k tons witnessing a CAGR of 19.6%, Plate and Coils Division has achieved an overall sales volumes of 485k tons, comprising of external sales of 379k tons and internal sales of 106k tons.



Revenues from operations have increased by 9.0 % to Rs. 80,236 million in FY 11 from Rs. 73,637 million in FY 10 primarily due on account higher sales volume of Pipes and Plates, better performance of US operations, consolidation of Saudi Arabia subsidiary and consolidation of Infrastructure business (with the acquisition of 61.12% stake in Welspun Projects Ltd formerly (MSK Projects India Limited w.e.f. August 16. 2010).

From Indian operations, the Company has sold 644 K tons of pipes in FY 11 and from USA operations the sales volumes were 223 K tons of pipes. In Q4 FY 11, Saudi Arabia operations have also contributed 41 K tons of pipe volumes.

2. Breakup of various cost items as a percentage of Sales

	FY 2010-11		FY 2009-10	
	Amount (Rs Million)	(%)	Amount (Rs Million)	(%)
Sales	**80,236**	**100%**	**73,637**	**100.0**
Cost of goods sold	50,178	62.5%	47,484	64.5%
Manufacturing & Other Expenses				
- Store & spares consumed	1,689	2.1%	1,835	2.5%
- Coating & other Job charges	573	0.7%	173	0.2%
- Power, fuel & water charges	1,411	1.8%	1,682	2.3%
- Freight, Material handling charges	4,472	5.6%	2,673	3.6%
- Staff Cost	3,909	4.9%	2,779	3.8%
- Construction Cost	375	0.5%	0	0.0%
- Product Compensation & Claims	2,008	2.5%	0	0.0%
- Other expenses	2,791	3.5%	3,824	5.2%
Total Manufacturing cost	**17,228**	**21.5%**	**12,966**	**17.6%**
Total Expenses	**67,406**	**84.0%**	**60,450**	**82.1%**
EBITDA (Operational)	**1,283**	**16.0%**	**13,187**	**17.9%**
Other Income	184	0.2%	185	0.3%
Finance Cost (Net)	1,471	1.8%	2,071	2.8%
Depreciation	2,439	3.0%	2,061	2.8%
PBT (Profit before Tax)	**9,104**	**11.3%**	**9,240**	**12.5%**
Provision for Tax	2,871	3.6%	3,136	4.3%
PAT before Minority Interest and Share of Loss from Associate Company	**6,233**	**7.8%**	**6,104**	**8.3%**
Share of Loss from Associate Company	3	0.0%	0	0.0%
Minority Interest	(100)	-0.1%	0	0.0%
Profit After Tax	**6,330**	**7.9%**	**6,104**	**8.3%**

a. Cost of Goods Sold

Cost of goods sold increased by 5.7% to Rs. 50,178 million in FY 11 from Rs. 47,484 million in FY 10 mainly because of higher sales volume, enhanced performance of US plant, inclusion of Mandya and Saudi Arabia operations and consolidation of infrastructure business. However raw material prices were relatively lower as compared to previous year. Cost of goods sold as a percentage to Net Sales has marginally decreased from 64.5% to 62.5%.

b. Manufacturing and Other Expenses

Manufacturing, transportation and other expenses increased by 32.9% to Rs. 17,228 million in FY 11 from Rs. 12,966 million in FY 10 mainly due to increase in coating and other charges, Material Handling and Freight expenses, Staff costs and one time product compensation & claim expenses.

- Stores and spares consumption declined by 8% to Rs. 1,689 million in FY 11 from Rs. 1,835 million in FY 10 due to improved operational performance.
- Coating and other job charges increased by 231.2% to Rs. 573 million in FY 11 from Rs. 173 million in FY 10 due to higher coating and other job charges volume.
- Power, fuel and water costs were lower at Rs. 1,411 million in FY 11 as against Rs. 1,682 million in FY 10.
- Freight, Material handling and transportation cost increased by 67.3% to Rs. 4,472 million from Rs.2,673 million mainly due to higher volume at the US plant.
- Salary, wages and allowances increased by 40.7% to Rs. 3,909 million in FY 11 from Rs. 2,779 million in FY 10 primarily on account of increase in headcounts at various locations including Anjar, Mandya, USA, Saudi plants and also on account of new acquired Infrastructure business (Welspun Projects Limited)
- The Company also made a provision of Rs. 2,008 million during FY 11 on account of settlement with one of the customers thereby ending long pending litigation.

c. Finance Costs

- Finance costs decreased by 29% to Rs. 1,471 million in FY 11 from Rs. 2,071 million in FY 10 on account of re-payment of high cost rupee term loans and higher interest income earned on liquid investments.

d. Depreciation/Amortisation charge

Depreciation/amortization charges increased by 18.3% to Rs. 2,439 million in FY 11 from Rs. 2,061 million in FY 10 mainly due to commissioning of Mandya and Saudi plants and on consolidation of depreciation/amortization of infrastructure business.

3. Margins

a. Operating Margins

Operational EBITDA for the current year is Rs. 14,105 million which is 18.2% higher than corresponding year's EBITDA of Rs. 11,930 million showing marginal improvement in margins at 17.6% as compared to 16.2% in previous year.

During the year income includes one time export rebate / benefit of Rs. 734 million on receipt of favourable judgment from Honorable Supreme Court and other expenditure includes provision of Rs. 2,008 mn on account of settlement with one of the customers thereby ending long pending litigation. In the previous year, benefit of reversal of forex provisioning of Rs. 1,256 million was part of the financial performance.

The reported EBITDA for the current year thus stood at Rs. 13,187 million as against Rs. 13,186 million in the previous year.

b. PAT Margins

Profit after tax has grown by 3.7% in FY 11 at Rs. 6,330 million as compared to the Rs. 6,104 million in FY 10. The PAT Margin for FY 11 stands at 7.9% as compared to 8.3% in FY 10.

Table: Balance Sheet (Consolidated)

(Rs. in Million)

Sources of Funds	As at 31 March 2011	As at 31 March 2010	Change
Shareholder's Funds			
Share Capital	1,023	1,022	1
Reserves and Surplus	33,672	27,990	5,682
Net-worth	**34,695**	**29,011**	**5,684**
Minority Interest	**2,024**	**0**	**2,023**
Foreign Currency Monetary Item Translation Difference Account	**65**	**75**	**(10)**
Loan Funds			
Secured Loans	29,370	18,654	10,715
Unsecured Loans	8,690	6,822	1,869
Total	**38,060**	**25,476**	**12,584**
Deferred Tax Liabilities (Net)	**4,344**	**3,352**	**992**
Total	**79,188**	**57,915**	**21,273**
Application of Funds			
Net Block & Capital Work in Progress (including BOT)	**51,560**	**38,333**	**13,226**
Investments	**14,405**	**1,596**	**12,809**
Current Assets, Loans and Advance			
Income Accrued on Investments	145	13	132
Inventories	18,479	20,322	(1,843)
Sundry Debtors	12,915	8,077	4,838
Cash and Bank Balances	7,532	17,028	(9,496)
Loans and Advances	5,369	6,031	(662)
Total	**44,439**	**51,471**	**(7,032)**
Less: Current Liabilities and Provisions			
Current Liabilities	30,218	32,291	(2,073)
Provisions	1,022	1,219	(197)
Total	**31,240**	**33,510**	**(2,270)**
Net Current Assets	**13,199**	**17,961**	**(4,762)**
Misc. Expenditure (to the extent of not w/o or adjusted)	24	25	(1)
Total	**79,188**	**57,915**	**21,273**

The details of movement in various heads of Balance Sheet is as under:

4. Return on Net Worth

Return on Average Net worth (RNOW) remains strong at 19.87 % in the FY 11 as compared to 27.37% in the previous year.

The PAT for the current year is higher by 3.7% at Rs. 6,330 million as against Rs. 6,104 million in the previous year, whereas average net worth for the current year is Rs. 31,853 million as against Rs. 22,304 million in the previous year.

Net worth for last three years was at Rs. 34,695 million (FY 11), Rs. 29,011 (FY 10) and Rs. 15,597 million (FY 09) respectively. FY 10, Net

Worth was additionally enhanced by "Qualified Institutional Placement" (QIP) issue of Rs. 4,662 million and positive movement of Rs. 1,972 million in hedging reserve account.

5. Surplus Funds

Temporary surplus funds are invested in mutual funds and government securities. Nevertheless, in order to achieve higher growth and value creation for the stakeholders, our company wish to deploy funds, for debottlenecking & up-gradations, capacity enhancement by way of organic and in-organic initiatives and stronger focus on upstream Oil and Gas businesses. In future, our Company also wish to enhance the dividend payout rates and retire high cost debt to improve overall profitability.

6. Capital Deployment

During the year the capital deployment increased from Rs. 57,915 million to Rs. 79,188 million mainly due to capitalization of Mandya Plant, Saudi Plant, incremental capital on LSAW plant coming up at Anjar, consolidation of Infrastructure business including BOT assets and increase in liquid investments. Besides internal accruals, the loan funds have contributed in increasing capital deployment. Geographical and market reach enhancement and increase in size as well as range of activities would economize operations and achieve competitive advantage in the market.

7. Networth

The Networth of the Company stands at Rs. 34,695 million as at 31st March 2011. The Net Worth has increased by Rs. 5,684 million mainly on account of Current year's profit of Rs. 6,330 million.

The details of movement in various heads of networth are as under:

a. Share Capital

During the year, issued and paid up equity share capital (no. of shares) increased from 204,322,410 to 204,668,910 equity shares (of Face Value of Rs. 5 each) as at 31st March 2011 on account of 346,500 Equity Shares due to exercise of options under ESOP Plans.

b. Reserves and Surplus

i. Capital Reserve: The balance as of 31st March, 2011 amounted to Rs. 1,057 million which is the same as in the previous financial year.

ii) Capital Reserve on Consolidation: The balance as of 31st March, 2011 amounted to Rs. 153 million which is almost same as in the previous financial year.

iii) Securities Premium account: After the net addition of Rs. 1 million, the Securities Premium account has balance of Rs. 12,332 million due to addition of premium amount on issue of 3,46,500 Equity Shares - on exercise of options under ESOP Plans and increase in premium payable for redemption of Foreign Currency Convertible Bonds by Rs. 34 million.

iv) Debenture Redemption Reserve: Debenture Redemption Reserve has increased by Rs. 463 million during the year and stands at Rs. 1,107 million at the end of the year to provide for redemption of Secured Non Convertible Debentures of Rs. 10,000 million issued during the current year.

v) General Reserve: General Reserve has increased by Rs. 364.5 million and stands at Rs. 1,631 million at the end of year.

vi) Profit and Loss account: The balance retained in the Profit and Loss Account as on 31st March 2011 has increased by Rs. 5,026 million to Rs. 16,466 million after providing for an equity dividend of 40%.

8. Loan funds

The Gross debts in FY 11 stand at Rs. 38,060 million up by Rs. 12,584 million over the previous year. Major movements during the year are:

i. Addition of Rs. 10,000 million, 9.55% Non-Convertible Debentures (NCD) with a tenure of 15 years which has put and call option on the 7th year and the 10th year and redemption is scheduled from 11th year in 5 equal annual installments.

ii. Increase in total loans of Rs. 4,315 million on consolidation of subsidiary Welspun Projects Limited, which includes term loans of Rs. 1,359 million, Rs. 992 million of working capital loans and Rs. 1,964 million of share in joint venture loans.

iii. Inter corporate deposit of Rs. 1,929 million provided by Saudi Partner for Saudi Plant.

iv. Working Capital loans has shown net increase by Rs. 1,563 million and stand at Rs. 2,371 million comprising of Rs. 1,379 million at India operations and Rs. 992 million from Infrastructure business being added during the year. Rs. 808 million working capital loans related to US operations were repaid during the year.

v. During the year Rs. 1,300 million Non convertible debentures and Rs. 8 million of Non convertible bonds were repaid during the year.

vi. The high cost rupee term loans of Rs. 3,181 million and Rs. 731 million foreign currency term loan were repaid during the year.

vii. During the year, loan funds in Joint Ventures have reduced by Rs. 907 million from Rs. 1,052 million to Rs. 145 million and has increased for Infra business by Rs. 1,964 million, taking the total to Rs. 2,109 million.

Net debt stands at Rs. 16,125 million as at 31st March 2011 after reducing cash and liquid investment of Rs. 21,933 million from gross debt of Rs. 38,060 million.

Net Debt to Networth ratio is at 0.46 indicating a strong Balance Sheet.

9. Fixed Assets

Gross Block of Fixed Assets increased by Rs. 12,705 million to Rs. 51,515 million in FY 11. This was mainly due to capitalization of Pipe mill at Mandya (Karnataka) , Fixed Assets and Build Operate Transfer Assets (BOT) of Welspun Projects Ltd (formerly MSK Projects (India) Ltd) and addition of Pipe Plant at Damam, Saudi Arabia.

Capital Work in progress of Rs. 8,889 million largely reflects LSAW Plant and Plate & Coil Mill expansion projects under construction in Anjar location.

10. Inventory

Inventory decreased by Rs. 1,843 million to Rs. 18,479 million despite increase in scale of operations, reflecting lower steel prices as compared to the previous year and better inventory management. The inventory turnover days have decreased from 101 days of Net Sales in FY 10 to 84 days of Net Sales in FY 11.

11. Debtors

Sundry Debtors increased from Rs. 8,077 million to Rs. 12,915 million in FY 11. Sundry Debtors are at 59 days (40 days in FY 10) of Net Sales during the year.

12. Cash & Bank Balances and Liquid Investments

Cash and Liquid Investments have increased from Rs. 18,623 million in FY10 to Rs. 21,933 in FY 11 million with higher operating cash cycle. Liquid investments increased from Rs. 1,595 million to Rs. 14,401 million during the year on account of investments made in bonds and other current investments.

13. Loans and Advances

The loans and advances decreased from Rs. 6,031 in FY 10 to Rs. 5,369 million in FY 11.

14. Current Liabilities

The current liabilities have decreased by Rs. 2,073 million to Rs. 30,218 million in FY 11, primarily on account of reduction in trade advances and deposits. Current liabilities are at 137 days (160 days in FY 10) of Net Sales.

15. Cash Conversion Cycle

Cash conversion cycle for the current year is 6 days. This reflects Company's efficiency in converting its resource inputs into cash flows and blocking low insignificant capital in the process.

16. Liquidity

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our primary liquidity requirements have been to finance our working capital requirements for our operations and for capital expenditures and investments. We have financed our capital requirements primarily through funds generated from our operations, equity/equity related issuance and borrowings.

17. Cash Flow

The table below summarises our cash flow for the periods indicated:

	31 March, 2011	31 March, 2010
Net cash generated from operating activities	6,746.44	3,842.96
Net cash generated used in investing activities	(22,573.50)	(3,884.74)
Net cash generated from financing activities	5,526.26	2,766.64
Net cash increase/(decrease) at the end of the period	(10,300.80)	2,724.85

a. Operating Activities

Net cash generated from operating activities was Rs. 6,746.44 million in FY 11. Net cash generated from operating activities consist of operating profit before working capital changes and tax Rs. 12,450.12, taxes paid of Rs. 2,180.79 million, increase in trade and other receivables by Rs. 2,381.93 million, decrease in inventories by Rs. 2,430.46 and decrease in trade and other payables by Rs. 3,571.42 million.

Whereas, Net cash generated from operating activities was Rs. 3,842.96 million in FY 10. Net cash generated from operating activities consist of operating profit before working capital changes and tax Rs. 11,778.31, taxes paid of Rs. 1,840.53 million and increase in trade and other receivables by Rs. 1,938.68 million, decrease in inventories by Rs. 9,372.42 and trade and decrease in other payables by Rs. 13,528.56 million.

b. Investing Activities

Net cash used in investing activities was Rs. 22,573.50 million in FY 11, which primarily includes Rs. 11,088.81 million for the purchase of fixed assets, Rs. 54.98 million from the sale of fixed assets, Rs. 997.41 million for purchase of long term investments, Rs. 740.86 million for interest received, Rs. 107.15 million from dividend income, Rs. 497.02 of Share Application Money given, Rs. 10,893.25 million for the purchase of current investments.

Whereas, Net cash used in investing activities was Rs. 3,884.74 million in FY 10, which primarily includes Rs. 3,783.32 million for the purchase of fixed assets, Rs. 8.45 million from sale of fixed assets, Rs. 314.57 million for interest received, Rs. 91.64 million from dividend income, Rs. 444.15 million for the purchase of current investments, Rs.50.42 million for purchase of long term investments and Rs. 0.39 million for the sale of long term investments.

c. Financing Activities

Net cash generated from financing activities was Rs. 5,526.26 million in FY 11 which primarily includes Rs. 27.63 million proceeds from equity shares, Rs. 1,930.15 million for interest paid, Rs. 475.65 million for dividends paid, Rs. 10,000.00 million for proceeds from debentures, Rs. 1,300.00 million from redemption of debentures, Rs. 363.65 million as net increase in other borrowings, and Rs. 1,158.46 million towards repayment of long term borrowings.

Whereas, Net cash generated from financing activities was Rs. 2,766.64 million in FY 10, which primarily includes Rs. 4,694.65 million from proceeds from the issue of equity shares (including QIP of Rs. 4,603.72 million), Rs. 2,033.41 million for interest paid, Rs. 326.71 million for dividends paid, Rs. 4,900.00 million from proceeds of issue debentures, Rs. 4,900.00 million for redemption of debentures, Rs. 1,173.87 million as net increase in other borrowings, and Rs. 7,683.76 million towards repayment of long term borrowings.

Note on Foreign Currency Hedging

Policy: Policy The Company has major part of its revenues and expenses in foreign currency, which provides natural hedge. The value addition is hedged through forward sale of dollars with vanila products.The long term liabilities in foreign currency are kept unhedged as the Company is net foreign exchange earner. At any point of time the Company manages the net forex position to almost at the negligible level.

For the stand alone results, the Note No. 6 In this annual report deals with "Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure" and the table for the current year is repoduced and explained below with the help of superscripts for each numerical item.

The Outstanding foreign currency derivative contracts as on 31 March, 2011 in respect of hedging are as follows: (Rs. in Million)

Particulars	31 March, 2011	
	Amount Hedged	Amount Unhedged *
a) In respect of Short term receivables and payables		
i) In respect of Debtors		
a) Existing as on the Balance sheet date		2,630.03[(1)]
b) In respect of future forecasted transactions	1,723.51[(2)]	
ii) In respect of Creditors		
a) Existing as on the Balance sheet date	3,530.63[(4)]	7,689.66[(3)]
b) In respect of future forecasted transactions	2,052.04[(5)]	
b) In respect of Short term receivables and payables existing as on the balance sheet date		
i) Other short term assets or receivables		4,781.76[(6)]
ii) Other short term liabilities or payables		1,181.15[(7)]
c) In respect of Long term receivables and payables existing as on the balance sheet date		
i) In respect of Foreign Currency Loan receivables	-	-
ii) In respect of Foreign Currency Loan payables	-	13,478.93[(8)]
d) Other derivative Hedge instruments**	9,229.75[(9)]	

Note: The Net un-hedged short term payables as on 31st March 2011 is Rs. 1,459.02 million.

Explanation for a) in respect of Short term receivables and payables

(Rs. in Millions)

Particulars	31 March, 2011		
	Receivables	Payables	Difference
i) **In respect of Trade receivables and payables**			
Existing as on the Balance sheet date	2,630[1]	7,689.66[3]	
In respect of future forecasted transactions based on orders in hand	14,627.63[2]	13,918.70	
Total Trade	**17,257.66**	**21,608.36**	**(4,350.70)**
ii) **Hedges**			
Existing as on the Balance sheet date		3,530.63[4]	
In respect of future forecasted transactions	1,723.51[2]	2,052.04[5]	
Total Hedge	**1,723.51**	**5,582.68**	**(3,859.16)**
Net unhedged Trade	**15,534.15**	**16,025.69**	**(491.54)**

The above table is reproduced in the form of overall receivables and payables position and provides the net position as on 31 March, 2011,with regard to foreign currency exposure and the net unhedged position.

Conclusion: The difference between receivables and payables after including future forcasted numbers based on orders in hand and hedges in place the net unhedged position is closer to negligible level, as the Company enjoys the natural hedge.

Explanation for b) in respect of Short term receivables and payables existing as on balance sheet date

6. Other short term assets or receivables includes Rs. 3,452.28 million in short term fixed deposits and balance in foreign currency account and Rs. 1,329.48 million towards advance payment to vendors.

7. Rs. 1,181.15 million represents advance received from buyers for future shipments

Explanation for c) in respect of Long term receivables and payables existing as on balance sheet date

8. - Rs. 13,478.92 million represents foreign currency loan payable to the bank
   - Rs. 6,689.25 million represents foreign currency convertible bonds and
   - Rs. 6,789.68 million represents external commercial borrowing

Explanation for d) in respect of other derivative Hedge instruments

9. **Other hedge instruments:**
   - Coupon Only Swap: Equivalent US $ 107.28 million conversion of long term rupee loan into foreign currency loan on notional principal basis. This results into conversion of high cost rupee loan into cost effective LIBOR based foreign currency loan.
   - Interest Rate Swap: US $ 50 million swap floating to fixed (2.29%) for ECB loan for partially mitigating interest rate volatility.
   - Cross Currency Swap: Equivalent Rs. 2,000 million conversion of long term rupee loan into foreign currency loan on notional principal basis. This results into conversion of high cost rupee loan into cost effective LIBOR based foreign currency loan.

Cautionary Statement

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied. Important developments that could affect Welspun's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

PROGRESS THROUGH CSR

Welspun has always believed in giving back to the society. Corporate Social Responsibility is the cornerstone of our success. Starting with the basics Welspun Vidya Mandir Schools at Anjar and Salav provides education to children who are the future of the country. Apart from that our community development programme for women tries to give not only a social standing but also develop confidence and self esteem for the women folk.

WELSPUN Corp Ltd

Corporate Social Responsibility

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

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

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

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

Education Initiative:

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

Collaboration with Non-Profit Organizations:

Naandi Foundation: (Quality Education Programme at Primary School level)

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

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

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

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

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

Environment Initiative:

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

Hornbill Club Project on Environment and Conservation programme initiated in Welspun Vidya Mandir Salav, and Welspun Vidya Mandir Anjar – programme covers around four hundred and ninety students from standard 5th to 8th and 15 teachers.

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

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

Empowerment and Health Projects at Anjar - Kutch and Salav - Maharashtra

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

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

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

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

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

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

Tie up with MPSTME College, Sirpur, Vapi

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

Volunteerism at Welspun

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

Joy of Giving Week with Light of Life Trust

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

Charitable Donations:

- Partnered with Save The Children India to support victims of cloud burst in Ladakh.
- Donation of desks and benches to Government run primary school, Korlai village in Alibaug benefiting around 350 students.
- Supported orphanage/homes with donations like bed sheets and towels

Creating awareness and employee participation

- **Organised Blood donation Camp at Welspun Head Office**
  123 employees donated blood in the blood donation camp organised in Welspun HO on 27th May 2011. Employees have been provided with the blood donation card to avail blood in emergency.
- **World Environment Day**
  World environment day organised at Welspun HO in order to bring about awareness on environment related issues through the competition. Overwhelming response received by Welspunites. Three best ideas to protect the environment were awarded.
- **School Material Distribution Drive**
  Welspun employees donated school material like text books, stationary that was Vatsalya foundation working for street children organization.
- **Corporate Yoga Sessions for Welspun Employees**
  Corporate Yoga Sessions by Mrs. Preeti Mandawewala is organised at Anjar, Vapi, Silvassa, Zagadia, Dahej and Welspun Vidya Mandir Anjar. In all 700 employees benefitted from the sessions.

Special Achievement

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

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

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

Growth at Infinity

Growth

Revenue		
Rs. 80,236 mn.	2011	350,000 tons LSAW pipe capacity Trial Production started - Saudi Plant - capacity of 300,000 MT operational - 100,000 tons HSAW Plant in Karnataka operational
Rs. 73,637 mn.	2010	Foray into Infra & pipe laying for O&G and water through MSK Projects India Ltd.
Rs. 57,395 mn.	2009	350,000 tons US Spiral Mill commissioned
Rs. 39,945 mn.	2008	150,000 tons Spiral Mill commissioned Commissioning of Plate Mill & 43 MW Power Plant
Rs. 26,834 mn.	2007	Anjar Facility , *A Key Contributor*
Rs. 18,298 mn.	2006	Approvals from O&G majors for new facility
Rs. 10,385 mn.	2005	New Capacity at Anjar, Gujarat for HSAW & Coating
Rs. 8,277 mn.	2004	Merger of coating J.V. with WCL
Rs. 2,565 mn.	2001	Pipe Coating in JV with EUPEC, Germany Dahej, Gujarat
Rs. 585 mn.	2000	LSAW, Dahej, Gujarat
Rs. 180 mn.	1998	HSAW, Dahej, Gujarat
Incorporated	1995	

Embarked on a Growth Journey

Financial Section

Standalone Accounts

Consolidated Accounts

Auditors' Report

To the Members of **Welspun Corp Limited**

1. We have audited the attached Balance Sheet of **Welspun Corp Limited** ("the Company") as at 31 March 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
   (c) The Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
   (e) On the basis of written representations received from the Directors and taken on record by the Board, we report that none of the directors is disqualified as at 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes to accounts as per Schedule 18, 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:
      i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
      ii) In the case of the Profit and Loss account, of the Profit for the year ended on that date; and
      iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **MGB & Co.**
Chartered Accountants
Registration No. 101169W

Jeenendra Bhandari
Partner
Membership No. 105077
Mumbai, 26 May 2011

Annexure referred to in paragraph 3 of Auditors' Report to the members of Welspun Corp Limited on the accounts for the year ended 31 March 2011

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets are physically verified by the management during the year pursuant to a phased program designed to cover all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) During the year, there was no disposal of substantial part of fixed assets.

(ii) (a) As explained to us, the inventories have been physically verified by the management during the year except stock lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) As explained to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the internal controls systems in respect of the aforesaid areas.

(v) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register in pursuance of section 301 of the Act.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.

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

(viii) On the basis of records produced before us, we are of the opinion that prima facie cost accounting records prescribed by the Central Government under section 209 (1) (d) of the Act, in respect of activities carried on by the Company covered under the rules under that section, have been maintained. However, we are neither required to carry out nor have carried out any detailed examination of such accounting records.

(ix) According to the records of the Company examined by us and information and explanations given to us:

(a) Undisputed statutory dues, including provident fund, investor education and protection fund, employee state insurance, income tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues to the extent applicable have been deposited regularly with the appropriate authorities except for delays in few cases. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March 2011 for a period of more than six months from the date they became payable.

(b) The disputed dues of Sales Tax, Service Tax and Excise Duty which have not been deposited are as under:

Name of the Statute (Nature of dues)	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969			
Sales Tax / Value Added Tax	11.13	2000-01, 2002-03, 2005-06 to 2006-07	Sales Tax Tribunal
	22.23	2001-02, 2005-06 and 2006-07	Joint Commissioner of Sales Tax (Appeals)
	368.75	2009-10 and 2010-11	Assessment stage
Central Sales Tax Act, 1956			
Central Sales Tax	0.9	2001-02	Sales Tax Tribunal
The Central Excise Act, 1944			
- Excise Duty	13.23	2003-04, 2008-09 and 2009-10	Commissioner/Additional commissioner of Central Excise and Customs
	28.25	2006-07, 2007-08 and 2010-11	Commissioner of Central Excise and Customs (Appeals)
	20.60	2007-2008 and 2009-10	Deputy/Assistant Commissioner of Central Excise and Customs
- Service Tax	77.39	2004-05 to 2006-07 and 2009-10	Custom Excise and Service Tax Appellate Tribunal, Ahmedabad
	99.43	2005-06 to 2010-2011	Commissioner/Additional Commissioner of Central Excise and Customs
	30.76	2007-08 and 2008-09	Commissioner of Central Excise and Customs (Appeals)
	22.71	2007-08 to 2009-2010	Deputy Commissioner of Central Excise and Customs
	21.24	2004-05, 2006-07, 2008-09 to 2010-11	Superintendent of Central Excise and Customs

(x) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given, the company has not defaulted in repayment of dues to banks and debenture holders during the year.

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

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.

(xiv) The Company is not dealing or trading in securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by subsidiaries and others from banks and financial institutions are prima facie not prejudicial to the interests of the Company.

(xvi) The Company has not raised any term loan during the year.

(xvii) According to the information and explanations given to us and examination of the Balance Sheet of the Company and related information as made available to us, we report that funds raised on short term basis have not been used for long term investments.

(xviii) During the year, the Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under section 301 of the Act.

(xix) The Company has created adequate security in respect of debentures issued.

(xx) The Company has not raised any money by way of pubic issue during the year. However, funds raised on issue of Foreign Currency Convertible Bonds (FCCB) have been utilised for the purpose for which they were raised except pending utilization have been invested in short term deposits/current account with Banks as referred in Note 1(c).

(xxi) Based on our audit procedures performed and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **MGB & Co.**
Chartered Accountants
Registration No. 101169W

Jeenendra Bhandari
Partner
Membership No. 105077
Mumbai, 26 May 2011

Balance Sheet as at 31 March 2011

(Rs. in million)

Particulars	Schedules	As at 31-Mar-11	As at 31-Mar-10
Sources of Funds			
Shareholders' Funds			
Share Capital	1	1,023.34	1,021.61
Reserves and Surplus	2	29,503.58	26,366.00
		30,526.92	27,387.61
Loan Funds			
Secured Loans	3	19,868.69	12,971.12
Unsecured Loans	4	6,756.02	6,818.46
		26,624.71	19,789.58
Foreign Currency Monetary Item Translation Difference Account (Refer Note 5(b))		65.14	75.42
Deferred Tax Liabilities (net) (Refer Note 13 (b))		3,431.42	2,954.68
Total		**60,648.19**	**50,207.29**
Application of Funds			
Fixed Assets			
Gross Block	5	31,753.31	29,691.95
Less:Depreciation/Amortisation		6,698.51	5,057.64
Net Block		25,054.80	24,634.31
Capital Work-In-Progress (Refer Note 11 (iv))		6,039.58	4,011.17
		31,094.38	28,645.48
Investments	6	17,703.39	2,796.14
Current Assets, Loans and Advances			
Interest accrued on Investments		145.04	13.41
Inventories	7	13,156.34	13,042.92
Sundry Debtors	8	8,860.23	8,040.87
Cash and Bank Balances	9	6,164.70	9,212.40
Loans and Advances	10	5,854.76	6,194.15
		34,181.07	36,503.75
Less : Current Liabilities and Provisions			
Current Liabilities	11	21,364.19	16,603.28
Provisions	12	966.46	1,134.80
		22,330.65	17,738.08
Net Current Assets		11,850.41	18,765.67
Total		**60,648.19**	**50,207.29**

Significant Accounting Policies and Notes to Accounts 18

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Profit and Loss Account for the year ended 31 March 2011

(Rs. in million)

Particulars	Schedules	Year ended 31-Mar-11	Year ended 31-Mar-10
Income			
Sales and Services (Gross)	13	65,321.48	69,058.32
Less: Excise Duty		2,627.07	2,784.97
Sales and Services (net)		62,694.40	66,273.35
Other Income	14	161.42	127.74
Total		**62,855.82**	**66,401.09**
Expenditure			
Cost of Goods	15	44,419.49	44,928.46
Manufacturing and Other Expenses	16	10,426.87	10,246.49
Financial Expenses (net)	17	1,089.18	1,661.70
Depreciation/Amortisation		1,656.65	1,479.20
Total		**57,592.19**	**58,315.85**
Profit before Tax		**5,263.63**	**8,085.24**
Provision for Taxation			
- Current Tax		1,142.36	2,216.24
- Deferred Tax		476.74	467.05
Profit after Tax		**3,644.52**	**5,401.96**
Balance brought forward		**11,074.89**	**6,795.96**
Profit available for Appropriation		**14,719.41**	**12,197.92**
Appropriations:			
General Reserve		364.50	540.00
Debenture Redemption Reserve		463.39	106.25
Proposed Dividend on Equity Shares		409.34	408.64
Tax on proposed Dividend		66.40	67.87
Dividend on Equity Shares for earlier year		0.25	0.22
Tax on Dividend		0.04	0.04
Balance carried to Balance Sheet		**13,415.48**	**11,074.89**
Earnings Per Share (Equity Shares of Rs. 5 each) (Refer More 17)			
- Basic		17.82	28.04
- Diluted		16.94	25.18
Weighted average number of Shares used in computing			
Earnings Per Share - Basic		204,549,256	192,638,617
- Diluted		229,020,787	218,019,604
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 1 Share Capital		
Authorised		
304,000,000 (304,000,000) Equity Shares of Rs. 5 each	1,520.00	1,520.00
98,000,000 (98,000,000) Preference Shares of Rs. 10 each	980.00	980.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid Up (Refer Note 2)		
204,668,910 (204,322,410) Equity Shares of Rs. 5 each fully paid up	1,023.34	1,021.61
Total	**1,023.34**	**1,021.61**
(Of the above, 8,120,000 Equity Shares of Rs. 5 each fully paid up are allotted for consideration other than cash, pursuant to the Scheme of Arrangement)		
Schedule - 2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	1,057.26	1,057.26
Securities Premium		
As per last Balance Sheet	12,330.99	7,710.72
Add/(Less): Received during the year	25.90	4,663.76
Discount on issue of shares under Employee Stock Options Scheme (Refer Note 2)	9.24	30.40
Premium payable on redemption of Foreign Currency Convertible Bonds (Refer Note 1(b))	(33.80)	(15.62)
Utilised towards share issue expenses	-	(58.28)
	12,332.32	12,330.99
Debenture Redemption Reserve		
As per last Balance Sheet	643.75	537.50
Add: Appropriated during the year	463.39	106.25
	1,107.14	643.75
Employee Stock Options Outstanding	14.90	25.06
Less: Deferred employee compensation	(0.35)	(0.70)
	14.55	24.36
Hedging Reserve Account (Refer Note 5 (c))	(54.29)	(31.86)
General Reserve		
As per last Balance Sheet	1,266.61	726.61
Add: Appropriated during the year	364.50	540.00
	1,631.11	1,266.61
Profit and Loss Account	13,415.48	11,074.89
Total	**29,503.58**	**26,366.00**

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 3 Secured Loans (Refer Note 3)		
Debentures		
Redeemable Non-Convertible Debentures	11,700.00	3,000.00
Term Loan from Banks		
In Foreign Currency	-	398.76
In Rupee	-	2,782.37
	-	3,181.13
External Commercial Borrowings	6,789.68	6,789.99
Working Capital From Banks	1,379.01	-
	19,868.69	**12,971.12**
Schedule - 4 Unsecured Loans		
Foreign Currency Convertible Bonds (Refer Note 1)	6,689.25	6,735.00
Deferred Sales Tax Loan	66.77	83.46
(Repayable in six equal annual instalments from Financial Year 2009 / 2015)		
Total	**6,756.02**	**6,818.46**

Schedule - 5 Fixed Assets - (at cost)

(Rs. in million)

Description of Assets	Gross Block				Depreciation/Amortisation				Net Block	
	As at 1-Apr-10	Additions	Deductions	As at 31-Mar-11	Upto 31-Mar-10	For the year	Deductions	Upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
a) Tangible Assets										
Freehold Land	129.63	56.11	-	185.75	-	-	-	-	185.75	129.63
Buildings	3,745.38	124.07	1.73	3,867.71	399.61	103.88	0.09	503.39	3,364.32	3,345.77
Plant and Machinery	25,215.83	1,572.01	32.34	26,755.50	4,473.09	1,458.04	15.02	5,916.11	20,839.39	20,742.74
Office and Other Equipments	215.75	113.18	1.58	327.34	84.59	31.00	0.92	114.66	212.68	131.16
Vehicles	50.89	9.16	3.14	56.91	16.64	5.35	0.72	21.26	35.65	34.26
Furnitures and Fixtures	92.41	18.69	1.05	110.05	31.10	7.57	0.39	38.28	71.77	61.31
b) Intangible Assets										
Software	233.59	207.99	-	441.59	52.62	52.20	-	104.82	336.77	180.97
	29,683.49	**2,101.21**	**39.85**	**31,744.85**	**5,057.64**	**1,658.03**	**17.15**	**6,698.51**	**25,046.34**	**24,625.85**
Assets held for disposal	8.46	-	-	8.46	-	-	-	-	8.46	8.46
Total	**29,691.95**	**2,101.21**	**39.85**	**31,753.31**	**5,057.64**	**1,658.03**	**17.15**	**6,698.51**	**25,054.80**	**24,634.31**
Previous Year	**26,528.83**	**3,553.48**	**390.35**	**29,691.95**	**3,618.48**	**1,479.20**	**40.04**	**5,057.64**	**24,634.31**	**-**
Capital Work in Progress									**6039.58**	**4011.17**

NOTES:

1. Gross block of Plant and Machinery includes Rs 63.49 million (Rs.63.49 million) expenditure incurred on capital asset, not owned by the Company.
2. Additions/Deductions in gross block includes capitalisation of Rs. 26.94 million (decapitalisation of Rs.314.57 million) on account of foreign exchange rate difference as per amended AS 11.
3. Depreciation/Amortisation for the year includes Rs. 1.38 million (Rs. Nil) transferred to pre-operative expenses

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 6 Investments		
A) Long Term (at cost) - Quoted		
Standard Chartered Bank PLC 334,331 (Nil) IDR of Rs. 100 each fully paid up	34.77	-
Welspun Investments and Commercials Limited* 5(5) Equity Shares of Rs. 10 each fully paid up	0.00	0.00
B) Long Term (at cost) - Unquoted		
i) Subsidiary Companies		
Wholly Owned Subsidiaries		
Welspun Pipes Inc.		
10,001 (10,001) Equity Shares of USD 1 each fully paid up	0.44	0.44
16,000 (16,000) Redeemable Preferred Stock of USD 1000 each fully paid up #	645.50	645.50
Welspun Pipes Limited 50,000 (50,000) Equity Shares of Rs.10 each fully paid up #	0.50	0.50
Welspun Infratech Limited		
24,750,000 (24,750,000) (Nil) Equity Shares of Rs.10 each fully paid up	1,000.85	1,000.85
22,500 (Nil) 7% Unsecured Optionally Convertible Debentures of Rs 100,000 each (Refer Note 20)	2,250.00	-
Welpsun Tradings Limited 5,013,402 (5,012,002) Equity Shares of Rs.10 each fully paid up	50.22	50.21
Welspun Natural Resources Private Limited 1,425,000 (10,000) Equity Shares of Rs.10 each fully paid up	141.60	0.10
Other Subsidiaries		
Welspun Mauritius Holdings Limited		
99,969 (Nil) Equity Shares of USD 1 each	4.61	-
14,999,968 (Nil) Preference Share of USD 1 each	680.04	-
Welspun Construction Private Limited 10,000 (Nil) Equity Shares of Rs.10 each fully paid up	0.10	-
ii) Joint Venture		
Dahej Infrastructure Private Limited (Extent of holding 50%) 500,000 (500,000) Equity Shares of Rs.10 each fully paid up	5.00	5.00
Less: Provision for diminution in value	(5.00)	(5.00)
iii) Associates		
Red Lebondal Limited (Extent of holding 25%) 450 (450) Equity Shares of Euro 1 each	0.03	0.03
Welspun Energy Limited (Extent of holding 26%) 273,000 (13,000) Equity Shares of Rs.10 each fully paid up	2.73	0.13
iv) Others		
Welspun Captive Power Generation Limited 5,000 (Nil) Equity Shares of Rs. 10 each fully paid up	0.05	-
Welspun Global Brands Limited * 10 (10) Equity Shares of Rs 10 each fully paid up	0.00	0.00
Welspun Enterprises (Cyprus) Limited 11,800 (11,800) Equity Shares of Euro 1 each fully paid up.	0.77	0.77

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
C) Current Investments		
i) In Bonds - Quoted		
8.90% Tourism Finance Corporation of India Limited 2020 30 (Nil) Bonds of Rs.1,000,000 each	30.06	-
9.95% Allahabad Bank Limited 2011 2,500 (Nil) Bonds of Rs.100,000 each	244.18	-
10% Dewan Housing Finance Corporation Limited 2017 3,550 (Nil) Bonds of Rs.100,000 each	358.55	-
10.40% Dewan Housing Finance Corporation Limited 2020 2,190 (Nil) Bonds of Rs.100,000 each	220.30	-
11% Dewan Housing Finance Corporation Limited 2021 7,500 (Nil) Bonds of Rs.100,000 each	698.78	-
5.85% Gas Authority of India Limited 2013 2 (Nil) Bonds of Rs.1,000,000 each)	1.88	-
9.80% ICICI Bank Limited 2013 100 (Nil) Bonds of Rs.10,000 each	1.01	-
9.70% Industrial Finance Corporation of India Limited 2030 242 (Nil) Bonds of Rs.1,000,000 each	249.26	-
9.98% Industrial Finance Corporation of India Limited 2030 56 (Nil) Bonds of Rs.1,000,000 each	57.26	-
Industrial Finance Corporation of India Limited Deep Discount Bond 2038 41,470 (Nil) Bonds of Rs.25,000 each	123.05	-
8.60% LIC Housing Finance Limited 2020 4 (Nil) Bonds of Rs.1,000,000 each	4.00	-
9.40% Oriental Bank Of Commerce Limited (35 (Nil) Bonds of Rs.1,000,000 each	35.38	-
11% Shriram Transport Finance Company Limited 2020 750 (Nil) Bonds of Rs.1,000,000 each)	771.53	-
9.95% State Bank of India Limited 2026 99,900 (Nil) Bonds of Rs.10,000 each	1,034.48	-
9.34% West Bengal State Electricity Distribution Company Limited 2025 1,411 (Nil) Bonds of Rs.1,000,000 each	1,454.98	-
9.50% Delhi Transco Limited (Nil) 4000 Bonds of Rs 100,000 each	-	398.55
9.55% IFCI Limited 2025 (Nil) 279 Bonds of Rs. 1,000,000 each	-	268.03
10.80% Lakshmi Vilas Bank Limited (Nil) 108 Bonds of Rs. 1,000,000 each	-	106.95
9.75% West Bengal State Electricity Transmission Company Limited 2019 (Nil) 120 Bonds of Rs. 1,000,000 each	-	124.08
8.64% Tamil Nadu Electricity Board (Nil) 200 Bonds of Rs. 1,000,000 each	-	200.00

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
ii) In Certificate of Deposits-Quoted		
Allahabad Bank Limited 2011 10,000 (Nil) Units of Rs.100,000 each	976.35	-
Bank of India Limited 2011 5,000 (Nil) Units of Rs.100,000 each	490.67	-
Bank of India Limited 2012 2,500 (Nil) Units of Rs.100,000 each	227.27	-
Central Bank of India Limited 2011 20,000 (Nil) Units of Rs.100,000 each	1,956.01	-
Punjab & Sind Bank Limited 2011 5,000 (Nil) Units of Rs.100,000 each	479.20	-
Punjab National Bank Limited 2011 10,500 (Nil) Units of Rs.100,000 each	1,030.93	-
UCO Bank Limited 2011 25,000 (Nil) Units of Rs.100,000 each	2,446.07	-
Total	**17,703.39**	**2,796.14**
All the above Shares and Securities are fully paid up		
* Denotes amount less than Rs.10,000		
Aggregate Book Value of Quoted Investments	12,925.95	1,097.61
Aggregate Book Value of Unquoted Investments	4,777.44	1,698.53
Aggregate Market Value of Quoted Investments	12,928.77	1,104.06
# The Company has given an undertaking to banks for non disposal of its shareholding for credit facilities granted to Subsidiaries		

Mutual Fund Units bought and sold during the year Name of the Fund	Quantity (Nos. in million)	Cost (Rs. In million)
AIG India Liquid Fund Super Institutional - Daily Dividend	0.26	255.47
Axis Liquid Fund - IP - Daily Dividend Reinvestment Plan	2.03	2028.82
Baroda Pioneer Short Term Bond Fund - Dividend Reinvestment Plan	5.02	50.16
Baroda Pioneer Treasury Advantage Fund - IP - Daily Dividend Reinvestment	59.29	593.40
Birla Sun Life Cash Manager - IP - Daily Dividend Reinvestment	611.25	6114.35
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	1333.34	13359.43
Birla Sun Life Savings Fund - Instl. - Daily Dividend Reinvestment	79.81	798.68
BNP Paribas Overnight - Institutional Plan - Daily Dividend	235.26	2353.35
BOB Pioneer Liquid Fund - Daily Dividend Reinvestment	290.60	2921.93
BOB Pioneer Liquid Fund - IP - Daily Dividend Reinvestment	354.73	3848.33
Canara Robeco Liquid Super Instt - Daily Div Reinvest Fund	324.43	3262.14
Daiwa Liquid Fund - IP - Daily Dividend Reinvestment Plan	0.27	269.00
DSP Black Rock Liquidity Fund -IP-Daily Dividend Reinvestment	1.86	1864.44
DWS Insta Cash Plus - IP - Daily Dividend Reinvestment	31.85	320.10
DWS Insta Cash Plus - Super IP - Daily Dividend Reinvestment	323.76	3247.49
DWS Treasury Fund - Cash - IP - Daily Dividend Reinvestment	86.28	867.09
Fidelity Cash Fund - Instl. Daily Dividend Reinvestment	6.13	61.28
Fidelity Cash Fund - Super Instl. Daily Dividend Reinvestment	289.18	2956.89
Fidelity Ultra Short Term Debt Fund - Super IP - Daily Dividend Reinvestment	20.08	200.91
Fortis Fixed Term Funds Series 17-D NFO A/c	5.17	51.66
Fortis Overnight Fund - Institutional Plan - Daily Dividend	67.06	670.78

Schedules forming part of Accounts

Mutual Fund Units bought and sold during the year Name of the Fund	Quantity (Nos. in million)	Cost (Rs. In million)
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	153.11	1877.05
HSBC Cash Fund- Institutional Plus - Daily Dividend Reinvestment	60.22	602.57
HSBC Ultra Short Term Bond Fund-Inst.Plus-Daily Dividend	49.43	500.52
ICICI Prudential Flexible Income Plan - Premium Plan - Daily Dividend Reinvestment	0.14	14.86
ICICI Prudential Instl. Liquid Plan - Super Instl. - Daily Dividend Reinvestment	34.26	3426.36
IDBI Liquid Fund- Daily Dividend Re-Investment	363.74	4086.33
IDBI Ultra Short Term Fund - Daily Dividend Re-investment	25.05	250.49
IDFC Cash Fund - Plan C - Super IP - Daily Dividend Reinvestment	275.45	2755.15
IDFC Fixed Maturity Plan - Monthly Series 27	5.03	50.28
IDFC Ultra Short Term Fund - Dividend Payout	4.97	50.28
ING Liquid Fund Super Institutional - Daily Dividend Option	259.77	2598.96
JM High Liquidity Fund - Super IP - Daily Dividend Reinvestment Plan	397.07	3977.25
JP Morgan India Liquid Fund - Super Instn - Dividend Plan - Reinvest	1457.66	14588.09
JP Morgan India Short Term Income Fund -IP-Weekly Dividend Plan	25.06	251.12
JP Morgan India Treasury Fund - Super Instn - Daily Dividend Plan - Reinvest	57.78	578.29
Kotak Flexi Debt Fund -IP - Daily Dividend Reinvestment	159.82	1605.75
Kotak Liquid Institutional Premium Plan - Daily Dividend Reinvestment	420.43	5141.07
L&T FMP -II (December 91DA)	3.05	30.55
L&T Liquid Fund - IP- Daily Dividend Reinvestment Plan	2.97	30.02
L&T Liquid Fund - Super IP- Daily Dividend Reinvestment Plan	255.68	2586.51
LICMF Floating Rate Fund - Daily Dividend Reinvestment Plan	227.91	2279.09
LICMF Income Plus Fund - Daily Dividend Reinvestment Plan	152.19	1521.91
LICMF Liquid Fund - Daily Dividend Reinvestment Plan	1722.34	18911.51
LICMF Saving Plus Plan - Daily Dividend Reinvestment	141.34	1413.37
Magnum Insta Cash Fund - Daily Dividend Option	799.09	13384.98
Peerless Liquid Fund Super IP Daily Dividend Reinvestment Plan	873.50	8735.36
Pramerica Liquid Fund - Daily Dividend Reinvestment Plan	0.84	839.49
Pramerica Ultra Short Term Bond Fund - Daily Dividend Reinvestment Plan	0.20	201.66
Principal Cash Management Fund Liquid Option - Instl Prem Plan - Dividend Reinvestment Daily	32.52	325.18
Principal Money Manager Fund Instl. Plan - Daily Dividend Reinvestment Plan	34.96	350.10
Principal PNB FMP 91 Days - Series XXIII - Dividend Payout	5.07	50.74
Reliance Liquid Fund Cash Plan - Daily Dividend Reinvestment	318.18	3544.95
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	146.35	1464.22
Religare India Liquid Fund - Institutional - Daily Dividend Reinvestment Plan	5.00	50.04
Religare India Liquid Fund - Super Institutional - Daily Dividend Reinvestment Plan	42.16	446.34
Religare Ultra Short Term Fund - IP - Daily Dividend Reinvestment Plan	22.61	226.49
SBI Premier Liquid Fund - Instl Plan - Daily Dividend Reinvestment	672.86	6750.47
Sundaram BNP Paribas Money Fund Super Inst.Daily Div.Rein	347.58	3508.89
Tata Liquid Super High Investment Fund - Daily Dividend	0.79	875.33
Taurus Liquid Fund Super IP - Daily Dividend Reinvestment Plan	1.94	1935.51
Taurus Ultra Short Term Bond Fund - Super IP - Daily Dividend Reinvestment Plan	0.87	871.68
Templeton India Treasury Mgt Acccount Super Instl Plan - Daily Dividend Reinvestment	5.25	5248.54
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	2.08	2121.14
UTI Money Market Fund - IP- Daily Dividend Option - Re-investment	2.70	2709.48
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Option - Re-Investment	1.03	1028.22

Schedules forming part of Accounts

(Rs. in million)

Particulars		As At 31-Mar-11	As At 31-Mar-10
Schedule - 7 Inventories			
(As taken, valued and certified by the management)			
Raw Materials		3,036.61	3,586.44
Stores and Spares		1,168.08	895.36
Finished Goods		4,809.84	2,697.19
Work / Goods In Process		508.28	564.64
Goods in Transit		3,633.54	5,299.29
	Total	**13,156.34**	**13,042.92**
Schedule - 8 Sundry Debtors			
(Unsecured and considered good, unless otherwise stated)			
More than six months - considered good		632.73	831.98
- considered doubtful		50.57	97.28
Others - considered good *		8,227.50	7,208.89
		8,910.80	8,138.15
Less: Provision for doubtful debts		50.57	97.28
	Total	**8,860.23**	**8,040.87**
* include due from Subsidiaries Rs. 127.15 million (Rs. 1858.55 million)			
Schedule - 9 Cash and Bank Balances			
Cash in hand		2.47	3.08
Balance with Scheduled Banks			
- In Current Accounts *		983.94	774.05
- In Margin Money Accounts		732.02	621.49
- In Fixed Deposit Accounts (Refer Note 3 (d) (i))		4,390.37	7,813.78
Cheques in hand		55.92	-
	Total	**6,164.70**	**9,212.40**
* includes Rs. 4.27 million (Rs.3.11 million) being balance in unclaimed dividend accounts and Rs. 29.15 million (Rs. 27.99 million) being balance in Debt Service Reserve Account not available for use by the Company.			
Schedule - 10 Loans and Advances			
(Unsecured and considered good, unless otherwise stated)			
Loans and Advances to Subsidiaries			
- Share Application Money		556.32	2,151.89
- Other Loans and Advances		963.97	-
Advance (Recoverable in cash or in kind or for value to be received)			
Balances with Government Authorities		2,748.18	2,087.32
Other Advances		1,165.39	1,559.91
Deposits		512.34	530.73
		5,946.20	**6,329.85**
Less: Provision for doubtful advances		91.44	135.70
	Total	**5,854.76**	**6,194.15**
Schedule - 11 Current Liabilities #			
Acceptances		10,606.76	7,000.30
Sundry Creditors			
Due to Micro Small and Medium Enterprises (Refer Note 4)		4.30	0.85
Due to Others		7,544.06	8,132.95
Trade Advances and Deposits received		2,910.05	1,201.46
Interest accrued but not due		294.75	264.61
Unclaimed Dividend *		4.27	3.11
	Total	**21,364.19**	**16,603.28**

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2011
# include Rs. 2,205.82 million (Rs. Nil) due to subsidiaries

Schedules forming part of Accounts

(Rs. in million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 12 Provisions		
For Proposed Dividend (Including tax)	475.74	476.51
For Taxation (net)	444.57	624.02
For Retirement Benefits	46.15	34.27
Total	**966.46**	**1,134.80**

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
Schedule - 13 Sales and Services		
Sales	62,890.86	67,903.27
Job Work and other charges (Tax deducted at Source Rs. 3.09 Million (Rs. 0.03 million))	1,108.85	846.30
Export and Excise Benefits	1,321.77	308.75
Total	**65,321.48**	**69,058.32**
Schedule - 14 Other Income		
Dividend received (Gross)	98.60	91.52
Profit on sale of Current Investments (net)	14.85	10.62
Miscellaneous Income	47.97	25.60
Total	**161.42**	**127.74**
Schedule - 15 Cost of Goods		
(A) Raw Materials consumed		
Opening Stock	3,586.44	11,099.17
Purchases (net)	36,932.97	30,563.13
	40,519.41	41,662.29
Less: Closing Stock	3,036.61	3,586.44
Total (A)	**37,482.80**	**38,075.85**
(B) Purchases of Traded Goods	8,938.01	2,900.95
Total (B)	**8,938.01**	**2,900.95**
(C) Increase/(Decrease) in Stock		
Closing Stock		
Finished Goods	4,809.84	2,697.19
Work/Goods In Process	508.28	564.64
	5,318.11	3,261.83
Less : Opening Stock		
Finished Goods	2,697.19	4,850.13
Work/Goods In Process	564.64	2,334.92
	3,261.83	7,185.05
Less: Increase/(Decrease) in Excise duty on Finished Goods	54.98	28.43
Total (C)	**2,001.31**	**(3,951.65)**
Total (A)+(B)-(C)	**44,419.49**	**44,928.46**
Schedule - 16 Manufacturing and Other Expenses		
Stores and Spares consumed	1,448.69	1,578.48
Coating and Other Job charges	290.86	172.67
Power, Fuel and Water charges	1,298.31	1,527.20
Freight, Material handling and Transport expenses	1,938.23	2,412.94
Commission and Discounts on sales	116.09	880.88
Directors' Remuneration	80.44	108.16

Schedules forming part of Accounts

(Rs. in million)

Particulars		Year ended 31-Mar-11	Year ended 31-Mar-10
Salaries, Wages and Allowances		1,577.93	1,155.89
Contribution to Provident and other funds		90.09	61.40
Staff welfare expenses		102.41	90.86
Rent		118.36	97.66
Rates and Taxes		56.40	282.27
Repairs and Maintenance	- Plant and Machinery	178.50	165.06
	- Buildings	20.14	23.26
	- Others	51.14	17.53
Travelling and Conveyance expenses		254.63	148.68
Communication expenses		24.42	23.49
Professional and Consultancy fees		399.12	486.00
Insurance		82.17	76.15
Directors' sitting fees		0.65	0.54
Printing and Stationary		13.94	12.38
Security charges		22.37	15.27
Membership and Subscription		24.55	11.20
Vehicle expenses		17.85	20.87
Foreign Exchange difference (net)		199.52	387.41
Miscellaneous expenses		94.68	93.52
Auditors' Remuneration		6.71	7.11
Sales Promotion expenses		33.20	25.33
Product Compensation and Claims (Refer Note 9)		2,007.55	-
Provision for diminution in value of long term investments		-	5.00
Loss on sale / discard of fixed assets		12.82	45.48
Provision for doubtful debts and advances (net)		(90.97)	135.69
Bad debts and advances written off (net)		(43.93)	178.10
	Total	**10,426.87**	**10,246.49**
Schedule - 17 Financial Expenses (net)			
Interest on			
Debentures/Bonds		1,117.29	479.87
Fixed Loans		244.72	955.37
Working Capital		38.04	12.24
Others		24.36	303.08
		1,424.40	1,750.56
Discounting and other charges		333.73	376.01
		1,758.13	2,126.57
Less: Interest received (Gross) * (Tax deducted at source Rs. 46.47 million (Rs. 160.97 million))		668.96	464.87
	Total	**1,089.18**	**1,661.70**

*** includes interest received from Subsidiary Rs 29.01 million (Rs 204.10) million**

Schedule: 18 Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

i. Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention on accrual basis and in accordance with the generally accepted accounting principles (GAAP) and Accounting Standards as specified in Companies (Accounting Standards) Rules, 2006 as prescribed by the Central Government.

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) on "Accounting for Derivatives" on the early adoption of Accounting Standard (AS-30) "Financial Instruments: Recognition and Measurement", the Company has early adopted the standard w.e.f 1 April 2007 to the extent that the adoption does not conflict with the existing mandatory accounting and other authoritative pronouncements, Company Law and other regulatory requirements.

ii. Use of Estimates

The preparation of the financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

iii. Fixed Assets

(a) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except freehold land which is carried at cost. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period.

(b) Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet including pre-operative expenditure and advances on capital account.

(c) Cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

iv. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

v. Depreciation

(a) Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for certain Plant and Machinery which are depreciated on the basis of estimated useful lives of 13 – 15 years. The rates of depreciation derived from these estimated useful lives are higher than those prescribed in Schedule XIV to the Companies Act, 1956.

(b) For determining the appropriate rate of depreciation on Plant and Machinery, continuous process plant has been identified on the basis of technical opinion by the Company / Expert.

(c) Software is amortized over a period of five years from the date of its use based on Management's estimate of useful life.

vi. Investments

Investments intended to be held for more than a year, from the date of acquisition, are classified as long-term and are stated at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary in nature. Current Investments are stated at cost or fair value, whichever is lower.

vii. Revenue Recognition

(a) Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers, which is generally on dispatch of goods. Export Sales are accounted for on the basis of date of bill of lading. Gross Sales include excise duty, value added tax, incentive, adjustments for price variation, liquidated damages and exchange rate variations related to export realization.

(b) Export benefits: Duty Entitlement Pass Book (DEPB), Focus Market and Focus Product are accounted on accrual basis. Target Plus /Duty Free Entitlement Certificate scheme of EXIM policy are recognized when utilized.

(c) Revenue from Services is recognized when the services are completed.

(d) Dividend income is recognized when the right to receive the dividend is unconditional.

viii. Inventories

Inventories are valued at lower of cost and net realizable value. The basis of determining cost for various categories of inventories is as follows:-

(i) Raw Materials, Stores and Spares – Moving weighted average basis.

(ii) Work / Goods in Process and Finished Goods – Cost of Direct Material, Labour and other manufacturing expenses.

(iii) Excise duty liability is included in the valuation of closing inventory of Finished Goods.

ix. Foreign Currency Transactions

(a) Foreign exchange transactions are converted into Indian Rupees at the prevailing rate on the date of transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

(b) Gains or losses arising out of remittance / translations at the year- end are credited / debited to the profit and loss account and where it relates to acquisition of fixed assets, are adjusted to the carrying cost of such assets except treatment as per amendment to AS-11 effective till March 31, 2012 (Refer note no 5 (b)).

(c) Premium / discount on forward exchange contracts not relating to firm commitments or highly probable forecasted transactions and not intended for trading or speculation purposes is amortized as income or expense over the life of the contract.

x. Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges and applying the recognition and measurement principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30). The gain or loss on the effective hedges is recorded in "Hedging Reserve Account" until the transaction is complete. The gain or loss is accounted in Profit and Loss Account upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

xi. Employee Benefits

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related services are rendered.

b) Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

c) Payments to defined contribution retirement benefit schemes are charged as expenses as and when they fall due.

xii. Employee Stock Options Scheme

In respect of employee stock options granted pursuant to the Company's Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

xiii. Accounting for Taxes on Income

(a) Current tax is determined as the amount of tax payable in respect of taxable income of the year computed as per the Income Tax Act, 1961.

(b) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.

xiv. Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

xv. Research and Development

Capital expenditure on research and development is treated in the same manner as fixed assets. Revenue expenditure on research and development is charged to Profit and Loss Account.

xvi. Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

B. Notes to Accounts

1. Foreign Currency Convertible Bonds (FCCB)

a) During the last financial year, the Company has raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1500 4.5% Foreign Currency Convertible Bonds (FCCB) of US$ 100,000 each. The Bondholders have an option to convert these bonds into 24,010,000 equity shares at an initial conversion price of Rs. 300 per share of Rs. 5 each fully paid up with a fixed rate of exchange on conversion of Rs. 48.02= US$ 1 at any time on or after November 26, 2009 until 10 days prior to Maturity date (i.e October 17, 2014). Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed on October 17, 2014 at 102.8028% of the principal amount so as to give a gross yield of 5% per annum (calculated on semi annual basis) to the Bond Holders.

The Company has an option to redeem the Bonds at their Early Redemption Amount upon occurrence of events specified in the Offering Circular issued by the Company for issue of the Bonds ("Offering Circular"). Further, the Company has the option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

b) Premium payable on redemption of FCCB aggregating to Rs. 33.80 Million (Rs. 15.62 million) has been adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act, 1956. In the event that the holders of FCCB exercise the conversion option, the amount of premium utilized from SPA will be suitably adjusted in respective years.

c) Part of the net proceeds received from the issue of FCCB has been utilized as per object of the issue viz for funding of Plate and Coil Mill, Pipe Mill Capex Projects (Anjar and Mandya) and Investment in overseas Subsidiary. Pending utilization, the balance issue proceeds of USD 77.41 million equivalent INR 3,452.28 million (USD 122.35 million - equivalent INR 5,493.66 million) have been invested in short term deposits/current account with a Bank abroad and Rs. 2.8 million (Rs. Nil) lying in current account with a bank in India.

2. Employee Stock Options Scheme

In respect of options granted under the Welspun Employee Stock Options Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India, the value of options (based on intrinsic value of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortized on a straight line basis over the vesting period. Salaries, wages and allowances include credit of Rs.0.56 million (debit of Rs. 13.06 million) being amortization of deferred employee compensation under Employee Stock Options Scheme.

During the year, 339,750 equity shares and 6,750 equity shares of Rs. 5 each fully paid up were issued at a price of Rs. 80.00 and Rs. 66.75 each respectively. Discount allowed aggregating to Rs. 9.24 million (Rs. 30.40 million) in respect of shares allotted pursuant to Stock Options Scheme is credited to Securities Premium Account as per guidelines of Securities and Exchange Board of India.

Stock Options outstanding as at the year end are as follows:

Particulars	Granted during 2006-07	Granted during 2009-10
Exercise Price	Rs. 80	Rs. 66.75
Date of Grant	8 January 2007	20 April 2009
Vesting period commences on	8 January 2008	20 April 2010
Options outstanding at the beginning of the period	897,000	47,500
Options exercised during the year	339,750	6,750
Options lapsed during the year	34,000	Nil
Options Outstanding as at 31 March 2011	523,250	40,750

3. **Secured Loans**

a) **Redeemable Secured Non-Convertible Debentures (NCD)**

Particulars	No. of Debentures	Face Value (In Rs.)	Date of Allotment	Redemption from the date of allotment	Rate of Interest (p.a.)	Amount (Rs. in million)
Fixed Rate Debentures	1,250	1,000,000	29/11/2007	5 years	10.50%	1,250
Fixed Rate Debentures	450	1,000,000	31/12/2007	5 years	10.40%	450
Fixed Rate Debentures	5,000	1,000,000	03/08/2010	15 years	9.55%	5,000
Fixed Rate Debentures	5,000	1,000,000	28/09/2010	15 years	9.55%	5,000
				Total		**11,700**

The debentures together with interest are secured by first charge ranking pari passu by way of mortgage/ hypothecation of entire immovable and movable fixed assets of the Company, both present and future and second/floating charge on current assets, subject to prior charge in favour of banks for working capital facilities.

b) **Term Loan from Banks**

Rs. Nil (Rs. 3,181.13 million) are secured by first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets of the Company both present and future and also secured by second / floating charge on current assets subject to prior charge in favour of banks for working capital facilities.

c) **External Commercial Borrowings (ECB)**

Rs 6,789.68 million (Rs. 6,789.99 million) is secured by first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets of the Company both present and future. Further, the ECB is also secured by exclusive charge by way of hypothecation of Debt Service Reserve Account.

d) **Working Capital facilities from Banks**

I) Rs 827.06 million (Rs Nil) are secured against pledge of Fixed Deposit Receipts of Rs 870.59 million (Rs Nil).

II) Rs 551.95 million (Rs Nil) are secured by first charge by way of hypothecation of raw materials, finished goods and goods in process, stores & spares and book debts of the Company and second charge on entire immovable and movable fixed assets of the Company both present and future of the Company.

4. **Micro, Small and Medium Enterprises**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2011. The disclosure pursuant to the said Act is as under:

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Principal amount due to suppliers under MSMED Act, 2006	4.30	0.85
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.04	0.01
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	28.60	16.86
Interest due and payable to suppliers under MSMED Act, for payments already made	0.09	0.13
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	1.07	0.94

The above information and that given in Schedule -11 “Current Liabilities and Provisions” regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified by the Company on the basis of information available.

5. Foreign Exchange Differences

a) Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments amounting to Rs. 351.05 million (Rs. 5.30 million) is adjusted under respective heads of income or expenses in the Profit and loss account to which it relates and exchange difference loss of Rs. 7.93 million (Rs. Nil) other than (b) below, has been adjusted to the carrying cost of fixed assets/capital work in progress.

b) The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated March 31, 2009 (further amended on 11 May 2011) issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference loss amounting to Rs. 8.84 million (Gain of Rs. 348.36 million) to the cost of fixed assets and capital work in progress and exchange difference gain of Rs. 130.28 million (Gain of Rs. 93.76 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term assets / liabilities but not beyond March 31, 2012. Out of the above, gain of Rs. 65.14 million (Gain of Rs. 18.34 million) has been adjusted in the current year and gain of Rs. 65.14 million (Gain of Rs. 75.42 million) has been carried over.

c) The Company has early adopted AS-30 as referred to in Note A (i) of the Significant Accounting Policies and accordingly loss of Rs. 54.29 million (Rs. 31.86 million) related to foreign exchange difference on Cash Flow Hedges for certain firm commitments and forecasted transactions is recognized in Shareholders' Funds and shown as Hedging Reserve Account.

6. Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure

The outstanding foreign currency derivative contracts as at 31 March 2011 in respect of various types of derivative hedge instruments and nature of risk being hedged and not hedged are as follows:

(Rs. in million)

Particulars	31 March 2011		31 March 2010	
	Amount Hedged	Amount Unhedged*	Amount Hedged	Amount Unhedged*
a) In respect of Short term receivables and payables (i) In respect of Sundry Debtors				
a) Existing as on the balance sheet date	-	2,630.03	-	1,389.47
b) In respect of future forecasted transactions	1,723.51	-	5,975.39	-
(ii) In respect of Sundry Creditors				
a) Existing as on the balance sheet date	3,530.63	7,689.66	3,344.69	6,542.76
b) In respect of future forecasted transactions	2,052.04	-	5,544.95	-
b) In respect of short term receivables and payables existing as on balance sheet date				
(i) Other short term assets or receivables	-	4,781.76	-	6,324.36
(ii) Other short term liabilities or payables	-	1,181.15	-	778.25
c) In respect of long term receivables and payables existing as on balance sheet date				
- In respect of Foreign Currency Loan payables	-	13,478.93	437.62	13,524.99
d) Other Derivative Hedge instruments**	9,229.75	-	4,245.00	-

Note:

* The net un-hedged short term payables as on 31 March 2011 is Rs. 1,459.02 million (as on 31 March 2010 net un-hedged short term receivables was Rs. 392.82 million) resulting in natural hedge against foreign exchange rate fluctuation.

** Other derivative Hedge instruments include Coupon Only Swap for notional Rupee liability of Rs. 5000 million (Rs. Nil), Interest Rate Swap for notional foreign currency liability of USD 50 million equivalent to Rs. 2,229.75 million (USD 50.00 million equivalent to Rs. 2,245.00 million) and Currency Swap for notional Rupee liability of Rs. 2,000 million (Rs. 2,000.00 million).

Details of Cross Currency derivative contracts (in million)

Particulars	31 March 2011	31 March 2010
Cross Currency Hedges	Amount in Foreign Currency	Amount in Foreign Currency
In respect of Short term receivables		
EUR/USD	6.57	2.00
In respect of Short term payables		
EUR/USD	-	44.75
JPY/USD	-	184.13

7. Managerial Remuneration

a) Remuneration paid or provided in accordance with section 198 of the Companies Act, 1956 to the Directors is as under:

(Rs. in million)

Particulars	31 March 2011			31 March 2010	
	Executive Chairman	Managing Director	Whole Time Directors	Executive Chairman and Managing Director	Whole Time Directors
Salaries and Allowances	5.50	4.74	17.62	5.50	14.39
Commission	52.08	-	-	87.85	-
Perquisites / Contribution to Provident Fund	-	-	0.50	-	0.42
Total	**57.58**	**4.74**	**18.12**	**93.35**	**14.81**

Notes:

(i) Salaries and Allowances include basic salary, house rent allowance and leave travel allowance.

(ii) Provision for post retirement benefits which is based on actuarial valuation done on an overall Company basis is excluded from the above calculation.

b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable to the Managing Director is as under:

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Profit before Tax as per Profit and Loss account	5,263.63	8,085.24
Add: Managerial Remuneration	80.44	108.16
Directors' Sitting fees	0.65	0.54
Depreciation as per profit and loss account	1,656.64	1,479.20
Loss on sale/discard of fixed assets	12.82	45.48
Wealth Tax	0.35	0.26
Provision for diminution in value of long term investments	-	5.0
Provision for doubtful debts / advances (net)	(90.97)	135.69
Total	**6,923.56**	**9,859.57**
Less: Depreciation u/s 350	1,656.64	1479.20
FCCB Premium adjustment against securities premium	33.80	15.62
Profit on sale of Current Investments	14.85	10.62
Foreign Currency Monetary Item Translation Difference Account-Net	10.27	(430.39)
Net Profit for Section 198	**5,208.00**	**8,784.52**
Commission to Managing Director @1%	52.08	87.85
Maximum permissible managerial remuneration to Managing Directors and Whole Time Directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed above	520.80	878.45
Restricted as per service agreements	**80.44**	**108.16**

8. Contingent Liabilities not provided for

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Performance Guarantees/Bid Bond given by banks to company's customers / government authorities etc.	20,025.53	15,697.13
Corporate Guarantees given by the company [includes Rs. 4,793.97 million (Rs. 5,246.70 million) given on behalf of subsidiaries for Loans/Liabilities taken by them. Loans / Liabilities outstanding against these guarantees are Rs. 3,658.57 million (Rs. 5,018.83 million)]	9,400.57	6,385.27
Letters of Credit outstanding (net of liability provided) for company's sourcing	8,798.71	15,840.28
Claims against the Company not acknowledged as debts	47.82	13.46
Custom duty on pending export obligation against import of Raw Materials	313.89	561.36
Disputed indirect tax liabilities	160.61	75.75

9. In the preceding year one of its customer initiated legal action against the company in the United States of America claiming loss / damages of $ 66 million on account of defects in the pipes supplied and withheld payment of USD 19.98 million which was provided as claim in the financial year 2008-09. During the year, the Company arrived at an out of court settlement with the said customer settling the claim at USD 65 million. Out of the balance claim (net of withheld amount), USD 25.02 million to be paid over a period of 36 months and USD 20 million to be adjusted from potential business from the said customer. The Company provided the quality claim of USD 45.02 million equivalent to Rs. 2,007.55 million in these accounts. The Company has also initiated legal action against the steel supplier in the court abroad which is pending.

10. Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits

The Employees gratuity fund scheme managed jointly by Kotak Life Insurance Limited and India First Life Insurance Company Limited is a defined benefit plan. The present value of obligation is based on actuarial valuation using the projected unit credit method. The obligation for leave encashment is recognized in the same manner as gratuity.

Defined Benefit Plan

Details of defined benefit plan of Gratuity (Funded) and Leave Encashment (Non-Funded) are as follows

I. Actuarial Assumptions

Economic Assumptions

Major Assumptions	31 March 2011 (%p.a.)	31 March 2010 (%p.a.)
Discount Rate (p.a.)	8.5	8.5
Expected Return on Assets	7.5	6 to 7.5
Salary Escalation Rate	5.75	5.75

Demographic Assumptions	
Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-96)
Retirement Age	60 years for all staff and workers (except in case of Presidents and above 62 Years)
Attrition Rate	2% upto age 44 and 1% thereafter

II. Expenses recognized in the Profit and Loss Account

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Current Service Cost	71.28	50.56	52.14	33.84
Interest Cost	7.17	4.95	3.55	2.48
Expected Return on Plan Assets	(5.49)	(4.18)	Nil	Nil
Net Actuarial (Gain)/Loss recognized	(44.93)	(50.91)	(38.50)	(24.66)
Expenses recognized in the Profit and Loss Account *	28.03	0.4	17.19	11.66

III. Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present Value of Obligation as at 31 March 2011	98.37	70.78	46.15	34.27
Fair Value of Plan Assets as at 31 March 2011	98.37	70.78	Nil	Nil
Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule-12)	Nil	Nil	46.15	34.27

IV. Change in the Present Value of Obligation

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present Value of Obligation as at 1 April 2010	70.78	59.00	34.27	30.03
Current Service Cost	71.28	50.56	52.14	33.84
Interest Cost	7.17	4.95	3.55	2.48
Benefits Paid	(5.49)	(8.08)	(5.31)	(7.42)
Actuarial (Gain)/Loss on Obligations	(45.37)	(35.65)	(38.50)	(24.66)
Present Value of Obligation as at 31 March 2011	98.37	70.78	46.15	34.27

V. Change in Fair Value of Plan Assets

(Rs. in million)

Particulars	Gratuity (Funded) 31 March 2011	Gratuity (Funded) 31 March 2010
Fair Value of Plan Assets as at 1 April 2010	70.78	59.00
Expected Return on Plan Assets	5.49	4.17
Actuarial Gain/(Loss) on Plan Assets	(0.44)	15.26
Contributions	28.02	0.43
Benefits Paid	(5.49)	(8.08)
Fair Value of Plan Assets as at 31 March 2011	98.37	70.78

* Included in the "Contribution to funds" (Refer Schedule-16).

11. Capital Projects

(i) Pre-operative Expenses of Rs. 42.58 million (Rs. 488.98 million) in respect of projects capitalized during the year have been allocated proportionately to the direct cost of respective building and plant and machinery.

(ii) Borrowing costs capitalized / allocated to fixed assets / Capital work in progress is Rs. Nil (Rs. 47.87 million).

(iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 2,559.62 million (Rs. 3,415.52 million), net of advances.

(iv) Capital Work in Progress, includes Capital Advances Rs. 1,085.88 million (Rs. 929.06 million) and Pre-operative expenses Rs. 18.55 million (Rs. 35.35 million).

(v) Break up of Pre-operative Expenses is as under:

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Expenditure upto previous year	**35.35**	**460.27**
Add: Expenses incurred during the year		
Job work charges	5.96	0.67
Labour charges	2.05	-
Power, Fuel and Water charges	3.42	0.56
Salaries, Wages and Allowances	6.58	0.27
Staff Welfare expenses	1.88	-
Rent	0.54	0.21
Rates and Taxes	1.21	0.30
Travelling and Conveyance expenses	3.80	0.36
Professional and Consultancy fees	2.77	2.14
Insurance	1.24	4.40
Miscellaneous expenses	3.23	2.81
Depreciation	1.38	-
Financial expenses	-	47.87
Sub Total	**34.06**	**59.63**
Trial Run expenses		
Raw Material consumed - M S Slab Nil (2,284.57 MT) - H. R. Coils 2796.09 MT (Nil)	 - 85.34	 54.75 -
Purchase of Welded Pipes - 935.51 MT (Nil)	29.01	-
Stores and Spares consumed	1.38	0.24
Power, Fuel and Water charges	0.44	6.13
Salaries, Wages and Allowances	1.37	0.41
Exchange difference	(0.62)	-
Miscellaneous expenses	1.02	1.39
Trial Run recoveries		
Net Sales - Welded Pipes 1803.67 MT (Nil) - H. R. Coils Nil (636.24 MT)	 (62.62) -	 - (18.44)
Finished Goods transferred to operations		
- Welded Pipes - 1860.19 MT (Nil) - H. R. Coils - Nil (1590.25 MT)	(61.72) -	- (40.05)
Net Loss / (Profit)	**(6.40)**	**4.43**
Total	**63.01**	**524.33**
Less: Amount allocated to Assets capitalized during the year	42.58	488.98
Less: Amount allocated to capital work in progress	1.88	-
Balance carried to Balance Sheet	**18.55**	**35.35**

12. Segment Reporting

i) The Company is engaged in the business of steel products which in the opinion of the management is considered the only business segment in the context of Accounting Standard – 17 on "Segment Reporting".

ii) Information about Secondary-Geographical Segment

(Rs. in million)

Particulars	31 March 2011			31 March 2010		
	India	Outside India	Total	India	Outside India	Total
External Sales	37,759.44 *	24,934.96	**62,694.40**	42,990.69	23,282.66	**66,273.35**
Carrying Amount of Segment Assets	75,507.11	7,471.54	**82,978.85**	61,361.60	6,583.76	**67,945.36**
Capital Expenditure	4,129.62	-	**4,129.62**	3,757.36	--	**3,757.36**

* includes deemed export Sales of Rs. 8,441.98 million (Rs. 21,957.22 million).

Notes:

a) The Segment revenue in the geographical segments considered for disclosure is 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.

b) Segment revenue, results, assets and liabilities include the respective amounts identified to each of the segments and amounts allocated on a reasonable basis.

13. Taxation

a) Current tax is determined as the amount of tax payable on the taxable income of the year computed as per the provisions of Income Tax Act, 1961.

b) The components of deferred tax balances as at 31 March 2011 are as under

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Deferred Tax Assets		
Retirement Benefits	14.97	11.38
Other Fiscal Disallowance	67.23	83.82
Total	**82.20**	**95.20**
Deferred Tax Liabilities		
Fiscal allowance on fixed assets	3,513.62	3,049.88
Total	**3,513.62**	**3,049.88**
Deferred Tax Liabilities (net)	**3,431.42**	**2,954.68**

14. Auditors' Remuneration includes

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Statutory Audit Fees	4.25	3.50
Tax Audit Fees	0.75	0.75
Certification and other fees	1.66	2.75
Out of Pocket expenses	0.05	0.11

15. Operating Lease

The Company leases office, residential facilities, equipment etc. 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.

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Lease Rental charges for the year	122.31	99.73
Future lease rental obligations payable (under non-cancelable leases)		
Not Later than one year	109.82	95.21
Later than one year but not later than five years	399.54	374.66
Later than five years	9.42	98.33
Total	**518.79**	**568.20**

16. Related party disclosures

As per Accounting Standard 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below: Particulars of Subsidiaries / Associates / Joint Ventures

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding (%)
Direct Subsidiaries			
Welspun Pipes Limited	Manufacturer of Steel Pipes	India	100%
Welspun Natural Resources Private Limited	Oil and Gas Exploration	India	100%
Welspun Pipes Inc	SPV for Steel Pipes Business	USA	100%
Welspun Tradings Limited	Trading Business of Pipes and Plates	India	100%
Welspun Infratech Limited	Infrastructure Development	India	100%
Welspun Mauritius Holdings Limited (w.e.f. 3 August 2010)	SPV for Steel Pipes Business ¬	Mauritius	88.11%
Welspun Construction Private Limited (w.e.f 3 August 2010)	SPV for Steel Pipes Business	India	100%
Indirect Subsidiaries			
Held through Welspun Mauritius Holdings Limited			
Welspun Middle East Pipe Company LLC	Manufacturer of Steel Pipes	Kingdom of Saudi Arabia	50.01%
Welspun Middle East Pipe Coatings Company LLC	Coating of Pipes	Kingdom of Saudi Arabia	50.01%
Welspun Middle East DMCC (w.e.f. 25 January 2011)	Marketing Company	Dubai, UAE	100%
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	USA	100%
Welspun Global Trade LLC	Marketing Company	USA	100%
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100%
Held through Welspun Infratech Limited			
Welspun Projects Limited (formerly MSK Projects (India) Limited) (w.e.f 16 August 2010)	Infrastructure Development	India	61.12%
Welspun Road Projects Private Limited (w.e.f 23 February 2011)	Infrastructure Development	India	100%
Welspun Infra Projects Private Limited (w.e.f. 21 March 2011)	Infrastructure Development	India	60%
Held through Welspun Projects Limited			
Welspun Energy Maharashtra Private Limited	Infrastructure Development	India	51%
MSK Projects (Himmatnagar Bypass) Private Limited	Infrastructure Development	India	100%
MSK Projects (Kim Mandavi Corridor) Private Limited	Infrastructure Development	India	100%
Held through Welspun Infra Projects Limited			
Welspun Energy Transportation Private Limited	Infrastructure Development	India	100%
Welspun Water Infrastructure Private Limited	Infrastructure Development	India	100%
Associate Companies			
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25%
Welspun Energy Limited *	Power Generation	India	26%
Joint Ventures			
Adani Welspun Exploration Limited (held through Welspun Natural Resources Private Limited)	Oil and Gas Exploration	India	35%
Dahej Infrastructure Private Limited	Development of Jetty	India	50%
Indirect Joint Ventures			
Held through Welspun Projects Limited			
Dewas Bhopal Corridor Limited	Infrastructure Development	India	50%
Bul MSK Infrastructure Private Limited	Infrastructure Development	India	50%

* Direct and Indirect subsidiaries of Welspun Energy Limited (an associate Company): Welspun Urja India Limited, Welspun Urja Gujarat Private Limited. Welspun Energy Madhya Pradesh Limited, Welspun Energy Chhattisgarh Limited, Welspun Energy Meghalaya Private Limited, Welspun Energy Rajasthan Private Limited, Welspun Energy UP Private Limited, Welspun Energy Jharkhand Private Limited, Welspun Energy Orissa Private Limited, Welspun Energy Anuppur Private Limited, Welspun Energy Resources Private Limited, Welspun Solar Park Private Limited, Welspun Energy Park Private Limited, Welspun Renewables Energy Limited, Welspun Solar Punjab Private Limited, Welspun Solar Madhya Pradesh Private Limited, Welspun Solar Rajasthan Private Limited, Welspun Solar AP Private Limited, Welspun Solar UP Private Limited, Welspun Solar Tech Private Limited,

Other related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year.

Welspun India Limited, Welspun Steel Limited, Welspun Retail Limited, Welspun Anjar SEZ Limited, Welspun Foundation for Health and Knowledge, Welspun Syntex Limited, Vipuna Trading Limited, Welspun Logistics Limited, Welspun Realty Private Limited, Welspun Enterprises (Cyprus) Limited, Remi Metals Gujarat Limited, Welspun Maxsteel Limited, Welspun Captive Power Generation Limited.

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
B. K. Goenka	Executive Chairman
R. R. Mandawewala	Managing Director (w.e.f. 11 October 2010)
M. L. Mittal	Executive Director-Finance
Asim Chakraborty	Whole Time Director

Disclosure in respect of transactions which are more than 10% of the total Transactions of the same type with related parties during the year:

i. Sale of Goods/Services and Recoveries - Welspun Tradings Limited Rs.12,646.43 million (Rs. 21,909.58 million) (Refer Note 23), Welspun Tubular LLC Rs. 8,437.01 million (Rs. 4,302.50 million)

ii. Sale of fixed assets – Welspun Tubular LLC Rs. Nil (Rs. 0.81 million), Welspun Steel Limited Rs. Nil (Rs. 0.87 million), Remi Metals Gujarat Limited Rs.1.80 million (Rs. 1.63 million).

iii. Purchase of Goods and Services -Welspun Steel Limited Rs. 74.41 million (Rs. 48.25 million), Welspun Logistics Limited Rs. 49.23 million (Rs. 17.93 million), Welspun Global Trade LLC Rs. Nil (Rs. 13.82 million), Welspun Tradings Limited Rs 2,569.52 million (Rs. Nil)

iv. Purchase of Fixed Assets - Welspun Pipes Limited Rs. 825.09 million (Rs. 1074.59 million)

v. Rent paid – Vipuna Trading Limited Rs. 6.63 million (Rs. 6.66 million), Welspun Realty Private Limited Rs.92.53 million (Rs. 81.96 million),

vi. Donation paid – Welspun Foundation for Health and Knowledge Rs.25.33 million (Rs. 18 million) (meant for corporate social responsibility activities).

vii. Interest received Welspun Pipes Inc Rs. Nil (Rs. 204.10 million), Welspun Natural Resources Private Limited Rs 29.01 million (Rs. 5.18 million)

viii. Loans, Advances and Deposits – Welspun Pipes Inc Rs Nil (Rs. 1,843.22 million) and repaid during the year Rs. Nil (Rs. 2,857.47 million), Welspun Plastics Private Limited given and repaid Rs. 22.50 million (Rs. Nil),Welspun Natural Resources Private limited Rs 963.97 million (Rs. Nil),Welspun Projects Limited Rs. 120.50 million (Rs Nil).

ix. Investment in Shares of – Welspun Infratech Limited Rs. Nil (Rs. 1,000.85 million), Welspun Natural Resources Private Limited Rs 141.50 million (Rs 0.05 million), Welspun Mauritius Holdings Limited Rs 4.61 million (Rs. Nil) and Investment in Preference Shares of Welspun Mauritius Holdings Limited Rs. 680.04 million (Rs. Nil), Investment in Unsecured Optionally Convertible Debentures issued by Welspun Infratech Limited Rs. 2,250 million (Rs. Nil).

x. Share Application Money given – Welspun Pipes Limited Rs. 11.40 million (Rs. 22 million), Welspun Infratech Limited Rs. 2,641 million (Rs. 373 million), Welspun Energy Limited Rs 549 million (Rs. 22 million), Welspun Mauritius Holding Limited Rs. 681.06 million (Rs. Nil).

xi. Share Application Money given includes repaid/adjusted by – Welspun Energy Limited Rs 202.60 million (Rs Nil), Welspun Pipes Limited Rs. 756.34 million (Rs Nil), Welspun Infratech Limited Rs.3420.85 million (Rs. Nil), Welspun Mauritius Holding Limited Rs. 681.06 million (Rs. Nil)

xii. Issue of Equity Shares by exercise of employee stock option scheme (ESOP) - Whole Time Directors Rs. Nil (Rs. 14 million).

xiii. Reimbursement of Expenses (net) - Welspun India Limited Rs. 80.77 million (Rs. 64.95 million), Welspun Steel Limited Rs. 0.84 million (Rs. 8.68 million), Welspun Infratech Limited Rs. 19.25 million (Rs. Nil).

Disclosure of Closing balances as at 31 March 2011

i. Loans, Advances and Deposits – Welspun Logistics Limited Rs. 52.40 million (Rs. 52.40 million), Welspun Realty Private Limited Rs.356.48 million (Rs. 425.93 million),Welspun Natural Resources Private Limited Rs 963.97 million (Rs Nil)

ii. Sundry Debtors– Welspun Tubular LLC Rs. Nil (Rs. 49.72 million), Welspun Tradings Limited Rs. Nil (Rs. 1,808.83 million), Welspun Projects Limited Rs 115.80 million (Rs Nil).

iii. Sundry Creditors – Welspun Infratech Limited Rs. 1.61 million (Nil), Welspun Anjar SEZ Limited Rs. Nil (Rs. 23.59 million), Dahej Infrastructure Private Limited Rs. Nil (Rs. 2.86 million)

iv. Trade advances received – Welspun Tradings Limited Rs 1,068.12 million (Rs Nil), Welspun Tubular LLC Rs. 1,136.09 million (Rs Nil).

v. Investments held – Welspun Pipes Inc Rs.645.95 million (Rs. 645.95 million), Welspun Infratech Limited Rs. 1,000.85 million (Rs. 1,000.85 million), Welspun Mauritius Holdings Limited Rs 684.65 million (Rs Nil), Welspun Infratech Limited-Optionally Convertible Debentures-Rs. 2,250 million (Rs. Nil).

vi. Share Application Money given – Welspun Pipes Limited Rs. 555.54 million (Rs. 1,300.48 million), Welspun Natural Resources Private Limited Rs. Nil (Rs. 71.56 million), Welspun Infratech Limited Rs. Nil (Rs. 779.85 million), Welspun Energy Limited Rs 368.40 million (Rs 22 million), Welspun Captive Power Generation Limited Rs 130 million (Rs Nil).

vii. Guarantees and Collaterals given – Welspun Pipes Inc Rs. 3,567.60 million (Rs. 3,592 million), Welspun Tradings Limited Rs. Nil (Rs. 1,609.80 million),Welspun Urja Gujarat Private Limited Rs 1,709.30 million (Rs Nil) ,Welspun Mauritius Holdings Limited Rs 1,181.77 million(Rs Nil)

Note: Details of Remuneration paid to Key Managerial Personnel are disclosed at Note 7 above.

17. Earnings Per Share (EPS)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
I) Profit computation for Basic and Diluted EPS		
Net Profit after Tax (Rs. In Million)	3,644.52	5,401.96
Add: Interest on Foreign Currency Convertible Bonds (net of tax) (Rs. In Million)	233.98	87.51
Net Profit after Tax for Diluted EPS (Rs. In Million)	3,878.50	5,489.47
II) Weighted average number of equity shares for EPS computation		
a) For Basic EPS (Nos)	204,549,256	192,638,617
b) For Diluted EPS (Nos)	229,020,787	218,019,604
III) EPS on Face Value of Rs. 5 each		
Basic (Rs.)	17.82	28.04
Diluted (Rs.)	16.94	25.18

18. Disclosure pursuant to Clause 32 of the listing agreement :

(Rs. in million)

Particulars	Balance as on 31 March		Maximum amount outstanding during the year	
	2011	2010	2011	2010
Loans and advances in the nature of loans to subsidiaries: -Welspun Natural Resources Private Limited	963.97	Nil	963.97	Nil

19. Welspun Infratech Limited (the "Acquirer") a wholly owned subsidiary of the Company has entered into a Share Purchase Agreement with the erstwhile promoters and other shareholders of Welspun Projects Limited (formerly MSK Projects (India) Limited (a Company engaged in infrastructure development and listed on Bombay Stock Exchange, National Stock Exchange and Vadodara Stock Exchange)) (the "Target Company") to acquire 5,279,438 equity shares (23.13%) of the Target Company at a price of Rs. 130.50 per share and also entered into a Share Subscription Agreement to subscribe to 17,178,888 equity shares of the Target Company at an issue price of Rs. 123 per share and consequently has made a public announcement to the existing shareholders of the Target Company to acquire 20% of post preferential issue equity share capital of the Target Company at a price of Rs. 130.50 per share in terms of SEBI Guidelines. Post completion of the offer, the Acquirer holds 24,448,445 equity shares (61.12%) in the issued equity share capital of the Target Company. The transfer of control of the Target Company completed on 16 August 2010.

20. **Unsecured Optionally Convertible Debentures (OCD)**

During the year, the company has subscribed to 7%, 22,500 Unsecured Optionally Convertible Debentures (OCDs) of face value Rs. 100,000 each aggregating to Rs. 2,250 million issued by Welspun Infratech Limited (wholly owned subsidiary of the Company). The tenure of OCDs is five years and bearing interest @ 7% p.a. for first three years and @ 11% p.a. for the remaining period if not redeemed earlier. The Company has the option to convert the said OCDs into equity shares at any time within three years as per the terms of the issue.

21. **Remittance in Foreign Currency on Account of Dividend**

Particulars	31 March 2011	31 March 2010
Number of non- resident shareholders where direct remittances have been made by the Company	27	28
Number of shares on which dividend is remitted	22,323,395	22,423,605
Financial year to which dividend relates	2009-2010	2008-2009
Amount remitted (Rs. in million)	44.65	33.64

22. **Disclosure in respect of Joint Ventures**

In compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures", the Company's share of each of the assets, liabilities, income and expenses etc. in respect of jointly controlled entities are as follows:

Name of Joint Venture	Description of Interest	Country of Incorporation	Ownership Interest
Dahej Infrastructure Private Limited (DIPL)	Jointly Controlled Company	India	50%
Adani Welspun Exploration Limited (AWEL) (held through Welspun Natural Resources Private Limited)	Jointly Controlled Company	India	35%
Dewas Bhopal Corridor Limited (DBCL) (held through Welspun Projects Limited)	Jointly Controlled Company	India	50%
Bul MSK Infrastructure Private Limited (BMSKPL) (held through Welspun Projects Limited)	Jointly Controlled Company	India	50%

Financial interests

(Rs. in million)

Particulars	31 March 2011				31 March 2010	
Company's Share of Interest	DIPL	AWEL	DBCL	BMSKPL	DIPL	AWEL
Assets	0.89	1,201.42	2,948.68	69.53	2.63	1,223.54
Liabilities	16.27	1,070.52	2,111.48	40.00	9.73	1,164.57
Income	-	-	280.17	28.70	0.52	-
Expense	6.00	-	339.00	27.10	45.61	-

23. The Company has been getting majority of the export orders and executing those orders through one of its subsidiaries. The realization, income/ benefits, claims or expenses relating to such transactions are transferred / paid immediately to the Company allowing it to retain a reasonable profit margin.

24. Sundry Creditors include an amount of Rs. 368.75 Million (Rs. 214.59 million) being VAT collected on Sales, claiming it within VAT incentive Limit and hence not paid. If claim of the Company is not accepted, the amount may have to be paid and/or contested in appeal.

25. During the year, the company has received Export rebate benefits of Rs. 733.80 million consequent to favourable judgement from Hon'ble Supreme Court and accounted as income (Included in Sales and Services under Schedule 13)

26. Bad debts and advances written back (net) in manufacturing and other expenses includes bad debts recovered amounting to Rs. 134 million, which was adjusted in sales in the previous year.

27. Previous year's figures have been regrouped / rearranged / re casted wherever considered necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

28. Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956

i)	**Licensed and Installed Capacity**		**Licensed**	**Installed**
1.	Welded Pipes	MT	N.A	1,200,000 (1,150,000)
2.	Coating of Pipes	'000 SQMS	N.A	14,500 (14,500)
3.	M.S. Plates / H.R. Coils	MT	N.A	1,500,000 (1,500,000)
4.	Power (co-generation)	KWH	N.A	330,000 (330,000)

ii) Production, purchase, sales and stocks:

		31 March 2011		31 March 2010	
		Qty	Rs. in Million	Qty	Rs. in Million
Opening Stock					
Welded Pipes	MT	42,108	1,237.88	57,676	2,983.63
M.S. Plates	MT	35,011	1,016.45	38,656	1,558.93
H.R. Coils	MT	2,653	78.20	-	-
Coating	000'SQMS	1,083	363.38	533	307.57
Others			1.28	-	-
			2,697.19		**4,850.13**
Production*					
Welded Pipes	MT	683,132		686,226	
M.S. Plates	MT	396,507		383,577	
H.R. Coils	MT	103,456		1,101	
Coating	000'SQMS	852		5,036	
Power	KWH	219,803		305,462	
Steam	MT	1,495,940		1,516,196	
Purchase of Traded Goods					
H.R. Coils	MT	268,719	8,719.83	74,846	2,856.95
Others	MT	-	218.18		44.00
Sales (Inclusive of excise duty)					
Welded Pipes	MT	644,384	33,491.14	699,778	45,578.64
M.S. Plates	MT	382,524	15,360.89	308,952	15,122.38
H.R. Coils	MT	70,282	2,112.22	38	1.37
Coating	000'SQMS	1,261	393.21	4,486	1,759.68
Power	KWH	80,863	418.01	123,938	869.62
Steam	MT	343,440	589.60	271,768	383.45
Trading Sales H.R. Coils	MT	268,719	9,198.64	74,846	3,890.10
Equipment Sales		-	215.72		35.85
Sales- others		-	1,111.42		262.18
			62,890.86		**67,903.27**

		31 March 2011		31 March 2010	
		Qty	Rs. in Million	Qty	Rs. in Million
Closing Stock					
Welded Pipes	MT	79,760	3,117.40	42,108	1,237.88
M.S. Plates	MT	39,909	1,187.01	35,011	1,016.44
H.R. Coils	MT	12,559	404.64	2,653	78.20
Coating	000'SQMS	673	97.40	1,083	363.38
Others		-	3.39		1.28
			4,809.84		**2,697.19**
Note *					
1) Production includes used for captive consumption					
(i) Welded Pipes	MT	1,096		2,016	
(ii) M.S. Plates	MT	9,085		78,270	
(iii)H. R. Coils	MT	23,269		-	
(iv) Power	KWH	138,940		181,524	
(v) Steam	MT	1,152,500		1,244,428	
2) Production includes transfer from Trial Run					
(i) Welded Pipes	MT	1860.19		-	
(ii) H.R. Coils	MT	Nil		1,590	
3) Production includes done on Job work basis - welded pipes 43,140 MT (42,835 MT) M.S. Plates 12,531.27 MT (Nil), H.R. Coils 13,505 MT (Nil).					
4) Value of following materials consumed for power generation is included in Power, Fuel and Water charges					
Coal	MT	271,695	840.13	218,834	740.16
Lignite	MT	51,438	104.54	89,741	165.99
iii) Raw Materials consumed					
H.R. Coils *	MT	459,792	14,182.48	489,622	16,761.82
H.R. Plates *	MT	196,429	8,603.52	106,104	5,025.30
M.S. Slabs	MT	514,920	13,806.60	430,209	14,305.31
Welding & Coating Material			770.30		1,983.43
Others			119.90		
			37,482.80		**38,075.86**
* Note: Does not include 30,286 MT (77,866 MT) consumed out of own production					
iv) **Raw Materials consumed**					
Imported	%	70	26,111.92	56	21,342.36
Indigenous	%	30	11,370.88	44	16,733.50
		100	**37,482.80**	**100**	**38,075.86**
v) **Stores and Spares consumed**					
Imported	%	13	184.02	26	415.15
Indigenous	%	87	1,264.67	74	1,163.33
		100	**1,448.69**	**100**	**1,578.48**
vi) **CIF Value of Imports**					
a) Raw materials			22,131.50		17,608.52
b) Capital goods			81.50		1,147.64
c) Stores and Spares			946.53		929.97
d) Traded goods (Coils)			8,433.87		3,223.07
e) Coal			628.22		295.65
vii) **Expenditure in Foreign Currency**					
a) Travelling expenses			2.85		3.19
b) Freight/Material handling and transport expenses			831.59		1,964.25
c) Membership and other Fees			16.74		3.47
d) Commission			101.46		691.73
e) Interest			467.86		757.60
f) Professional and Consultancy fees (Including amount capitalized)			249.99		250.39
g) Discounting and other Bank charges			118.53		195.43

		31 March 2011		31 March 2010	
		Qty	Rs. in Million	Qty	Rs. in Million
h) Job work charges			399.24		24.40
i) Miscellaneous expenses			16.85		5.81
viii) **Earnings in Foreign Currency**					
a) FOB value of Exports			22,054.68		22,190.57
b) Interest Income			-		204.10
c) Job work and other service charges			718.81		669.49

SIGNATURES TO SCHEDULES 1 TO 18

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner

Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Cash Flow Statement for the Year Ended

(Rs. in Million)

Particulars	31-Mar-2011	31-Mar-2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**5,263.63**	**8,085.24**
Adjustments for:		
Depreciation/Amortisation	1,656.65	1,479.20
Interest expense	1,424.40	1,750.56
Interest income	(668.96)	(464.87)
Loss on sale / discard of fixed assets (Net)	12.82	45.48
Profit on sale of Investments (Net)	(14.85)	(10.62)
Dividend income	(98.60)	(91.52)
Provision for diminution in value of Long Term Investments	-	5.00
Provision for doubtful debts and advances (Net)	(90.97)	135.69
Employee Stock Option Compensation (Net)	(0.56)	13.06
Exchange Adjustments (Net)	8.21	(1,771.93)
Operating Profit before working capital changes	**7,491.77**	**9,175.29**
Adjustments for:		
Increase in Trade and Other receivables	(573.43)	(2,073.76)
(Increase) / Decrease in Inventories	(113.42)	10,193.48
Increase/(Decrease) in Trade and Other payables	4,416.45	(17,315.82)
Cash Generated in operations	**11,221.37**	**(20.80)**
Direct Taxes paid (Net of Refunds)	(1,321.80)	(1,835.20)
NET CASH GENERATED IN OPERATING ACTIVITIES	**9,899.57**	**(1,856.00)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including Capital Work in Progress)	(3,973.21)	(3,594.68)
Sale of Fixed Assets (Net)	9.88	3.41
Purchase of Long Term investments-Subsidiaries	(3,076.26)	(1,051.21)
Purchase of Long Term investments-Others	(37.42)	(0.13)
Sale of Long Term investments-Subsidiaries	-	0.36
Sale of Long Term investments-Others	-	0.01
Purchase of Current Investments (Net)	(11,778.71)	(20.12)
(Increase)/Decrease in Share Application money to Subsidiaries	1,595.57	(456.38)
(Increase)/Decrease in Share Application money to Others	(419.70)	(22.00)
(Increase)/Decrease in Loans and advances to Subsidiaries	(963.97)	4,769.57
Dividend received	98.60	91.52
Interest received	559.08	433.64
NET CASH FROM / USED IN INVESTING ACTIVITIES	**(17,986.14)**	**153.99**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including securities premium)	27.63	4,694.65
Proceeds from issue of Debentures	10,000.00	4,900.00
Redemption of Debentures	(1,300.00)	(4,900.00)
Repayment of Long term borrowings	(3,181.13)	(7,425.19)
Proceeds from issue of Foreign Currency Convertible Bonds (Gross)	-	6,942.00
Increase/(Decrease) in other borrowings (Net)	1,362.32	(423.78)
Interest paid	(1,394.29)	(1,740.28)
Dividend paid (including tax)	(475.65)	(326.71)
NET CASH FROM FINANCING ACTIVITIES	**5,038.88**	**1,720.70**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,047.70)	18.69
CASH AND CASH EQUIVALENT - OPENING BALANCE	9,212.40	9,193.71
CASH AND CASH EQUIVALENT - CLOSING BALANCE	6,164.70	9,212.40

Notes:

1. Cash and Cash equivalents at end of year includes unrealised loss of Rs. 49.29 million (Rs.146.27 million) being on account of Current Account/Fixed Deposits in foreign currency.
2. Cash and Bank balances include Rs. 765.44 million (Rs. 624.60 million) which is not available for use by the Company.
3. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO.	04-25609	*STATE CODE*	04
BALANCE SHEET DATE	31.03.2011		

II. CAPITAL RAISED DURING THE PERIOD (Amount in Rs. thousands)

PUBLIC ISSUE	-	*RIGHT ISSUE*	-
BONUS ISSUE	-	*PRIVATE PLACEMENT*	27,630

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

TOTAL LIABILITIES	**60,648,195**	*TOTAL ASSETS*	**60,648,195**
SOURCES OF FUNDS		*APPLICATION OF FUNDS*	
PAID UP CAPITAL	1,023,345	*NET FIXED ASSET*	31,094,386
RESERVES AND SURPLUS	29,503,575	*(Including Capital Work in progress) -*	-
SHARE APPLICATION MONEY	-	*INVESTMENTS*	17,703,389
DEFERRED TAX BALANCES (NET)	3,431,424		-
SECURED LOANS	19,868,692	*NET CURRENT ASSETS*	11,850,420
UNSECURED LOANS	6,756,020	*MISC. EXPENDITURE*	-
FOREIGN CURRENCY MONETORY ITEM TRANSLATION ACCOUNT	65,139		

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

TURNOVER AND OTHER INCOME	62,855,818	*TOTAL EXPENDITURE*	57,592,192
PROFIT BEFORE TAX	5,263,626	*PROFIT AFTER TAX*	3,644,518
EARNING PER SHARE (Rs.)	17.82	*DIVIDEND RATE*	40%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

ITEM CODE NO. (ITC CODE)	73 - 05
PRODUCT DESCRIPTION	*STEEL PIPES AND TUBES*
ITEM CODE NO. (ITC CODE)	72 - 08
PRODUCT DESCRIPTION	*STEEL PLATES*

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

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

NAME OF THE SUBSIDIARY COMPANY	WELSPUN NATURAL RESOURCES PVT. LTD.	WELSPUN PLASTICS PVT. LTD.	WELSPUN PIPES INC	WELSPUN TUBULAR LLC	WELSPUN GLOBAL TRADE LLC	WELSPUN PIPES LTD.	WELSPUN TRADINGS LTD.	WELSPUN INFRATECH LTD.	WELSPUN ROAD PROJECTS PVT. LTD. (1)	WELSPUN PROJECTS LTD. (2)	WELSPUN ENERGY MAHARASHTRA PVT. LTD.	MSK PROJECTS (HIMMATNAGAR BYPASS) PVT. LTD.	MSK PROJECTS (KIM MANDAVI CORRIDOR) PVT. LTD.	WELSPUN INFRA PROJECTS PVT. LTD. (3)	WELSPUN ENERGY TRANSPORTATION PVT. LTD.	WELSPUN WATER INFRASTRUCTURE PVT. LTD	WELSPUN CONSTRUCTIONS PVT. LTD. (4)	WELSPUN MAURITIUS HOLDINGS LTD. (5)	WELSPUN MIDDLE EAST DMCC (6)	WELSPUN MIDDLE EAST PIPES COATINGS COMPANY LLC	WELSPUN MIDDLE EAST PIPES COMPANY LLC
FINANCIAL YEAR OF THE SUBSIDIARY ENDED ON	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
SHARES OF THE SUBSIDIARY COMPANY HELD ON THE ABOVE DATE AND EXTENT OF HOLDING																					
(i) Equity shares	14,25,000 equity shares of Rs.10 each		10,001 common stock of US$ 1 each			50,000 equity shares of Rs.10 each	50,13,402 equity shares of Rs. 10 each	2,47,50,000 equity shares of Rs. 10 each									10,000 equity shares of Rs. 10 each	99,989 equity shares of US$ 1 each			
(ii) Preference Stock			16,000 preference stock of US$ 1000 each															1,49,99,968 preference shares of US$ 1 each			
Extent of holding / Control	100%	100%	100%	100%	100%	100%	100%	100%	100%	61.12%	51%	100%	100%	60%	100%	100%	100%	88.11%	100%	50.01%	50.01%
Net aggregate amount of profit / (losses) of subsidiary for the above financial year so far as they concern members of the Company																					
(i) Dealt with in the accounts of the Company for the year ended 31 March 2011(Rs.millions)																					
(ii) Not dealt with in the accounts of the Company for the year ended 31 March 2011 (Rs. millions)	-	(0.01)	141.63	2,052.72	(70.71)	-	99.19	-	0.00	(200.77)	0.00	1.46	(0.04)	0.00	0.00	0.00	(0.02)	20.83	(0.48)	(4.22)	(28.52)
Net aggregate amount of profits / (Losses) for previous financial year the subsidiary as far as it concern the members of the Company.																					
(i) Dealt with in accounts of the Company.																					
(ii) Not dealt with in the accounts of the Company.	-	(0.29)	52.28	1,262.45	26.38	-	85.58	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

(1) Became Subsidiary w.e.f 23 February 2011

(2) Became Subsidiary w.e.f 16 August 2010 (Formerly MSK Projects (India) Ltd.)

(3) Became Subsidiary w.e.f 21 March 2011

(4) Became Subsidiary w.e.f 3 August 2010

(5) Became Subsidiary w.e.f 3 August 2010

(6) Became Subsidiary w.e.f 25 January 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Welspun Corp Limited

1) We have audited the attached Consolidated Balance Sheet of Welspun Corp Limited ("the Company") and its subsidiaries, associates and joint venture Companies ("the group") as at 31 March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

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

3) (a) The financial statements/consolidated financial statements of subsidiaries, with total assets of Rs. 32,646.66 million as at 31 March 2011 and total revenues of Rs. 40,771.87 million for the year ended on that date, have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, are based solely on the report of the other auditors.

   (b) The financial statements of one subsidiary with total assets of Rs. 0.50 million as at 31 March 2011 and total revenues of Rs. Nil for the year ended on that date have been consolidated based on management estimates and therefore unaudited.

4) The financial statements/consolidated financial statements of two associates have been consolidated based on the management estimates and therefore unaudited. The loss of such associates considered for consolidation is Rs. 2.72 million for the year.

5) a) The financial statements of three joint ventures have been audited by other auditors whose reports have been furnished to us. The total assets and total revenues for consolidation are Rs. 3,469.18 million and Rs. 192.16 million respectively. Our opinion in so far as relates to the amount included in respect of those joint ventures, is based solely on the report of respective auditors.

   b) The financial statements of a joint venture have been consolidated based on the management estimates and therefore unaudited. The total assets and total revenues for consolidation are Rs. 64.13 million and Rs. 21.17 million respectively

6) Without qualifying our report, we draw reference to note 4(h)(iii) regarding adjustment in the consolidated financial statements for Cash Subsidy of Rs. 1,265.38 million received for Build Operate Transfer (BOT) Projects by a subsidiary acquired during the year and is matter of Audit qualification. However, this adjustment has no impact on the profit for the year.

7) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Venture", as notified by the Companies (Accounting Standards) Rules, 2006.

8) Based on our audit and on consideration of the reports on separate financial statements of the Company, subsidiaries, associates and joint ventures, in our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements subject to para 3, 4 and 5 above, give a true and fair view in conformity with the accounting principles generally accepted in India

(i) In the case of the Consolidated Balance Sheet of the state of affairs of the group as at 31 March 2011;

(ii) In the case of the Consolidated Profit and Loss Account of the Profit of the group for the year ended on that date; and

(iii) In the case of the Consolidated Cash Flow Statement of the cash flows of the group for the year ended on that date.

For **MGB & Co.**
Chartered Accountants
Registration No. 101169W

Jeenendra Bhandari
Partner
Membership No. 105077
Mumbai, 26 May 2011

Consolidated Balance Sheet as at 31 March 2011

(Rs. in Million)

Particulars	Schedules	As at 31-Mar-11	As at 31-Mar-10
Sources of Funds			
Shareholders' Funds			
Share Capital	1	1,023.34	1,021.61
Reserves and Surplus	2	33,671.95	27,989.50
		34,695.29	**29,011.11**
Minority Interests		2,023.56	0.06
Foreign Currency Monetary Item Translation Difference Account (Refer Note 10(C)(ii))		65.14	75.42
Loan Funds			
Secured Loans	3	29,369.64	18,654.43
Unsecured Loans	4	8,690.27	6,821.55
		38,059.91	**25,475.98**
Deferred Tax Liabilities (net) (Refer Note 13(c))		4,344.08	3,352.27
Total		**79,187.98**	**57,914.84**
Application of Funds			
Fixed Assets			
Gross Block	5	51,514.60	38,809.80
Less:Depreciation/Amortisation/Impairment		8,844.09	5,888.90
Net Block		**42,670.51**	**32,920.90**
Capital Work-in-Progress (Refer Note 4(e))		8,889.22	5,412.47
		51,559.73	**38,333.37**
Investments	6	14,405.01	1,595.50
Current Assets, Loans and Advances			
Income accrued on Investments		145.04	13.41
Inventories	7	18,478.50	20,321.72
Sundry Debtors	8	12,915.32	8,077.10
Cash and Bank Balances	9	7,531.87	17,028.16
Loans and Advances	10	5,368.59	6,030.64
		44,439.32	**51,471.03**
Less : Current Liabilities and Provisions			
Current Liabilities	11	30,218.06	32,291.44
Provisions	12	1,022.18	1,218.86
		31,240.24	**33,510.30**
Net Current Assets		**13,199.08**	**17,960.73**
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		0.74	0.07
Deferred Revenue Expenditure (Refer Note 17(b))		23.42	25.17
Total		**79,187.98**	**57,914.84**

Significant Accounting Policies and Notes to Consolidated Accounts 18

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

Pradeep Joshi
Company Secretary

Consolidated Profit and Loss Account for the year ended 31 March 2011

(Rs. in million)

Particulars	Schedules	Year ended 31-Mar-11	Year ended 31-Mar-10
Income			
Sales and Services (Gross)	13	82,863.42	76,421.70
Less: Excise Duty		2,627.07	2,784.97
Sales and Services (net)		80,236.35	73,636.72
Other Income	14	184.09	185.34
Total		**80,420.44**	**73,822.06**
Expenditure			
Cost of Goods	15	50,177.84	47,484.18
Manufacturing and Other Expenses	16	17,227.81	12,966.32
Financial Expenses (net)	17	1,471.03	2,070.90
Depreciation/Amortisation/Impairment		2,439.47	2,060.61
Total		**71,316.15**	**64,582.00**
Profit before Tax		**9,104.29**	**9,240.06**
Provision for Taxation			
Current Tax - Current year		1,941.44	2,271.24
- Earlier years		0.05	-
Deferred Tax		929.83	864.64
Profit after Tax		**6,232.97**	**6,104.18**
Minority Interest		100.01	0.14
Share of Loss of Associate Company		(2.72)	0.01
Net Profit for the year		**6,330.25**	**6,104.03**
Balance brought forward		11,439.75	6,458.73
Profit available for appropriation		**17,770.00**	**12,562.78**
Appropriations:			
General Reserve		364.50	540.00
Debenture Redemption Reserve		463.39	106.25
Proposed Dividend on Equity Shares		409.34	408.64
Tax on proposed Dividend		66.40	67.87
Dividend on Equity Shares for earlier year		0.25	0.22
Tax on Dividend		0.04	0.04
Balance carried to Balance Sheet		**16,466.07**	**11,439.75**
Earnings per Share (Equity Shares of Rs. 5 each) (Refer Note 25)			
- Basic		30.95	31.69
- Diluted		28.66	28.40
Weighted average number of Shares used in computing			
Earnings Per Share - Basic		204,549,256	192,638,617
- Diluted		229,020,787	218,019,604
Significant Accounting Policies and Notes to Consolidated Accounts	18		

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

Pradeep Joshi
Company Secretary

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 1 Share Capital		
Authorised		
304,000,000 (304,000,000) Equity Shares of Rs. 5 each	1,520.00	1,520.00
98,000,000 (98,000,000) Preference Shares of Rs. 10 each	980.00	980.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid Up (Refer Note 12)		
204,668,910 (204,322,410) Equity Shares of Rs. 5 each fully paid up	1,023.34	1,021.61
Total	**1,023.34**	**1,021.61**
(Out of the above, 8,120,000 Equity Shares of Rs. 5 each fully paid up are alloted for consideration other than cash, pursuant to the Scheme of Arrangement)		
Schedule - 2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	1,057.26	1,057.26
Capital Reserve on Consolidation	152.96	153.09
Securities Premium		
As per last Balance Sheet	12,330.98	7,710.72
Add/(Less): Received during the year	25.90	4,663.76
Discount on issue of shares under Employees Stock Options Scheme (Refer Note 12)	9.24	30.40
Premium payable on redemption of Foreign Currency Convertible Bonds (Refer Note 18(b))	(33.80)	(15.62)
Utilised towards share issue expenses	-	(58.28)
	12,332.32	12,330.98
Debenture Redemption Reserve		
As per last Balance Sheet	643.75	537.50
Add: Appropriated during the year	463.39	106.25
	1,107.14	643.75
Employees Stock Options Outstanding	14.90	25.05
Less : Deferred employee compensation	(0.35)	(0.70)
	14.55	24.35
Hedging Reserve Account (Refer Note 10(D)(ii))	(54.29)	(2.06)
Foreing Currency Translation Reserve	964.82	1,075.76
General Reserve		
As per last Balance Sheet	1,266.61	726.61
Add: Appropriated during the year	364.50	540.00
	1,631.11	1,266.61
Profit and Loss Account **	16,466.07	11,439.75
Total	**33,671.95**	**27,989.50**

** Includes share of loss in Joint Ventures Rs. 56.45 Million (Rs 50.45 million)

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 3 Secured Loans (Refer Note 19)		
Debentures		
Redeemable Non-Convertible Debentures	11,700.00	3,000.00
Non Convertible Bonds-City of Little Rocks, Arkansas, Series 2007-A	448.18	456.25
	12,148.18	3,456.25
Term Loan from Banks		
In Foreign Currency	-	3,762.89
In Rupee	5,951.18	2,782.37
Interest accrued and due	2.69	-
	5,953.87	6,545.26
External Commercial Borrowings	6,789.68	6,789.99
Working Capital From Banks		
In Foreign Currency	-	808.20
In Rupee	2,370.84	-
	2,370.84	808.20
Finance Lease (Refer Note 14(i))	3.03	5.97
	27,265.60	**17,605.67**
Share in Joint Ventures	2,104.04	1,048.76
Total	**29,369.64**	**18,654.43**
Schedule - 4 Unsecured Loans		
Foreign Currency Convertible Bonds (Refer Note 18)	6,689.25	6,735.00
Deferred Sales Tax Loan (Repayable in six equal annual instalments from Financial Year 2009 / 2015)	66.77	83.46
Intercorporate Deposits	1,929.35	-
	8,685.37	**6,818.46**
Share in Joint Ventures	4.90	3.08
Total	**8,690.27**	**6,821.55**

Schedule - 5 Fixed Assets - (at cost)

(Rs. in Million)

Particulars	Gross Block					Depreciation / Amortisation/Impairment						Net Block	
	As at 1-Apr-10	Acquired on Acquisition	Additions	Deductions	As at 31-Mar-11	Up to 31-Mar-10	Acquired on Acquisition	For the Year	Deductions	Impairment (see note 4)	Upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
a) Tangible Assets													
Land	1,478.35	11.95	132.81	-	1,623.10	63.08	-	55.87	-	-	118.95	1,504.15	1,415.26
Buildings	6,548.63	2.08	364.53	35.25	6,880.00	475.94	1.13	172.24	0.09	-	649.22	6,230.77	6,072.69
Plant and Machinery	29,819.48	527.53	5,236.20	59.63	35,523.58	4,958.40	217.84	1,969.22	28.82	-	7,116.65	28,406.93	24,861.08
Office and other Equipments	401.08	17.61	129.63	1.58	546.74	132.13	9.35	69.74	0.92	-	210.29	336.45	268.94
Vehicles	55.57	219.38	51.27	10.66	315.55	18.66	133.24	32.11	3.11	-	180.90	134.65	36.90
Furnitures and Fixtures	108.63	6.54	49.52	1.05	163.64	34.04	3.96	17.16	0.39	-	54.76	108.88	74.60
Construction Assets	-	226.35	9.99	-	236.33	-	79.16	14.45	-	-	93.61	142.72	-
b) Intangible Assets													
Goodwill	109.15	1.70	-	1.70	109.15	108.18	-	-	-	-	108.18	2.70	0.96
Goodwill on Consolidation	-	267.70	855.97	264.96	858.71	-	-	-	-	-	-	856.98	-
Software	233.59	-	207.99	-	441.59	52.62	-	52.20	-	-	104.82	336.77	180.97
Build, Operate and Transfer (BOT)	-	2,350.51	80.63	-	2,431.14	-	46.16	54.90	-	-	101.06	2,330.08	-
Total (A)	**38,754.48**	**3,631.34**	**7,118.53**	**374.82**	**49,129.53**	**5,843.05**	**490.84**	**2,437.89**	**33.34**	**-**	**8,738.44**	**40,391.08**	**32,911.42**
Assets held for disposal	8.46			-	8.46						-	8.46	8.46
Total (B)	**38,762.94**	**3,631.34**	**7,118.53**	**374.82**	**49,137.99**	**5,843.05**	**490.84**	**2,437.89**	**33.34**	**-**	**8,738.44**	**40,399.55**	**32,919.89**
Share in Joint Ventures (C)													
Fixed Assets	46.86	-	1.92	-	48.78	3.69	-	0.72	0.48	42.16	46.09	2.69	1.01
Build, Operate and Transfer (BOT)	-	2,327.83	-	-	2,327.83	-	34.15	25.41	-		59.56	2,268.27	
TOTAL (A+B+C)	**38,809.80**	**5,959.17**	**7,120.45**	**374.82**	**51,514.60**	**5,846.74**	**524.99**	**2,464.02**	**33.82**	**42.16**	**8,844.09**	**42,670.51**	**32,920.90**
Previous Year	**34,843.63**	**-**	**4,367.22**	**401.04**	**38,809.80**	**3,847.22**	**-**	**2,040.31**	**40.78**	**42.16**	**5,888.90**	**32,920.90**	
Capital Work in Progress *												**8,889.22**	**5,412.47**

* includes share in Joint Ventures Rs. 659.05 million (Rs. 468.21 million)

NOTES:

1. Depreciation for the year includes Rs 24.55 million (Rs. 21.86 million) transferred to Pre-operative expenses.
2. Gross block of Plant and Machinery includes Rs 63.49 million (Rs.63.49 million) expenditure incurred on capital assets, not owned by the Company.
3. Additions/deductions in gross block includes Rs. 26.94 million (decapitalisation of Rs. 314.57 million) on account of capitalisation of foreign exchange rate difference as per amended AS 11.
4. In accordance with Accounting Standard 28 on Impairment of Assets, the Company has impaired certain fixed assets of Joint Venture viz. Dahej Infrastructure Private Limited mainly on account of economic performance and viability of such assets, which does not have any value in use. Accordingly an Impairment loss of Rs. Nil (Rs. 42.16 million) was recognised in the profit and loss account of the previous year.

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
Schedule - 6 Investments		
A) Long Term (at Cost)-Quoted		
Standard Chartered Bank PLC 334,331 (Nil) IDR of Rs. 100 of each fully paid up	34.77	—
Welspun Investments and Commercials Limited * 5 (5) Equity Shares of Rs. 10 each fully paid up	0.00	0.00
Corporation Bank 1600 (Nil) Equity Shares of Rs. 10 each fully paid up	0.13	—
B) Long Term (at Cost)-Unquoted		
i) Associates		
Red Lebondal Limited (Extent of holding 25%) 450 (450) Equity shares of Euro 1 each	0.03	0.03
Less : Share of accumulated loss	(0.03)	(0.03)
	—	—
Welspun Energy Limited (Extent of holding 26%)		
273,000 (13,000) Equity Shares of Rs.10 each fully paid up	2.73	0.11
Add : Unamortised Goodwill	—	0.02
Less : Share of accumulated loss	(0.01)	—
Less : Share of Loss for the year	(2.72)	(0.01)
	—	0.12
ii) Others		
Welspun Captive Power Generation Limited 5,000 (Nil) Equity Share of Rs. 10 each fully paid up	0.05	—
Welspun Enterprises (Cyprus) Limited 11,800 (11,800) Equity Shares of Euro 1 each fully paid up	0.77	0.77
Sarv Shakti Synthetics Limited 1,500 (Nil) Equity Shares of Rs. 10 each fully paid up	0.02	—
Myraj Consultancy Limited 30,000 (Nil) Equity Shares of Rs. 10 each fully paid up	0.30	—
Welspun Global Brands Limited * 10 (10) Equity Shares of Rs 10 each fully paid up	0.00	0.00
MSK Finance Limited 500 (Nil) Equity Shares of Rs. 100 each fully paid up	0.05	—
Nutan Nagrik Sahakari Bank Limited * 48 (Nil) Equity Shares of Rs. 100 each fully paid up	0.00	—
Baroda Peoples Co operative Bank Limited 37652 (Nil) Equity Shares of Rs. 10 each fully paid up	0.38	—
Baroda City Co operative Bank Limited * 63 (Nil) Equity Shares of Rs. 50 each fully paid up	0.00	—
Classic Organisors Private Limited 1,000 (Nil) Equity Shares of Rs. 10 each fully paid up	0.01	—
Sindh Merchantile Co operative Bank Limited 960 (Nil) Equity Shares of Rs. 10 each fully paid up	0.01	—
Worli Realty Private Limited 8% 6,000 (Nil) Redeemable Preference Shares of Rs. 10 each	0.06	—

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
C) Current Investments		
i) In Bonds - Quoted		
8.90% Tourism Finance Corporation of India Limited 2020 30 (Nil) Units of Rs.1,000,000 each	30.06	—
9.95% Allahabad Bank 2011 2,500 (Nil) Units of Rs.100,000 each	244.18	—
10% Dewan Housing Finance Corporation Limited 2017 3,550 (Nil) Units of Rs.100,000 each	358.55	—
10.40% Dewan Housing Finance Corporation Limited 2020 2,190 (Nil) Units of Rs.100,000 each	220.30	—
11% Dewan Housing Finance Corporation Limited 2021 7,500 (Nil) Units of Rs.100,000 each	698.78	—
5.85% Gas Authority of India Limited 2013 2 (Nil) Units of Rs.1,000,000 each	1.88	—
9.80% ICICI Bank Limited 2013 100 (Nil) Units of Rs.10,000 each	1.01	—
Industrial Finance Corporation of India Limited 2030 242 (Nil) Units of Rs.1,000,000 each	249.26	—
9.98% Industrial Finance Corporation of India Limited 2030 56 (Nil) Units of Rs.1,000,000 each	57.26	—
Industrial Finance Corporation of India Limited Deep Discount Bond 2038 41,470 (Nil) Units of Rs.25,000 each	123.05	—
8.60% LIC Housing Finance Limited 2020 4 (Nil) Units of Rs.1,000,000 each	4.00	—
9.40% Oriental Bank Of Commerce Limited 35 (Nil) Units of Rs.1,000,000 each	35.38	—
11% Shriram Transport Finance Company Limited 2011 750 (Nil) Units of Rs.1,000,000 each	771.53	—
9.95% State Bank of India Limited 2026 99,900 (Nil) Units of Rs.10,000 each	1,034.48	—
9.34% West Bengal State Electricity Distribution Company Limited 2025 1,411 (Nil) Units of Rs.1,000,000 each	1,454.98	—
9.50% Delhi Transco Limited Nil (4000) Units of Rs. 100,000 each	—	398.55
9.55% IFCI Limited 2025 Nil (279) Units of Rs. 1,000,000 each	—	268.03
10.80% Lakshmi Vilas Bank Limited Nil (108) Units of Rs. 1,000,000 each	—	106.96
8.64% Tamil Nadu Electricity Board Nil (200) Units of Rs. 1,000,000 each	—	200.00
9.75% West Bengal State Electricity Transmission Company Limited 2019 Nil (120) Units of Rs. 1,000,000 each	—	124.08
Indira Vikash Patra *	0.00	—
Sardar Sarovar Narmada Nigam Limited 2 (Nil) Units of Rs. 1,000,000 each	2.00	—
9.70% IFCI Limited Bonds 2030 178 (Nil) Units of Rs. 1,000,000 each	183.34	—
9.65% IDBI Bank Limited Bonds 2030 500 (Nil) Units of Rs. 1,000,000 each	514.90	—

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars	As At 31-Mar-11	As At 31-Mar-10
9.34% West Bengal State Electricity Distco Limited Bonds 2025 257 (Nil) Units of Rs. 1,000,000 each	263.79	—
10% Dewan Housing Finance Corp Limited NCD 2015 1260 (Nil) Units of Rs. 100,000 each	127.80	—
10.40% Dewan Housing Finance Corp Limited NCD 2020 590 (Nil) Units of Rs. 100,000 each	59.86	—
ii) In Certificate of Deposits-Quoted		
Allahabad Bank Limited 2011 10,000 (Nil) Units of Rs.100,000 each	976.35	—
Bank of India Limited 2011 5,000 (Nil) Units of Rs.100,000 each	490.67	—
Bank of India Limited 2012 2,500 (Nil) Units of Rs.100,000 each	227.27	—
Central Bank of India Limited 2011 20,000 (Nil) Units of Rs.100,000 each	1,956.01	—
Central Bank of India 1500 (Nil) Units of Rs. 100,000 each	146.59	—
Punjab & Sind Bank Limited 2011 5,000 (Nil) Units of Rs.100,000 each	479.20	—
Punjab National Bank Limited 2011 10,500 (Nil) Units of Rs.100,000 each	1,030.93	—
Punjab National Bank 1500 (Nil) Units of Rs. 1,00,000 each	147.43	—
UCO Bank Limited 2011 25,000 (Nil) Units of Rs.100,000 each	2,446.07	—
	14,373.44	**1,098.50**
Share in Joint Ventures	31.57	497.00
Total	**14,405.01**	**1,595.50**
All the above Shares and Securities are fully paid up		
* Denotes amount less than Rs.10,000		
Aggregate Book Value of Quoted Investments	14,371.78	1,097.60
Aggregate Book Value of Unquoted Investments	33.23	497.90
Aggregate Market Value of Quoted Investments	14,374.60	1,104.06
Schedule - 7 Inventories (As taken, valued and certified by the management)		
Raw Materials	6,289.95	5,762.43
Stores and Spares	1,469.73	1,130.61
Finished Goods	5,835.24	6,652.55
Work/Goods In Process	1,197.02	1,476.84
Goods in Transit	3,633.54	5,299.29
	18,425.48	**20,321.73**
Share in Joint Ventures	53.02	—
Total	**18,478.50**	**20,321.72**

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars			As At 31-Mar-11	As At 31-Mar-10
Schedule - 8 Sundry Debtors				
(Unsecured and considered good, unless otherwise stated)				
More than six months	- Considered good		670.93	868.24
	- Considered doubtful		76.20	97.28
Others	- Considered good		12,244.39	7,208.85
	- Considered doubtful		8.01	—
			12,999.53	**8,174.37**
Less: Provision for doubtful debts			84.21	97.28
			12,915.32	**8,077.09**
Share in Joint Ventures			—	0.01
		Total	**12,915.32**	**8,077.10**
Schedule - 9 Cash and Bank Balances				
Cash in hand			13.13	3.43
Balance with Scheduled Banks				
- In Current Accounts *			2,003.04	2,878.19
- In Margin Money Accounts			893.74	629.11
- In Fixed Deposit Accounts			4,460.89	13,473.99
Cheques in hand			55.99	—
			7,426.79	**16,984.71**
Share in Joint Ventures			105.08	43.44
		Total	**7,531.87**	**17,028.16**

* includes Rs. 4.27 million (Rs.3.11 million) being balance in unclaimed dividend accounts, Rs. 29.15 million (Rs.27.99 million) being balance in Debt Service Reserve account and Rs. 100 million (Rs. 1044 million) being balance in Escrow accounts, not available for use by the Company

Particulars		As At 31-Mar-11	As At 31-Mar-10
Schedule - 10 Loans and Advances			
(Unsecured and considered good, unless otherwise stated)			
Advances			
(Recoverable in cash or in kind or for value to be received)			
Share Application Money		519.02	22.00
Balances with Government Authorities		2,813.21	2,994.16
Other Advances		1,048.08	2,320.43
Deposits		675.34	557.53
		5,055.65	**5,894.12**
Less: Provision for doubtful advances/deposits		100.68	79.00
		4,954.97	**5,815.12**
Share in Joint Ventures		413.62	215.52
	Total	**5,368.59**	**6,030.64**
Schedule - 11 Current Liabilities			
Acceptances		10,606.76	7,000.30
Sundry Creditors		11,683.47	9,356.41
Trade Advances and Deposits		7,480.78	15,516.47
Interest accured but not due		314.67	295.23
Unclaimed Dividend *		4.27	3.11
		30,089.95	**32,171.52**
Share in Joint Ventures		128.11	119.92
	Total	**30,218.06**	**32,291.44**

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2011

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars		As At 31-Mar-11	As At 31-Mar-10
Schedule - 12 Provisions			
For Proposed Dividend (Including tax on proposed dividend)		475.74	476.51
For Taxation (net)		434.32	673.63
For Retirement Benefits		110.68	68.25
		1,020.74	**1,218.39**
Share in Joint Ventures		1.44	0.47
	Total	**1,022.18**	**1,218.86**

Particulars		Year ended 31-Mar-11	Year ended 31-Mar-10
Schedule - 13 Sales and Services			
Sales		80,490.27	75,578.62
Job Work and other charges		838.79	533.80
Export and Excise Benefits		1,321.77	308.76
		82,650.83	**76,421.18**
Share in Joint Ventures		212.59	0.52
	Total	**82,863.42**	**76,421.70**
Schedule - 14 Other Income			
Dividend (Gross)		107.15	91.64
Profit on sale of Current Investments (net)		7.33	10.62
Miscellaneous Income		68.87	83.08
		183.35	**185.34**
Share in Joint Ventures		0.74	-
	Total	**184.09**	**185.34**
Schedule - 15 Cost of Goods			
(A)Raw Materials consumed			
Opening Stock		5,762.43	11,931.78
Add: on acquisition		68.65	-
Purchases (net)		48,508.40	38,420.21
		54,339.48	**50,351.99**
Less: Closing Stock		6,289.95	5,762.43
	Total (A)	**48,049.53**	**44,589.56**
(B) Purchases of Traded Goods	**Total (B)**	**457.60**	**-**
(C) Increase/(Decrease) in Stock			
Closing Stock			
Finished Goods		5,835.24	3,071.06
Work/Goods in Process		1,197.02	1,476.84
		7,032.26	**4,547.90**
Less : Opening Stock			
Finished Goods		3,071.06	4,865.49
Add: on acquisition		4,100.09	-
Work/Goods in Process		1,476.84	2,548.61
		8,647.99	**7,414.10**
Less: Increase/(Decrease) in Excise duty on Finished Goods		54.98	28.42
	Total (C)	**(1,670.71)**	**(2,894.62)**
	Total (A)+(B)-(C)	**50,177.84**	**47,484.18**
Share in Joint Ventures		-	-
	Total	**50,177.84**	**47,484.18**

Schedules Forming Part of Consolidated Accounts

(Rs. in Million)

Particulars		Year ended 31-Mar-11	Year ended 31-Mar-10
Schedule - 16 Manufacturing and Other Expenses			
Stores and Spares consumed		1,689.29	1,834.50
Coating and Other Job charges		572.71	172.67
Power, Fuel and Water charges		1,411.37	1,681.57
Freight, Material handling and Transport expenses		4,472.35	2,673.26
Construction Cost		375.25	—
Commission and Discounts on sales		316.36	866.73
Directors' Remuneration		80.44	108.16
Salaries, Wages and Allowances		3,632.53	2,487.94
Contribution to funds		90.09	61.40
Staff welfare expenses		105.72	121.11
Rent		330.79	229.75
Rates and Taxes		199.78	313.02
Repairs and Maintenance - Plant and Machinery		228.23	237.49
- Buildings		28.17	26.29
- Others		81.64	19.96
Travelling and Conveyance expenses		317.64	181.91
Communication expenses		33.73	33.69
Professional and Consultancy fees		547.49	571.85
Insurance		164.46	139.91
Directors' sitting fees		0.65	0.54
Printing and Stationary		26.85	14.54
Security charges		33.40	24.10
Membership and Subscription		27.18	16.49
Vehicle expenses		18.14	21.09
Foreign Exchange difference (net)		197.31	392.07
Miscellaneous expenses		191.58	388.53
Auditors' Remuneration		6.71	7.11
Sales Promotion expenses		39.75	29.70
Product Compensation and Claims (Refer Note 21)		2,007.55	—
Loss on sale / discard of fixed assets		19.33	50.40
Provision for doubtful debts and advances (net)		8.61	78.99
Bad debts and advances written back (net)		(61.84)	178.10
		17,193.27	**12,962.87**
Share in Joint Ventures		34.54	3.45
	Total	**17,227.81**	**12,966.32**
Schedule - 17 Financial Expenses (net)			
Interest on		1,151.22	479.87
Debentures		473.04	1,195.36
Fixed Loans		145.14	12.24
Working Capital		18.94	264.23
Others		1,788.34	1,951.70
Discounting and other charges		372.16	377.68
		2,160.50	**2,329.38**
Less: Interest received (Gross)		850.73	258.48
		1,309.77	**2,070.90**
Share in Joint Ventures		161.26	0.00
	Total	**1,471.03**	**2,070.90**

Schedule: 18 Significant Accounting Policies and Notes to Consolidated Accounts

Background

Welspun Corp Limited (hereinafter referred to as "the Parent Company" or "the Company") together with its subsidiaries (collectively referred to as "the Group") are engaged in the business of Production and coating of High grade Submerged Arc Welded Pipes, Hot Rolled Steel Plates and Coils, Infrastructure, Oil and Gas exploration, Energy and Power Generation.

1. **Basis of Consolidation**

   a) The Consolidated Financial Statements (CFS) of group are prepared under the Historical Cost Convention on accrual basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard-21 on "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006, to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.

   b) The consolidation of the financial statements of the Parent Company and its subsidiaries is done on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.

   c) The CFS is prepared using uniform accounting policies for transactions and other events in similar circumstances.

   d) The CFS includes the accounts of the Parent Company and its following subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding
Direct Subsidiaries			
Welspun Pipes Limited	Manufacturer of Steel Pipes	India	100%
Welspun Natural Resources Private Limited	Oil and Gas Exploration	India	100%
Welspun Pipes Inc	SPV for Steel Business	USA	100%
Welspun Tradings Limited	Trading Business of Pipes and Plates	India	100%
Welspun Infratech Limited	Infrastructure Development	India	100%
Welspun Mauritius Holdings Limited (w.e.f. 3 August 2010)	SPV for Steel Pipes Business	Mauritius	88.11%
Welspun Construction Private Limited (w.e.f 3 August 2010)	SPV for Steel Pipes Business	India	100%
Indirect Subsidiaries			
Held through Welspun Mauritius Holdings Limited			
Welspun Middle East Pipe Company LLC	Manufacturer of Steel Pipes	Kingdom of Saudi Arabia	50.01%
Welspun Middle East Pipe Coatings Company LLC	Coating of Pipes	Kingdom of Saudi Arabia	50.01%
Welspun Middle East DMCC (w.e.f. 25 January 2011)	Marketing Company	Dubai, UAE	100%
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	USA	100%
Welspun Global Trade LLC	Marketing Company	USA	100%
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100%
Held through Welspun Infratech Limited			
Welspun Projects Limited (formerly MSK Projects (India) Limited) w.e.f. 16 August 2010	Infrastructure Development	India	61.12%
Welspun Road Projects Private Limited (w.e.f. 23 February 2011)	Infrastructure Development	India	100%
Welspun Infra Projects Private Limited (w.e.f. 21 March 2011)	Infrastructure Development	India	60%

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding
Held through Welspun Projects Limited			
Welspun Energy Maharashtra Private Limited	Infrastructure Development	India	51%
MSK Projects (Himmatnagar Bypass) Private Limited	Infrastructure Development	India	100%
MSK Projects (Kim Mandavi Corridor) Private Limited	Infrastructure Development	India	100%
Held through Welspun Infra Projects Limited			
Welspun Energy Transportation Private Limited	Infrastructure Development	India	100%
Welspun Water Infrastructure Private Limited	Infrastructure Development	India	100%

e) Associates

The Group has adopted and accounted for Investment in the following Associates using the "Equity Method" as per AS-23 notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Name of the Company	Nature of Business	Country of Incorporation	Extent of Holding
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25%
Welspun Energy Limited *	Power Generation	India	26%

* Direct and Indirect subsidiaries of Welspun Energy Limited (an associate company): Welspun Urja India Limited, Welspun Urja Gujarat Private Limited, Welspun Energy Madhya Pradesh Limited, Welspun Energy Chhattisgarh Limited, Welspun Energy Meghalaya Private Limited, Welspun Energy Rajasthan Private Limited, Welspun Energy UP Private Limited, Welspun Energy Jharkhand Private Limited, Welspun Energy Orissa Private Limited, Welspun Energy Anuppur Private Limited, Welspun Energy Resources Private Limited, Welspun Solar Park Private Limited, Welspun Energy Park Private Limited, Welspun Renewables Energy Limited, Welspun Solar Punjab Private Limited, Welspun Solar Madhya Pradesh Private Limited, Welspun Solar Rajasthan Private Limited, Welspun Solar AP Private Limited, Welspun Solar UP Private Limited, Welspun Solar Tech Private Limited.

f) Joint Ventures

I. The Group has adopted and accounted for interest in the following Joint Ventures in this CFS, using the "Proportionate Consolidation Method" as per AS-27 notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Name of the Enterprise	Nature of Business	Country of Incorporation	Extent of Holding
Adani Welspun Exploration Limited (Held through Welspun Natural Resources Private Limited)	Oil and Gas Exploration	India	35%
Dahej Infrastructure Private Limited	Development of Jetty	India	50%
Indirect Joint Ventures			
Held through Welspun Projects Limited			
Dewas Bhopal Corridor Limited	Infrastructure Development	India	50%
Bul MSK Infrastructure Private Limited	Infrastructure Development	India	50%

II. The Parent Company's share of capital commitments in the Joint Ventures as at 31 March 2011 is Rs.37.26 million (Rs. 16.08 million).

III. The Parent Company's share of contingent liabilities in the Joint Ventures as at 31 March 2011 is Rs. 22.5 million (Rs. Nil).

IV. Contingent liabilities in the form of Corporate Guarantees of Rs.700 million (Rs. 287 million) have been incurred as at 31 March 2011 in relation to the Parent Company's interest in the Joint Venture along with other venturer.

2. Use of Estimates

The preparation of CFS in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

3. Comparability

a) Previous year figures have been regrouped, rearranged or recasted wherever necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

b) The CFS for the previous year does not include the financial statements of subsidiaries acquired during the year hence figures of current year are not comparable.

4. Fixed Assets and Build, Operate and Transfer (BOT) Assets

a) Fixed assets are stated at original cost of acquisition / installation (net of cenvat / credit availed) net off accumulated depreciation, amortization and impairment losses except freehold land which is carried at cost. The cost of fixed assets include cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition including trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period.

b) Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet including pre-operative expenditure and advances on capital account.

c) Cost of Software includes license fees, cost of implementation and system integration and are capitalized as intangible assets in the year in which the relevant software is put to use.

d) Goodwill arising out of acquisition is amortized over a period of three years from the year of acquisition. No part of goodwill arising on consolidation is amortised.

e) Capital Work-in-Progress includes Capital Advances of Rs.1,085.88 million (Rs. 936.87 million) and Pre-operative expenses Rs.830.16 million (Rs. 622.48 million)

f) Pre-operative Expenses of Rs. 47.02 million (Rs. 488.98 million) in respect of projects capitalized during the year have been allocated proportionately to the direct cost of respective building and plant and machinery.

g) In case of a Joint venture related to oil and gas bussines expenditure related to and incurred during the exploration period are included under "Capital Work In Progress" and in case of discovery, the same will be allocated/ transferred to the respective producing properties. However, in case there is no discovery, expenditure incurred for the exploration work will be charged to revenue.

h) **Infratech Business- Build, Operate and Transfer (BOT) Assets**

i) The Group has undertaken various projects on Build, Operate and Transfer-BOT basis as per concession agreements with the government authorities. In respect of Build, Operate and Transfer-BOT projects, the construction costs including interest and preliminary expenses incurred during the year has been recognized as an intangible asset, in accordance with Accounting Standard (AS-26)-"Intangible Assets". The details of BOT Assets are as under :

Build, Operate and Transfer-BOT Project	Contract Ownership	Concessional Period and Validity	Amortization (Rs. Million)
Jalandhar Bus Terminal Project	Punjab Infrastructure Development Board	8 Years, 5 Months and 2 days (Validity 21/06/2014)	14.04
Ludhiana Bus Terminal Project	Punjab Infrastructure Development Board	10 Years, 3 Months (Validity 15/12/2016)	8.65
Hoshangabad–Harda–Khandwa Road Project	Madhya Pradesh Road Development Authority	5440 days (Validity 08/12/2017)	20.23

Build, Operate and Transfer-BOT Project	Contract Ownership	Concessional Period and Validity	Amortization (Rs. Million)
Raisen–Rahatgarh Road Project	Madhya Pradesh Road Development Authority	5440 days (Validity 09/09/2019)	6.28
Dewas Water Supply Project	Madya Pradesh State Industrial Development Corporation	32 Years (Validity 23/05/2037)	(7.69)
Kim Mandvi Corridor Project	Gujarat State Road Development Corporation Limited	20 Years (Validity 21/02/2026)	10.70
Himmatnagar bypass Project	Gujarat State Road Development Corporation	15 years (5112 Days) (Validity 01/04/2020)	2.68
Dewas Bhopal Corridor Project	Madhya Pradesh Road Development Authority	25 Years (8359 Days) Validity 19/03/2033)	21.97
Kon Sawle Turade Road Project	Public Works Department, Maharashtra	15 Year (Validity February-2021)	3.45

ii) **Change in Policy of Amortization:** Hitherto up to 31 March 2010 expenditure incurred on above, Build, Operate and Transfer (BOT) Projects was amortized / written off (after considering Cash Subsidy received/ receivable) over the period of concession. During the year, the Group has prospectively changed the practice and the said BOT expenditure is amortized / written off on the basis of projected toll revenue over the period of concession.

Had there been no change in the method of amortization, the amount of the amortization for the year would have been higher by Rs. 117.82 million and consequently Profit for the year and reserves and surplus would have been lower to that extent.

iii) Cash Subsidy of Rs.1,265.38 million received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, and Gujarat State Road Development Corporation for the Build, Operate and Transfer (BOT) Project, is shown as "Capital Reserve" in the Balance Sheet of a subsidiary acquired during the year (which is a matter of audit qualification in its Audit Report) has been directly adjusted in the consolidated financial statement by deducting the same from Project Cost as required by AS-12 "Accounting for Government Grants". However, this adjustment has no effect on the profit for the year.

5. Borrowing Costs

a) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

b) Borrowing costs (net) capitalized / allocated to fixed assets / Capital work in progress is Rs. 103.25 million (Rs. 80.44 million).

6. Depreciation

a) In case of parent, depreciation on fixed assets is provided on Straight Line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for certain plant and machinery which are depreciated on the basis of estimated useful lives of 13 – 15 years. The rates of depreciation derived from these estimated useful lives are higher than those given in Schedule XIV to the Companies Act, 1956.

b) In case of subsidiaries / Joint ventures depreciation is provided at the rates adopted in the accounts of respective subsidiaries / Joint ventures as permissible under applicable local laws on straight line basis except in the case of one of Indirect subsidiary namely Welspun Projects Limited depreciation is provided on Written Down Value Method the net book value of such assets as at 31 March 2011 is Rs. 476.73 million.

c) In case of parent Company, for determining the appropriate rate of depreciation on Plant and Machinery, continuous process plant has been identified on the basis of technical opinion by the Company/ Expert.

d) Software is amortized over a period of five years from the date of its use based on management's estimate of useful life.

7. **Investments**

Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of long term investments is made to recognize a decline other than temporary in nature. Current Investments are stated at cost or fair value, whichever is lower.

8. **Revenue Recognition**

a) Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers, which is generally on dispatch of goods. Export Sales are accounted for on the basis of date of bill of lading. Gross Sales include excise duty, value added tax incentive, adjustments for price variation, liquidated damages and exchange rate variations related to export realization.

b) Export benefits: Duty Entitlement Pass Book (DEPB), Focus Market and Focus Product Scheme are accounted on accrual basis. Target plus /Duty Free Entitlement Certificate scheme of EXIM policy are recognized when utilized.

c) Revenue from Services is recognized when the services are completed.

d) Dividend income is recognized when the right to receive the dividend is unconditional.

e) **Revenue Recognition-Infrastructure business**

A) Revenue Recognition on Contracts

i. All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.

ii. Contract Prices are either fixed or subject to price escalation clause. The Revenue is recognized on the basis of percentage of completion method and the stage of completion is determined on the basis of physical completion of proportion of contract work.

iii. Amount due in respect of the price escalation claim and/or variation in contract work approved by the customers are recognized as revenue only when there are conditions stipulated in the contracts for such claims or variations and/or the same are evidenced inter-alia by way of confirmation or the same are accepted by the customers.

iv. Disputed amount under the contract works are recognized as revenue when the same are settled and amounts are received.

v. Liquidated damages payable, if any, as per the terms of the contract, for the delays, if any, are accounted only when such delay is attributable to the Group.

B) Expenditure in respect of Build Operate and Transfer contracts (BOT Contracts)

i. Expenditure (net of corresponding interest income earned on deployment or other wise of fund attributable to the projects) incurred on Build, Operate and Transfer (BOT) Project which does not represent Group's own assets is amortized / written off based on the projected toll revenue. The projected total revenue is based on the toll rate and expected increase.

ii. The materials and stores etc. acquired / purchased for the construction activities of owned Build, Operate and Transfer Projects (BOT Projects) are classified / reflected as (Build, Operate and Transfer) BOT Assets/ Capital work in progress, as the case may be. Accordingly such purchases are disclosed as item of BOT Project Expenditure.

C) Advances and Progress Payments and Retention

i. Advances received from customers in respect of contracts are treated as liability.

ii. Progress payments received are adjusted against receivables from customers in respect of the contract work performed.

iii. Amount(s) retained by the customers until the satisfactory completion of the contract are recognized in the financial statement as receivables. Where such retention has been released by the customers against submission of bank guarantee the amount so released is adjusted against receivables from the customers and value of Bank guarantees is disclosed as contingent liability under bank guarantees outstanding.

9. **Inventories**

Inventories are valued at lower of cost and net realizable value. The basis of determining cost for various categories of inventories is as follows;

(a) Steel Products Business

i. Raw Materials, Stores and Spares – Moving weighted average basis.

ii. Work / Goods in Process and Finished Goods – Cost of Direct Material, Labour and other manufacturing expenses.

iii. Excise duty liability is included in the valuation of closing inventory of Finished Goods.

(b) Infrastructure Business

i. Raw Materials inventory of Rs. 140.75 million are valued on First in First out (FIFO) basis.

ii. Contract Work in progress of Rs. 416.19 million is valued at tender rate having regards to unbilled work, outstanding running bills and expected recovery thereof.

iii. Stores and spares are written off in the year of purchase.

10. **Foreign Currency Transactions**

A. Accounting of Transactions

i. Foreign exchange transactions are converted into Indian Rupees at the prevailing rate on the date of transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

ii. Gains or losses arising out of remittance / translations at the year- end are credited / debited to the profit and loss account and where it relates to acquisition of fixed assets are adjusted to the carrying cost of such assets except treatment as per amendment to AS-11 (Refer note 10 (C) (ii) below).

iii. Premium / discount on forward exchange contracts not relating to firm commitments or highly probable forecasted transactions and not intended for trading or speculation purpose is amortized as income or expense over the life of the contract.

B. Translation and Exchange Rates

Financial statements of overseas non-integral operations are translated as under:

i. Assets and Liabilities are translated at the exchange rate prevailing at the end of the year. Depreciation at the taking same rate at which assets are converted.

ii. Revenues and expenses at yearly average rates (except for inventories at opening / closing rates as the case may be). Off Balance Sheet items at year-end rates.

iii. Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

C. Foreign Exchange Difference

i. Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments amounting to Rs. 348.82 million (Rs. 9.96 million) is adjusted under respective heads of income or expenses in the Profit and loss account to which it relates and exchange difference gain of Rs. 7.93 million (Rs.3.12 million) other than (b) below, has been adjusted to the carrying cost of fixed assets/capital work in progress.

ii. The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 31 March 2009 (further amended on 11 May 2011) issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference loss amounting to Rs. 8.84 million (Gain of Rs. 348.36 million) to the cost of fixed assets and capital work in progress and exchange difference gain of Rs. 130.28 million (Gain of Rs. 93.76 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term assets / liabilities but not beyond 31 March 2012. Out of the above, gain of Rs. 65.14 million

(Gain of Rs. 18.34 million) has been adjusted in the current year and gain of Rs. 65.14 million (Gain of Rs. 75.42 million) has been carried over.

D. **Derivative Instruments and Hedge Accounting**

i. The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges and applying the recognition and measurement principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30). The gain or loss on the effective hedges is recorded in "Hedging Reserve Account" until the transaction is complete. The gain or loss is accounted in Profit and Loss Account upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

ii. The Company has early adopted AS-30 and accordingly loss of Rs. 54.29 million (Rs. 2.06 million) related to foreign exchange difference on Cash Flow Hedges for certain firm commitments and forecasted transactions is recognized in Shareholders' Funds and shown as Hedging Reserve Account.

11. Employee Benefits

In case of Parent Company

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b) Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

c) Payments to defined contribution retirement benefit schemes are charged as expenses as and when they fall due.

In case of Subsidiaries / Joint Ventures

In case of a subsidiary, liability in respect of leave encashment and gratuity is provided on estimated basis.

12. Employee Stock Option Scheme

In respect of options granted under the Welspun Employee Stock Options Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India, the value of options (based on intrinsic value of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortized on a straight line basis over the vesting period. Salaries, wages and allowances include credit of Rs.0.56 million (debit of Rs. 13.06 million) being amortization of deferred employee compensation under Employee Stock Options Scheme.

During the year, 339,750 equity shares and 6,750 equity shares of Rs. 5 each fully paid up were issued at a price of Rs. 80.00 and Rs. 66.75 each respectively. Discount allowed aggregating to Rs. 9.24 million (Rs. 30.40 million) in respect of shares allotted pursuant to Stock Options Scheme is credited to Securities Premium Account as per guidelines of Securities and Exchange Board of India.

Stock Options outstanding as at the year end are as follows:

Particulars	Granted during 2006-2007	Granted during 2009-2010
Exercise Price	Rs. 80	Rs. 66.75
Date of Grant	8 January 2007	20 April 2009
Vesting period commences on	8 January 2008	20 April 2010
Options outstanding at the beginning of the year	897,000	47,500
Options exercised during the year	339,750	6,750
Options lapsed during the year	34,000	Nil
Options Outstanding as at 31 March 2011	523,250	40,750

13. Accounting for Taxes on Income

a) Current Income tax is calculated on the results of individual companies in accordance with local tax regulations.

b) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.

c) The components of deferred tax balances are as under

(Rs. in million)

Particulars	31 March 2010	Charge / (Credit) to Profit and Loss Account	Effect Due to Acquisition	Translation Reserve	31 March 2011
Deferred Tax Assets					
Retirement Benefits	11.38	3.59	0.22	-	15.19
Other Fiscal Disallowance	58.77	(12.67)	-	-	46.10
Total	**70.15**	**(9.08)**	**0.22**	**-**	**61.29**
Deferred Tax Liabilities					
Fiscal allowance on fixed assets	3,049.88	463.75	-	-	3,513.63
Others	372.54	457.00	64.90	(2.70)	891.74
Total	**3,422.42**	**920.75**	**64.90**	**(2.70)**	**4,405.37**
Deferred Tax Liabilities (net)	**3,352.27**	**929.83**	**64.68**	**(2.70)**	**4,344.08**
Previous Year	**2,487.63**	**864.64**	**-**	**-**	**3,352.27**

14. (i) Finance Lease

Long–term leases, which in economic terms constitute investment finance on a long term basis (finance lease) are recognized as assets. The initial tenure is three years. The minimum lease payments required under this finance lease that have initially or remaining non-cancellable lease terms in excess of one year as at 31 March 2011 and its present value are as follows:

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Minimum Lease payment as at		
Not Later than one year	3.12	3.43
Later than one year but not later than five years	-	2.86
Total	**3.12**	**6.29**
Less: Amount representing interest	0.09	0.32
Present Value of Minimum lease payment	3.03	5.97
Less: Amount due not later than one year	3.03	3.19
Amount due later than one year but not later than five years	-	2.78

(ii) Operating Lease

a) Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

b) The Group leases office, residential facilities, equipment etc. 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.

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Lease Rental charges for the year	325.31	230.49
Future lease rental obligations payable (under non-cancellable leases)		
Not later than one year	134.42	116.11
Later than one year but not later than five years	451.81	436.73
Later than five years	12.94	98.33
Total	**924.48**	**651.27**

15. Research and Development

Capital expenditure on research and development is treated in the same manner as fixed assets. Revenue expenditure on research and development is charged to Profit and Loss Account.

16. Impairment of Assets

At each Balance Sheet date, the Group reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

17. Miscellaneous Expenditure

a) In case of an Indian Subsidiary, preliminary expenses are deferred and amortized over a period of five years.

b) Expenditure other than (a) above comprising amortization of bond issuance cost deferred in case of a subsidiary is amortized over the period the benefit accrues. Deferred Revenue expenditure balance as at 31 March 2011 is Rs. 23.42 million (Rs. 25.17 million)

18. Foreign Currency Convertible Bonds (FCCB)

a) During the last financial year, the Company has raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1500 4.5% Foreign Currency Convertible Bonds (FCCB) of US$ 100,000 each. The Bondholders have an option to convert these bonds into 24,010,000 equity shares at an initial conversion price of Rs. 300 per share of Rs. 5 each fully paid up with a fixed rate of exchange on conversion of Rs. 48.02= US$ 1 at any time on or after 26 November 2009 until 10 days prior to Maturity date (i.e 17 October, 2014). Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed on 17 October 2014 at 102.8028% of the principal amount so as to give a gross yield of 5% per annum (calculated on semi annual basis) to the Bond Holders.

The Company has an option to redeem the Bonds at their Early Redemption Amount upon occurrence of events specified in the Offering Circular issued by the Company for issue of the Bonds ("Offering Circular"). Further, the Company has the option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

b) Premium payable on redemption of FCCB aggregating to Rs. 33.80 Million (Rs. 15.62 million) has been adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act,1956. In the event that the holders of FCCB exercise the conversion option, the amount of premium utilized from SPA will be suitably adjusted in respective years.

c) Part of the net proceeds received from the issue of FCCB has been utilized as per object of the issue viz for funding of Plate and Coil Mill, Pipe Mill Capex Projects (Anjar and Mandya) and Investment in overseas Subsidiary. Pending utilization, the balance issue proceeds of USD 77.41 million equivalent INR 3,452.28 million (USD 122.35 million - equivalent INR 5,493.66 million) have been invested in short term deposits/current account with a Bank abroad and Rs. 2.80 million (Rs. Nil) lying in current account with a bank in India.

19. Secured Loans

a) **(i) Redeemable Non-Convertible Debentures (NCD)**

Particulars	No. of Debentures	Face Value (In Rs.)	Date of Allotment	Redemption from the date of allotment	Rate of Interest (p.a.)	Amount (Rs. in million)
Fixed Rate Debentures	1,250	1,000,000	29/11/2007	5 years	10.50%	1,250
Fixed Rate Debentures	450	1,000,000	31/12/2007	5 years	10.40%	450
Fixed Rate Debentures	5,000	1,000,000	03/08/2010	15 years	9.55%	5,000
Fixed Rate Debentures	5,000	1,000,000	28/09/2010	15 years	9.55%	5,000
				Total		**11,700**

The debentures together with interest are secured by first charge ranking pari passu by way of mortgage/ hypothecation of entire immovable and movable fixed assets of the Company, both present and future and second/floating charge on current assets, subject to prior charge in favour of banks for working capital facilities.

(ii) Non Convertible Bonds

Non Convertible Bonds of Rs.448.18 million (Rs. 456.25 million) issued by the City of Little Rock / State of Arkansas are secured by property, plant and equipment of a subsidiary.

b) Term Loan from Banks

I. In case of parent company, Term Loans of Rs. Nil (Rs. 3,181.13 million) are secured by first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets of the Company both present and future and also secured by second / floating charge on current assets subject to prior charge in favour of banks for working capital facilities.

II. In case of subsidiaries in USA, Term Loans aggregating to Rs.2,632.89 million (Rs. 3,364.13 million) is secured by property, plant and equipment, secured by pledge of secured bonds issued by the city of Little Rocks in the name of the borrower and further secured by corporate guarantee of the Parent Company.

III. In case of subsidiary in Mauritius, Term Loans aggregating to Rs.1,962.18 million (Rs. Nil) is secured by combination of corporate guarantee of the Parent Company and standby letter of credit issued on behalf of parent Company.

IV. In case of subsidiaries related to infratech business, Term Loans aggregating to Rs.1,358.80 million (Rs. Nil) is secured by way of first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets, including Build, Operate and Transfer (BOT) assets, both present and future, and also secured by way of second / floating charge on current assets.

V. In case of Joint Ventures related to infratech business, Term Loan aggregating to Rs.1,964.04 million (Rs. Nil) is secured by way of first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets, including Build Operate and Transfer (BOT) assets of the Company, both present and future, and also secured by way of second / floating charge on current assets.

VI. In case of other Joint Venture related to oil and gas business Term Loan aggregating to Rs.140 million (Rs.1,048.76 million) is secured by hypothecation of inventories, other exploration equipment, current assets etc and further secured by corporate guarantee of the Parent Company and other venturer.

c) External Commercial Borrowings (ECB)

Rs.6789.68 million (Rs. 6,789.99 million) is secured by first charge ranking pari passu by way of mortgage/ hypothecation on entire immovable and movable fixed assets of the Company both present and future. Further the ECB is secured by exclusive charge by way of hypothecation of Debt Service Reserve Account.

d) Working Capital facilities from Banks

I) Rs 827.06 million (Rs Nil) are secured against pledge of Fixed Deposit Receipts of Rs 870.59 million (Rs Nil).

II) Rs 551.95 million (Rs Nil) are secured by first charge by way of hypothecation of raw materials, finished goods and goods in process, stores & spares and book debts of the Company and second charge on entire immovable and movable fixed assets of the Company both present and future of the Company.

III) In case of infratech business: Working Capital facilities from banks of Rs 991.83 million (Rs. Nil) are secured by way of first charge by way of hypothecation of raw materials, finished goods and goods in process, stores & spares and book debts of the Company and second charge on entire immovable and movable fixed assets, including Build Operate and Transfer-(BOT) Assets.

e) Finance Lease

In case of subsidiaries, finance Lease is secured by way of charge on equipment.

20. a) Contingent Liabilities not provided for

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Performance Guarantees /Bid Bond given by banks to customers / government authorities etc.	21,782.55	15,697.13
Corporate Guarantees given	7,672.56	3,021.14
Letters of Credit outstanding (net of liability provided) for company's sourcing	7,867.83	15,840.28
Claims against the Group not acknowledged as debts	51.67	13.46
Custom duty on pending export obligation against import of Raw Materials and Machineries	313.89	561.36
Disputed indirect tax liabilities	398.30	75.75

b) Breakup of Preoperative Expenses is as under:

(Rs. in million)

Particulars	31 March 2011	31 March 2010
Expenditure upto previous year	**622.48**	**586.60**
Add : Expenditure incurred during the year		
Job work charges	5.96	0.67
Labour charges	2.05	-
Power, Fuel and Water charges	3.57	0.67
Salaries, Wages and Allowances	31.11	31.45
Staff Welfare expenses	2.04	0.29
Rent	6.82	17.12
Rates and Taxes	1.51	3.43
Travelling and Conveyance expenses	8.16	1.73
Communication expenses	1.19	0.17
Professional and Consultancy fees	93.04	320.72
Insurance	1.32	5.14
Vehicle expenses	2.74	0.54
Miscellaneous expenses	9.96	39.18
Depreciation	24.55	21.86
Financial expenses	75.06	82.60
Provision for Income Tax	0.01	0.22
Sub Total	**891.57**	**1,112.39**
Trial Run expenses		
Raw Materials consumed	114.48	54.75
Stores and Spares consumed	0.64	0.24
Power, Fuel and Water charges	0.44	6.13

Particulars	31 March 2011	31 March 2010
Salary, Wages and Allowances	1.37	0.41
Miscellaneous Expenses	1.02	1.39
Trial Run recoveries		
Net Sales	(62.62)	(18.44)
Stocks transferred to operations	(61.72)	(40.05)
Less : Income		
Interest on Fixed Deposits	-	(0.59)
Dividend received on units in mutual funds (Gross)	6.15	(1.57)
Foreign Exchange Difference	(2.11)	(3.12)
Miscellaneous Income	2.08	(0.01)
Total	**879.07**	**1,111.53**
Less: Transferred on disposal of Subsidiary	-	0.07
Less: Amount allocated to capital work in process	1.89	-
Less : Amount allocated to Assets/Investment capitalized during the year	47.02	488.98
Balance carried to Balance Sheet	**830.16**	**622.48**

21. In the preceding year one of its customer initiated legal action against the company in the United States of America claiming loss / damages of $ 66 million on account of defects in the pipes supplied and withheld payment of USD. 19.98 million which was provided as claim in the financial year 2008-09. During the year, the Company arrived at an out of court settlement with the said customer settling the claim at USD 65 million. Out of the balance claim (net of withheld amount), USD 25.02 million to be paid over a period of 36 months and USD 20 million to be adjusted from potential business from the said customer. The Company provided the quality claim of USD 45.02 million equivalent to Rs. 2,007.55 million in these accounts. The Company has also initialted legal action against the steel supplier in the court abroad which is pending.

22. Segment Reporting

The Group follows AS 17- Segment Reporting relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Group's reportable operating segments have been determined in accordance with the internal management structure which is organized based on the operating business segments as described below:

Steel Products which principally consist of manufacture and sale of steel pipes, plates and coils.

Infrastructure comprises development, operations and maintenance basic infrastructure projects, toll collection, development of urban infrastructure and providing related advisory services.

Others include Oil and Gas, Energy business and development of Jetty Project.

a) Primary Segments (business segments):

(Rs. in million)

	31 March 2011	31 March 2011	31 March 2011	31 March 2011
Particulars	**Steel Products**	**Infrastructure**	**Others**	**Total**
Net Sales/Income from operations				
Segment Revenue	78,704.69	1,690.55	-	**80,395.24**
Less: Inter Segment Revenue	114.89	44.00	-	**158.89**
Total External Revenue	78,589.80	1,646.55	-	**80,236.35**
Segment Results	10,399.97	57.78	(6.00)	**10,451.75**

(Rs. in million)

Particulars	31 March 2011 Steel Products	31 March 2011 Infrastructure	31 March 2011 Others	31 March 2011 Total
Interest expenses-Net				1,471.03
Unallocated Income net of Unallocated (expenditure)				123.57
Profit before Tax (PBT)				**9,104.29**
Income Taxes (Including earlier years)				1,941.49
Deferred Taxes				929.83
Profit after Taxes (PAT) before minority interest and share of profit / (Loss) from associates				**6,232.97**
Share of loss from associates				(2.72)
Minority Interest in Loss				100.01
Profit after Tax (PAT)				**6,330.25**
Other Information				
Segment Assets	79,230.70	7,912.75	1,202.84	88,346.29
Unallocated Corporate Assets				22,081.93
Total assets				**110,428.22**
Segment Liabilities	29,017.15	1,136.04	64.86	**30,218.05**
Unallocated Corporate Liabilities				45,514.87
Total liabilities				75,732.92
Capital Expenditure including capital work in progress	9,387.12	2,217.01	193.27	**11,797.40**
Depreciation / Amortization (included in segment expenses)	2,294.78	144.66	0.03	**2,439.47**

b) Secondary Segments -Geographical Segments

(Rs. in million)

Particulars	31 March 2011			31 March 2010		
	India	Outside India	Total	India	Outside India	Total
External Sale	27,376.14	52,860.21	**80,236.35**	42,990.85	30,645.87	**73,636.72**
Carrying Amount of Segment Assets	79,785.18	30,643.04	**110,428.22**	69,387.45	22,037.69	**91,425.14**
Capital Expenditure	5,777.36	6,020.04	**11,797.40**	3,271.70	695.84	**3,967.54**

23. Prior Period Expense/Income

Details of Prior period expenses of Rs. 1.51 million (Rs. Nil)-(net) is as under:

(Rs. in million)

Account Head	31 March 2011	31 March 2010
Expenses		
Rates and Taxes	0.64	-
Interest expense	0.53	-
Others	0.34	-
Prior Period Expenses-(net) Total	**1.51**	**-**

24. Related Party Disclosures

a) List of Parties where control exists: The list of Subsidiaries is disclosed in Note 1(d) above.

b) Other related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year.

(i) Joint Ventures

Adani Welspun Exploration Limited, Dahej Infrastructure Private Limited, Dewas Bhopal Corridor Limited, Bul MSK Infrastructure Private Limited

(ii) Associates

Red Lebondal Limited and Welspun Energy Limited

(iii) Other related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year.

Welspun India Limited, Welspun Steel Limited, Welspun Retail Limited, Welspun Anjar SEZ Limited, Welspun Foundation for Health and Knowledge, Welspun Syntex Limited, Vipuna Trading Limited, Welspun Logistics Limited, Welspun Realty Private Limited, Welspun Enterprises (Cyprus) Limited, Remi Metals Gujarat Limited, Welspun Maxsteel Limited, Welspun Captive Power Generation Limited.

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
B. K. Goenka	Executive Chairman
R. R. Mandawewala	Managing Director (w.e.f 11 October 2010)
M. L. Mittal	Executive Director-Finance
Asim Chakraborty	Whole time director

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

1. Sale of Goods and Recoveries - Welspun India Limited Rs. 630.57 million (Rs. 424.97 million), Welspun Steel Limited Rs.367.20 million (Rs. 0.69 million), Remi Metals Gujarat Limited Rs. 310.26 million (Rs. 240.12 million).
2. Sale of Fixed Assets – Welspun Steel Limited Rs. Nil (Rs.0.87 million), Remi Metals Gujarat Limited Rs. 1.80 million (Rs. 1.63 million)
3. Interest Income – Remi Metals Gujarat Limited Rs. 0.42 million (Rs. 0.57 million)
4. Purchase of Goods and Services - Welspun Steel Limited Rs. 313.81 million (Rs.48.25 million), Welspun Logistics Limited Rs. 49.23 million (Rs. 17.93 million)
5. Purchase of Fixed Assets - Welspun India Limited Rs. Nil (Rs. 1.24 million).
6. Rent paid – Welspun Realty Private Limited Rs.92.53 million (Rs. 81.96 million), Vipuna Trading Limited- Rs. 6.63 million (Rs. 6.66 million)
7. Donation paid – Welspun Foundation for Health and Knowledge Rs. 25.33 million (Rs. 18 million) (meant for corporate social responsibility activities).
8. Loans, Advances and Deposits given – Welspun Logistics Limited Rs. Nil (Rs. 32 million),
9. Investment in Equity Shares of – Welspun Captive power Generation Limited Rs. 0.05 million (Rs. Nil), Welspun Energy Limited Rs. 2.60 million (Rs. 0.13 million)
10. Sale of Investments of - Welspun Urja India Limited Rs. Nil (Rs. 0.26 million) to Welspun Energy Limited, Welspun Steel Plates and Coil Private Limited Rs. Nil (Rs. 0.10 million) to other related parties.
11. Share Application Money given Welspun Energy Limited Rs. 549 million (Rs. 22 million), Welspun Captive power Generation Limited Rs. 130 million (Rs. Nil).
12. Share Application Money given includes repaid/adjusted by – Welspun Energy Limited Rs 202.60 million (Rs Nil),
13. Issue of Equity Shares by exercise of employee stock option scheme (ESOP) to Whole Time Directors is Rs. Nil (Rs. 14 million).
14. Remuneration paid to Key Managerial Personnel- Executive Chairman-Rs. 57.58 million (Rs. 93.35 million), Managing Director-Rs.4.74 million and Whole time Directors-Rs.18.12 million (Rs.14.81 million).
15. Reimbursement of Expenses (Net) Welspun India Limited Rs. 80.77 million (Rs. 64.95 million), Welspun Steel Limited Rs. 0.84 million (Rs. 8.68 million)

Closing balances as at 31 March 2011

1. Loans, Advances and Deposits given - Welspun Realty Private Limited Rs. 356.48 million (Rs. 425.93 million), Welspun Logistics Private Limited Rs. 52.40 million (Rs. 52.40 million).

2. Sundry Debtors – Remi Metals Gujarat Limited Rs. 6.03 million (Rs. 14.66 million).
3. Sundry Creditors – Welspun Anjar SEZ Limited Rs. Nil (Rs. 23.59 million), Welspun Syntex Limited Rs. 0.10 million (Rs. Nil).
4. Investments held – Welspun Enterprises (Cyprus) Limited Rs. 0.77 million (Rs. 0.77 million). Welspun Energy Limited Rs. 2.73 million (Rs. 0.13 million)
5. Share Application Money given – Welspun Energy limited Rs.368.40 million (Rs.22 million), Welspun Captive power Generation Limited Rs. 130.00 million (Rs. Nil).
6. Guarantees and Collaterals given – Red Lebondal Limited Rs. 624.33 million (Rs.628.60 million), Adani Welspun Exploration Limited Rs.700 million (Rs.287 million), Welspun Captive Power Generation Limited Rs. 600 million (Rs. Nil), Welspun Urja Gujarat Private Limited Rs 1,709.30 million (Rs Nil), Welspun Energy Limited Rs. 750.00 million (Rs. Nil).

25. Earning per share (EPS)

(Rs. in million)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
I) Profit computation for Basic and Diluted EPS		
Net Profit after tax (Rs. in Million)	6,330.25	6,104.03
Add: Interest on Foreign Currency Convertible Bonds (Net of Tax) (Rs. in Million)	233.98	87.51
Net Profit after tax for Diluted EPS (Rs. in Million)	6,564.23	6,191.54
III) Weighted average number of equity shares for EPS computation		
a) For Basic EPS (Nos)	204,549,256	192,638,617
b) For Diluted EPS (Nos)	229,020,789	218,019,604
IV) EPS on Face Value of Rs. 5 each		
Basic (Rs.)	Rs.30.95	Rs.31.69
Diluted (Rs.)	Rs.28.66	Rs.28.40

26. Welspun Infratech Limited (the "Acquirer") a wholly owned subsidiary of the Company has entered into a Share Purchase Agreement with the erstwhile promoters and other shareholders of Welspun Projects Limited (formerly MSK Projects (India) Limited. (a Company engaged in infrastructure development and listed on Bombay Stock Exchange, National Stock Exchange and Vadodara Stock Exchange)) (the "Target Company") to acquire 5,279,438 equity shares (23.13%) of the Target Company at a price of Rs. 130.50 per share and also entered into a Share Subscription Agreement to subscribe to 17,178,888 equity shares of the Target Company at an issue price of Rs. 123 per share and consequently has made a public announcement to the existing shareholders of the Target Company to acquire 20% of post preferential issue equity share capital of the Target Company at a price of Rs. 130.50 per share in terms of SEBI Guidelines. Post completion of the offer, the Acquirer holds 24,448,445 equity shares (61.12%) in the issued equity share capital of the Target Company. The transfer of control of the Target Company completed on 16 August 2010.

27. On 16 August 2010, the Group has acquired 61.12% stake in Welspun Projects Limited (Formerly known as MSK Projects (India) Limited). Net Assets acquired on acquisition is Rs. 2,305.54 million, Net Investment made Rs. 3,164.14 million and Goodwill arising on consolidation is Rs. 858.60 million.

28. Sundry Creditors include an amount of Rs. 368.75 Million (Rs. 214.59 million) being VAT collected on Sales, claiming it within VAT incentive limit, and hence not paid. If claim of the Company is not accepted, the amount may have to be paid and/or contested in appeal.

29. During the year, the company has received Export rebate benefits of Rs. 733.80 million consequent to favourable judgement from Hon'ble Supreme Court and accounted as income (included in Sales and Services under Schedule 13).

30. Bad debts and advances written off (net) in manufacturing and other expenses includes bad debts recovered amounting to Rs. 134 million, which was adjusted in sales in the previous year.

31. Previous year figures have been regrouped / rearranged / re casted wherever considered necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

SIGNATURES TO SCHEDULES 1 TO 18

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Consolidated Cash Flow Statement for the Year Ended

(Rs. in Million)

Particulars	31-Mar-11	31-Mar-10
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,104.29	9,240.06
Adjustments for:		
Depreciation/Amortisation/Impairment	2,439.47	2,060.61
Interest expense	1,949.59	1,951.70
Interest income	(850.73)	(258.48)
Loss on sale/discard of fixed assets (net)	19.36	50.40
Profit on sale of Current Investments (net)	(7.33)	(10.62)
Dividend income	(107.15)	(91.64)
Provision for doubtful debts and advances (net)	8.61	78.99
Exchange Adjustments (net)	(105.43)	(1,255.78)
Employee stock option compensation (net)	(0.56)	13.06
Operating Profit before working capital changes	**12,450.12**	**11,778.31**
Adjustments for:		
Increase in Trade and other receivables	(2,381.93)	(1,938.68)
Decrease in Inventories	2,430.46	9,372.42
Decrease in Trade and other paybles	(3,571.42)	(13,528.56)
Cash generated from operations	**8,927.24**	**5,683.49**
Taxes paid (net of refunds)	(2,180.79)	(1,840.53)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**6,746.44**	**3,842.96**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital Work in Progress)	(11,088.81)	(3,783.32)
Sale of fixed assets	54.98	8.45
Acquisition of Subsidiary	(959.99)	(50.31)
Purchase of Long Term Investments	(37.42)	(0.11)
Sale of Long Term Investments-Subsidiaries	0.00	0.10
Sale of Long Term Investments-Others	0.00	0.39
Purchase of Current Investments (net)	(10,893.25)	(444.15)
(Increase)/Decrease in Share Application Money given	(497.02)	(22.00)
Interest received	740.86	314.57
Dividend received	107.15	91.64
NET CASH USED IN INVESTING ACTIVITIES	**(22,573.50)**	**(3,884.74)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	27.63	4,694.65
Proceeds from issue of Debentures	10,000.00	4,900.00
Redemption of Debentures	(1,300.00)	(4,900.00)
Repayment of Long Term Borrowings	(1,158.46)	(7,683.76)
Proceeds from issue of Foreign Currency Convertible Bonds (Gross)	0.00	6,942.00
Increase/(decrease) in other Borrowings (net)	363.65	1,173.87
Interest paid	(1,930.15)	(2,033.41)
Dividend paid (including tax)	(475.65)	(326.71)
Preliminary expenses incurred	(0.76)	0.00
NET CASH FROM FINANCING ACTIVITIES	**5,526.26**	**2,766.64**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALANTS	(10,300.80)	2,724.85
CASH AND CASH EQUIVALENT - OPENING BALANCE	17,028.16	9,470.34
CASH AND CASH EQUIVALENT TAKEN OVER ON ACQUISITION OF SUBSIDIARY	804.51	4,832.97
CASH AND CASH EQUIVALENT - CLOSING BALANCE	7,531.87	17,028.16

Notes:

1. Cash and Cash equivalents at end of year includes unrealised loss of Rs. 49.29 million (Rs.146.27 million) being on account of Current Account/fixed deposits in foreign currency.
2. Cash and Bank balances includes Rs. 1,027.16 million (Rs. 1,676.22 million) which is not available for use by the Company.
3. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Jeenendra Bhandari
Partner
Mumbai, 26 May 2011

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Statement pursuant to exemption under Section 212 (8) of the Companies Act,1956, relating to Subsidiary Companies

Sr. No	Name of the Subsidiary Company	Reporting Currency	Capital and Share Application Money	Reserves	Total Gross Assets	Total Gross Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend	Country
1.	Welspun Natural Resources Private Limited	INR	14.25	127.35	1,108.59	966.99	-	-	-	-	-	-	India
2.	Welspun Plastics Limited	INR	29.85	4.69	34.55	0.01	-	-	(0.01)	-	(0.01)	-	India
3.	Welspun Pipes Inc #	USD	713.97	217.62	419.35	2,744.96	3,257.20	-	141.63	-	141.63	-	Delaware (U.S)
4.	Welspun Tubular LLC #	USD	-	3,167.78	14,981.54	11,813.76	-	19,211.82	3,255.45	1,202.73	2,052.72	-	Delaware (U.S)
5.	Welspun Global Trade LLC #	USD	-	-	111.52	111.52	-	16.95	(70.71)	-	(70.71)	-	Delaware (U.S)
6.	Welspun Pipes Limited	INR	556.04	-	626.07	70.03	-	-	-	-	-	-	India
7.	Welspun Tradings Limited	INR	50.13	222.40	1,458.35	1,185.82	-	17,650.00	144.29	45.10	99.19	-	India
8.	Welspun Infratech Limited	INR	247.50	753.35	3,360.14	2,359.29	-	-	-	-	-	-	India
9.	Welpsun Road Projetcs Pvt. Limited	INR	0.10	-	0.10	-	-	-	-	-	-	-	India
10.	Welspun Projects Limited (formely known MSK Projects Limited)	INR	400.00	4,375.40	6,037.03	3,246.25	1,984.62	2,341.44	(307.05)	21.43	(328.48)	-	India
11.	Welpsun Energy Maharashtra Private Limited	INR	0.50	-	0.45	0.01	0.06	-	-	-	-	-	India
12.	MSK Himmatnagar Byepass Private Limited	INR	2.42	25.83	66.59	38.34	-	13.48	3.10	0.71	2.39	-	India
13.	MSK Projects Kim Mandavi corridor Private Limited	INR	67.30	31.58	529.61	430.73	-	21.79	(0.07)	-	(0.07)	-	India
14.	Welpsun Infra Projects Pvt Limited	INR	0.60	12.00	17.44	4.84	-	-	-	-	-	-	India
15.	Welpsun Energy Transportation Pvt Limited	INR	0.10	-	0.10	-	-	-	-	-	-	-	India
16.	Welspun Water Infrastructure Pvt Limited	INR	0.10	-	0.10	-	-	-	-	-	-	-	India
17.	Welspun Construction Pvt Limited	INR	0.88	0.04	0.83	0.01	0.10	-	(0.02)	-	(0.02)	-	India
18.	Welspun Mauritius Holding Limited #	USD	673.83	23.64	2,663.66	1,966.19	-	-	24.53	0.89	23.64	-	Maurtius
19.	Welpsun Middle East DMCC #	USD	2.76	-	4.55	1.78	-	-	(0.55)	-	(0.55)	-	Dubai
20.	Welpsun Middle East Pipes Coating Company LLC #	SAR	401.54	-	1,673.65	1,272.06	-	-	(64.74)	-	(64.74)	-	Saudi
21.	Welpsun Middle East Pipes Company LLC #	SAR	904.46		6,008.59	5,104.13	-	1,940.67	(9.58)	-	(9.58)	-	Saudi

 # The financial statements of the foreign subsidiaries have been converted into Indian rupees at 31 March 2011, exchange rate (1 USD = Rs.44.595)

For and on behalf of the Board

B.K.Goenka
Executive Chairman

R.R.Mandawewala
Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

FAQ Section

Pipe Segment

1. **What is the current capacity in Pipes in India US& Saudi? Whether the company is looking for any further expansion plans?**
   The Current Pipe Manufacturing Capacity is 1.85 mn MTPA as explained in page no.35 which includes the US capacity of 0.35 mn MTPA and Saudi Capacity of 0.30 mn MTPA. The New LSAW capacity of 0.35 mn MTPA in India is ready to get commissioned in Q2 FY2012. The total capacity post expansion will be 2.2 mn MTPA.

2. **What is the Current Utilization level for the company in India and US pipe plants?**
   The total Utilization levels in India and US facilities is around 57%. The capacity utilization depends on diameter and thickness of the pipes. During the year new capacities of 0.40 mn MTPA in Mandya (India) and Saudi respectively, has started and which would take time to ramp up to its level which typically takes 3 years to mature.

3. **What is the production and sales volume in pipes for FY 10?**
   The Production of Welded Pipes was 958 K MT in FY 2011 and the sales volume of pipes was 909 K MT in FY 11.

4. **How much was the US Production during the year? What was the Sales from the US Plant during the year?**
   During the year the US plant has produced 223 K MT of Spiral Welded pipes. The Sales from the US Plant is US$ 436 mn during the year.

5. **How much was the Saudi Production during the year? What was the Sales from the Saudi Plant during the year?**
   The Saudi Plant started production in the last quarter of FY 11. It has produced 48 K MT of Spiral Welded pipes in FY 11. The Sales from the Saudi Plant is Rs. 1,983 mn during the year.

Plate cum Coil mill segment

6. **What is the production in the Plate Mill? What is total sale of plates during the year (External and Internal)?**
   The company produced 384 K MT of Plates during the year. The total plate sale during the year was 485K MT, out of which 379 K MT is external sale and 109K MT is internal consumption.

7. **What is the status of the coil mill?**
   The Coil mill has been commissioned as on end of March 2010 and has started production of coils in the current year which is the input material for the manufacture of HSAW & ERW pipes.

Order Book Position

8. **What is the current Order Book Position in Value? What is the percentage export and domestic breakup by volume?**
   The combined order book position (for both pipes and Plates) of the company stands at Rs. 5,400 crores (as on 26th May 2011). Pipes of 726 K tons and Plates of 32 K tons.

9. **Who are the Major Clients on the Order Book?**
   - TCPL, Canada
   - PTTEP, Thailand
   - Wasit, Middle East
   - Group Five, Middle East
   - Enterprise, US
   - Saudi Aramco , Middle East
   - Zakhim, Nigeria
   - GAIL, India

10. **What are the key export markets for the company?**
    The Key Export market for company is North America, Canada, South East Asia, Africa, and Middle East. The company has a well established sales network across the globe.

11. **What are the new markets the company is looking for?**
    The new markets for the company are mainly CIS countries, Europe and some parts of Middle East and Africa. The company is also looking forward to increasing its market share in these markets. Large projects are planned in various parts of the World for the period 2011-2015 namely GALSI, Schtokman, IGI Posoidon, Trans-Saharan pipeline etc., which will provide various opportunities Further, with growing popularity of Natural Gas and major investment taking place in the under-exploited regions like Iraq in Middle East and Nigeria, Ghana, Angola, Algeria and Tanzania in Africa provide a significant opportunity to the company for focusing upon and securing sizeable market share for line pipes in these regions.

12. **How the company is looking towards the growing domestic market?**
    The domestic market is growing at a good pace. Based on the existing pipeline projects, the domestic pipeline requirements is expected to be 3.02 mn the next four years with Major oil & gas pipeline players like, GAIL (Gas Authority of India Ltd) , RGTIL (Reliance Gas Transportation India Ltd) and GSPL (Gujarat State Petronet Ltd) GAIL plans to invest Rs. 190 bn over the next 2–3 years in expanding its pipeline network to connect consumption centers, as the company looks to expand its gas network in North India Welspun is looking towards this huge opportunity in the domestic market and started bidding for the recently announced projects.

13. Who are customers that the company has got accreditations from?

The Company has got accreditations from over 50 Oil and Gas majors world wide. To list, some of them are:

COMPANY NAME	COMPANY NAME	COMPANY NAME
AGIP	GASCO	RELIANCE INDUSTRIES LIMITED
BECHTEL	GAZPROM (STROYTRANSGAZ)	SAIPEM, SNAM
BRITISH GAS	KINDER MORGAN	SAUDI ARAMCO (Framework Agreement)
BRITISH PETROLEUM	MOGE, MYANMER	SHELL
CHINA NATIONAL PETROLEUM CORPORATION	N.A.O.C. - NIGERIA	STOLT OFFSHORE – Acergy
CPMEC, CHINA	NPCC, ABU DHABI	SONATRACH
CHEVRON (Framework Agreement)	NTPC	TOTAL
DOW	ONGC	TECHNIP
RUBY (ELPASO)	PETRO CHINA	TRANSCANADA (Long Term Contract)
EGYPTIAN GENERAL PETROLEUM CORPORATION	PETRONAS, MALAYSIA	UNOCAL
ENTERPRISE	PDO, OMAN	PERU LNG (HUNT OIL)
EXXON-MOBIL (GOLDEN PASS PIPELINE)	PGN, INDONESIA	VIETSOPETRO
GROUP FIVE	QATAR PETROLEUM	WASIT
GAIL		

Debt / Inventory Position

14. What is the net debt to Networth ratio for the company?

The Net Debt to Networth ratio for the company for FY 11 stands at 0.46:1 indicating a strong Balance Sheet.

15. What is the current gross and net debt position as at 31st March 2011?

The Gross Debt (Secured & Unsecured) is Rs. 38,060 mn as at 31st March 2011. The Net Debt Position for the company is Rs. 16,125 mn.

16. What are the Inventory level of the Company? What is the Inventory turnover for the company during the year?

Inventory decreased by Rs. 1,843 million to Rs. 18,479 million despite increase in scale of operations, reflecting lower steel prices as compared to the previous year and better inventory management. The inventory turnover days have decreased from 101 days of Net Sales in FY 10 to 84 days of Net Sales in FY 11.

Others

17. What is the Outlook for future in terms of business opportunity?

Welspun has firmly established itself as a credible supplier in the international market. It has set up its Plants at such strategic, locations in the coastal belt of the country from where the transportation cost of the manufactured pipes to the desired destination is low. Increasing crude oil prices catalyzing exploration, production and pipeline laying and Development of newer oil and gas fields, shale gas etc creating a big opportunity in this sector. Tougher norms on pipeline integrity, giving a boost to pipeline replacement market increasing requirements for high end pipes.

Welspun's drive to get closer to customers with international sales offices and agents focused on each geography, its capability, consistency and continuously improving performance is recognized by the global community in the pipes segment. It has also proved its capability in venturing out of India and closer to its customer with its new pipe mill at the Little Rock Arkansas US, with a Spiral Pipe capacity of 350 K MT and into Saudi Arabia with a HSAW capacity of 300 KMT catering mainly towards the huge market in the US, Middle east and Africa regions. It has also setup a new HSAW facility of 100 KMT in Mandya , near Karnataka in FY 11 to cater towards the growing market in water segment. Welspun is also setting up the new LSAW pipe facilities in India of 350 K MT in Anjar which would commission in Q2 FY 12.

18. What was the Equity dilution during the year on account of fund raising activities done by the company during the year? How much fund was raised and what is the planned use of proceeds by the company?

As on 31st March 2011 total outstanding shares stands at 204.75 mn shares. In FY 2009-10 the Company has raised US $ 250 mn during the year with US $ 150 mn through FCCB (Foreign Currency Convertible Bonds). redeemable after 5 years and are convertible into equity shares at a conversion price of Rs. 300 per share and US$ 100 mn through QIP (Qualified Institutional Placements). The Equity dilution is 16.69 mn shares added in FY 2010 on account of QIP. These funds are being used for growth initiatives of the company.

19. What is the planned CAPEX for the company for the further expansion plans?

There are no further expansion plans for the company besides ongoing expansion of 350 KMT LSAW plant at Anjar. There would be regular maintenance capex of Rs. 100 Crs.

20. What are the strategic initiatives taken by the company?

We have forayed into the Infrastructure Sector and Pipe laying for oil, gas and water by way of acquiring 61.12% in MSK Projects (India) Ltd (now rechristened as Welspun Projects Ltd) and also acquiring 35% stake in Leighton Contractors (India) Pvt Ltd , through Welspun Infratech Ltd. a 100% subsidiary of the Company. This move will enable to capture the full value chain from manufacturing of Plate & Coils to Line Pipes and Pipe laying as well and will participate in USD 500 Billion Infrastructure sector.

Glossary of Terms

2B	Tubular
5L	Line
API	American Petroleum Institute
BOT	Build Operate & Transfer
Bn	Billion
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
CIS	Commonwealth of Independent States
CRISIL	Credit Rating Information Services of India Limited
CT	Casing and Tubular
CGD	City Gas Distribution
CapEx	Capital Expenditure
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
ECB	External Commercial Borrowing
ERW	Electric Resistant Welded
EPS	Earnings per Share
EIA	Energy Information Administration
EPC	Engineering, Procurement & Construction
FCCB	Foreign Currency Convertible Bonds
FDI	Foreign Direct Investment
FSU	Former Soviet Union
GAIL	Gas Authority of India Limited
GSPL	Gujarat State Petroleum Limited
GSPC	Gujarat State Petroleum Corporation
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GmBH	Gesellschaft mit beschränkter Haftung
HRC	Hot Rolling Coil
HSAW	Helical Submerged Arc Welded
IACC	Indo American Chamber of Commerce
INR	Indian Rupee (Rs.)
ISO	International Organization for Standardization
IEA	International Energy Agency
JPY	Japanese Yen
LIBOR	London Interbank Offered Rate
LLC	Limited Liability Company
LSAW	Longitudinal Submerged Arc Welded
Mn	Million
MT	Metric Tonnes
MTPA	Metric Tonnes Per Annum
MTOE	Million Tonnes of Oil Equivalent
MMSCMD	Million Metric Standard Cubic Meter Per Day
NELP	New Exploratory Licensing policy
OCTG	Oil Country Tubular Goods
OECD	Organisation for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Advisory Services
ONGC	Oil and Natural Gas Corporation
Q	Quarter
QIP	Qualified Institutional Placements
RGTIL	Reliance Gas Transportation Infrastructure Ltd.
RBI	Reserve Bank of India
SAW	Submerged Arc Welded
TPA	Tonnes Per Annum
UK	United Kingdom
US	United States of America
US$	US Dollar
VAI	Voest Alpine Industries
VAT	Value added Tax
WCL	Welspun Corp Limited

Welspun Corp Ltd.
Event Calendar FY 2011-2012

Date	Events/Announcements
Week 30 of 2011 Week Starting July 26	Q1 Board meeting and Results followed by Investors / Analysts call
Week 43 of 2011 Week Starting Oct. 24	Q2 Board meeting and Results followed by Investors / Analysts call
Week 4 of 2012 Week Starting Jan. 23	Q3 Board meeting and Results followed by Investors / Analysts call
Week 20 of 2012 Week Starting May 14	Q4 Board meeting and Results followed by Investors / Analysts call

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Bill Date ______________________

Bill Amount ______________________

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- Voucher is redeemable by the bearer and if lost/stolen, Welspun Retail Ltd. will not be liable for replacement or compensation.
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  All disputes are subject to Mumbai jurisdiction.

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

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YEAR	AWARD/RECOGNITION	BESTOWED BY
2011	Best Indian Manufacturing Company in the US	IACC 2011
2010	Star Performer Award for the year 2008-09 – All India Export Excellence Awards	EEPC 2010
2010	Top Indian Company under Metal Pipes	Dun & Bradstreet
2009	National Awards for Export Excellence - Silver Trophy	Engineering Export Promotion Council - India
2008	Most Valuable Company in Metal Pipes	Dun & Bradstreet
2008	Emerging Company of the Year	Economic Times Corporate Excellence Award
2008	2nd Largest Steel Pipe Producer in the World (Large Diameter)	Financial Times (UK)

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Welspun Corp Ltd. www.welspuncorp.com

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