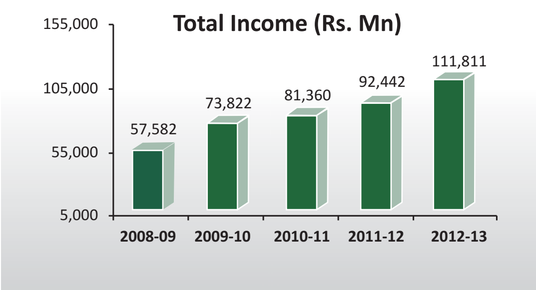
WELSPUN
Corp Ltd

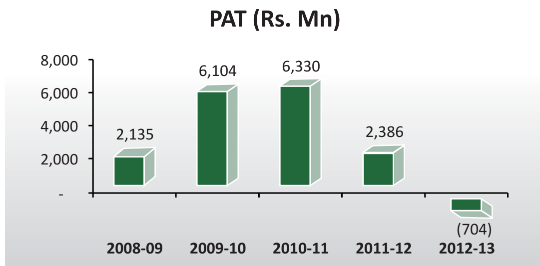
THE MILLION MARK

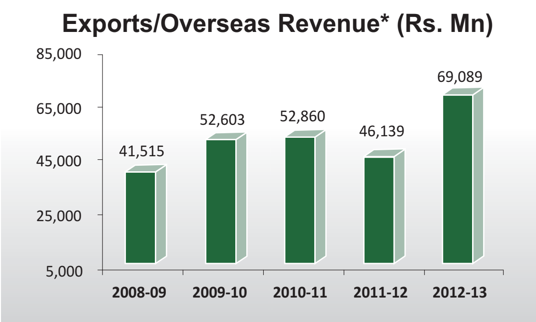
www.welspuncorp.com

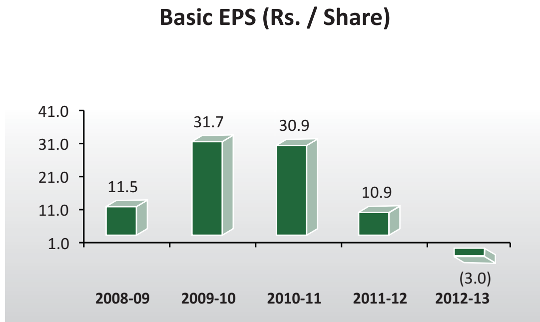
18th Annual Report 2012 - 13

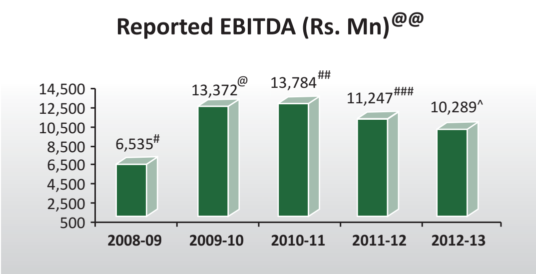
Financial Highlights (consolidated)

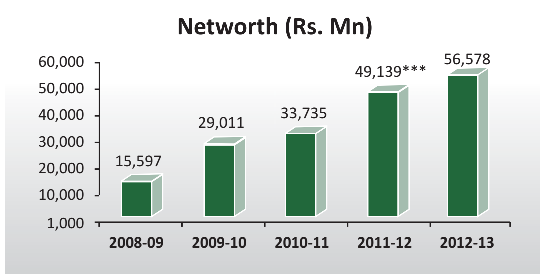


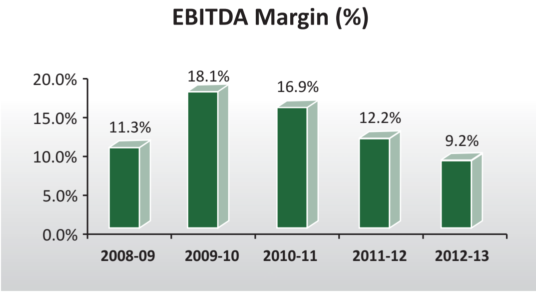


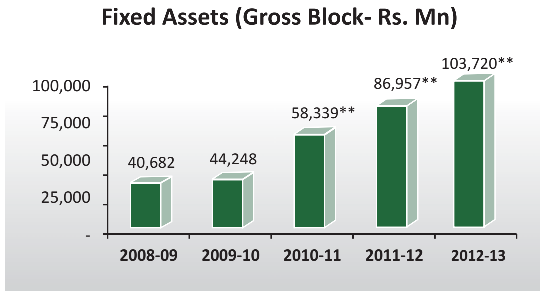












^ *FY 2012-13: Includes other income of Rs. 3,110 million , Total foreign exchange provision was Rs. 1,278 million*

@@ *For FY11, FY12 and FY 13, Other Income, a part of Reported EBITDA includes Interest Income for the respective years*

FY 2011-12: Includes Other Income of Rs. 2,676 million which includes interest income of Rs. 1,339 for FY12. Operational Performance was impacted by foreign exchange provisions on Rs. 1,248 million, and provisions made towards amicable settlement with a customer of Rs. 649 million. Total foreign exchange provision was Rs. 1,517 million.

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*

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.

*** *Net worth includes CCDs of Rs. 7,884 million.*

** *Includes tangible & intangible assets and CWIP*

* *Includes Deemed Exports*

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 on Stock Exchange: BSE: 27th March 1997
NSE: 4th December 2003

Type of Business : Manufacturing of Steel Pipes, Plates, Coils, Infrastructure, Oil and Gas and generation of Power

Registered Capital : Rs. 2500 million

Paid Up Capital : Rs. 1314.74 million divided into 262,948,299 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, Non-Executive)

Mr. Braja Mishra
(Managing Director)

Mr. Rajesh R. Mandawewala
(Director)

Mr. Mukul Sarkar
(Nominee Director of Exim Bank Ltd.)

Mr. Mintoo Bhandari
(Nominee Director of Insight Solutions Ltd.)

Mr. Raj Kumar Jain
(Director)

Mr. K.H. Viswanathan
(Director)

Mr. Ram Gopal Sharma
(Director)

Mr. Nirmal Gangwal
(Director)

Mr. Utsav Baijal
(Nominee Director of Insight Solutions Ltd.)

Chief Financial Officer

Mr. B. R. Jaju (up to 3/6/2013)
Mr. S. Krishnan (w.e.f. 3/6/2013)

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_wcl@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
Central Bank of India
Citibank N.A.
Corporation Bank
DBS Bank Ltd
Export - Import Bank of India
ICICI Bank Limited
IDBI Bank Ltd
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 of the Company

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

Manufacturing Units of the Subsidiaries

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
vi. Village Salav, P.O. Welspun Baug, District: Raigad 402 202. Maharashtra, INDIA

Important Changes and Developments

YEAR

2013
- Achieved 1 million MT mark in Production, Sales and Order Booking.
- New 175,000 MTPA, HFIW Mill at Little Rock commissioned and received the API certification.
- WCL has filed a scheme of proposed demerger of its Pipes and Plates business and other businesses (Infra, DRI and Oil and Gas and Energy) into separate Companies to create renewed business focus and enhance shareholder value creation.

2012
- Initiated new HFIW mill of 175,000 MTPA in Little Rock, Arkansas, US.
- 50,000 MTPA capacity expansion of the already existing 100,000 MTPA HSAW capacity in Mandya, Karnataka.

2011
- Welspun Corp Limited acquired 87.35% stake in Welspun Maxsteel Limited (WMSL) from its group company, Welspun Steel Limited as on 18th Aug 2011.
- Insight Solutions Limited has acquired 12.5% of the equity of WMSL from Welspun Steel Limited, while Grasim Industries Limited has acquired the remaining 0.15% equity in Welspun Maxsteel Limited.
- WCL raised $290 million in the form of GDRs (US $115 million) issued to Insight Solutions Limited & CCDs (US $175 million) issued to Granele Limited.
- 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.
- Acquired 35% stake in Leighton Contractors (India) Private Limited (renamed as Leighton Welspun Contractors Private Limited)
- Awarded "EEPC Top Exporter for the Year 2011" - Gold Trophy
- Awarded "IACC Best Indian Manufacturing Company in the US 2011"

2010
- Initiated capacity expansion in India of LSAW by 350,000 MTPA in Anjar, Gujarat, HSAW by 100,000 MTPA in Mandya near Bangalore.
- Fund raising of US$ 250 million of which US$ 150 million was raised through FCCB (Foreign Convertible Currency Bonds) in Oct 2009 and $ 100 million 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 Limited to “Welspun Corp Limited” w.e.f. 27/04/2010.

2009
- Commissioning of the US Pipe Mill in Little Rock Arkansas, with the capacity of 350,000 MTPA 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 meters 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 meters 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 Limited 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.

Financials at a Glance

(Rs. in Million)

Particulars	Year ended 31st March (Consolidated)				
	2013@	2012@	2011@	2010	2009
Income Statement Data					
Total Income	**111,811**	**92,442**	**81,360**	**73,822**	**57,582**
Operating Expenses (COGS, Mfg and Other Expenses)	101,522	81,195	67,576	60,450	51,048
Reported EBITDA	**10,289**	**11,247**	**13,784**	**13,372**	**6,535**
Normalised EBITDA	**8,452**^	**10,901**###	**14,461**##	**13,186**#	**6,348***
Depreciation/ Amortisation	4,761	3,515	2,439	2,061	1,433
Gross Profit	**597**	**3,732**	**9,104**	**11,301**	**4,768**
EBIT	**5,528**	**7,732**	**11,345**	**11,311**	**5,102**
Finance Costs (Gross)	4,931	3,999	2,240	2,071	1,766
PAT (After Minority Interest)	**(704)**	**2,385**	**6,330**	**6,104**	**2,135**
Balance Sheet Data					
Current Assets	77,190	78,620	56,995	51,471	45,848
Current Liabilties	51,138	57,394	34,774	33,510	39,555
Net Current Assets	**26,052**	**21,226**	**22,221**	**17,961**	**6,293**
Fixed Assets**	**75,022**	**63,625**	**48,645**	**38,283**	**37,190**
Investments (Current and Non-Current)	**18,671**	**19,785**	**14,405**	**1,596**	**1,140**
Deffered Tax Assets	**88**	**66**	**-**	**-**	**-**
Gross Debt	**55,772**	**53,407**	**38,060**	**25,476**	**26,538**
Cash and Bank Balance	7,044	10,255	7,508	17,028	9,470
Liquid Investments	17,494	19,431	14,366	1,595	1,139
Cash and Liquid Investments	**24,537**	**29,686**	**21,875**	**18,623**	**10,609**
Net Debt	**31,235**	**23,721**	**16,185**	**6,853**	**15,929**
Net worth	**56,578**	**48,816*****	**33,735**	**29,011**	**15,597**
Minority Interest	**3,546**	**3,433**	**2,024**	**-**	**-**
Average Shareholders Fund	**52,697**	**41,276**	**31,373**	**22,304**	**15,635**
Deffered Tax Liability	**5,600**	**5,036**	**4,344**	**3,352**	**2,488**
Capital Employed	**121,496**	**110,692**	**78,163**	**57,839**	**44,623**
Capital Employed (Net of Cash and Liquid Investments)	**96,958**	**81,006**	**56,288**	**39,217**	**34,013**
Average Capital Employed (Net of Cash and Liquid Investments)	**88,982**	**68,647**	**47,752**	**36,615**	**33,073**
Cash Flow Data					
Net Cash Flows by Operating Activities	1,080	14,287	6,665	3,843	13,195
Net Cash Flows by Investing Activities	(1,672)	(22,054)	(22,574)	(3,885)	(7,438)
Net Cash Flows by Financing Activities	(2,648)	9,634	5,585	2,767	1,010
Financial Ratios					
EPS - Basic (Rs/share)	(3.03)	10.89	30.95	31.69	11.5
EPS - Diluted (Rs/share)	(3.03)	9.71	28.66	28.40	11.4
EBITDA Margin (%)	9.20%	12.17%	16.94%	18.11%	11.35%
PAT Margin (%)	-0.63%	2.58%	7.78%	8.27%	3.71%
Net Debt to Shareholders Fund	0.55	0.49	0.48	0.24	1.02
Net Debt to EBITDA	3.04	2.11	1.17	0.51	2.44
Return on Avg. Net worth	-1.33%	5.78%	20.18%	27.37%	13.66%
ROCE [EBIT/ (Avg. Capital Employed)]	6.20%	11.26%	23.76%	30.89%	15.43%

@ As per revised Schedule VI

^ FY 2012-13: Includes other income of Rs. 3,110 million , Total foreign exchange provision was Rs. 1,273 million

FY 2011-12: Includes Other Income of Rs. 2,676 million which includes interest income for FY12. Operational Performance was impacted by foreign exchange provisions on Rs. 1,248 million, and provisions made towards amicable settlement with a customer of Rs. 649 million. Total foreign exchange provision was Rs. 1,517 million.

FY 2010-11 : includes export rebate of Rs. 734 mn on receipt of favourable judgment 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 2009-10 : Forex Provisioning made in the previous year were recovered during the year

** 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*

**** Net worth includes CCDs of Rs. 7,884 million.*

Financials at a Glance

(USD in Million)

Particulars	Year ended 31 March (Consolidated)				
	2013@	2012@	2011@	2010	2009
Income Statement Data					
Total Income	**2,053**	**1,928**	**1,787**	**1,555**	**1,254**
Operating Expenses (COGS, Mfg and Other Expenses)	1,864	1,693	1,484	1,273	1,112
Reported EBITDA	**189**	**235**	**303**	**282**	**142**
Normalised EBITDA	**155^**	**227###**	**318##**	**278#**	**138***
Depreciation/ Amortisation	87	73	54	43	31
Gross Profit	**98**	**151**	**254**	**238**	**104**
EBIT	**102**	**161**	**249**	**238**	**111**
Finance Costs (Gross)	**91**	83	49	44	38
PAT (After Minority Interest)	**(13)**	**50**	**139**	**129**	**47**
Balance Sheet Data					
Current Assets	1,422	1,545	1,278	1,146	904
Current Liabilties	942	1,128	780	746	780
Net Current Assets	**480**	**417**	**498**	**400**	**124**
Fixed Assets**	**1,382**	**1,251**	**1,091**	**853**	**733**
Investments (Current and Non-Current)	**344**	**389**	**323**	**36**	**22**
Deffered Tax Assets	**2**	**1**	**-**	**-**	**-**
Gross Debt	**1,027**	**1,050**	**853**	**567**	**523**
Cash and Bank Balance	130	202	168	379	187
Liquid Investments	345	383	283	31	22
Cash and Liquid Investments	484	585	431	367	209
Net Debt	**575**	**466**	**363**	**153**	**314**
Net worth	**1,042**	**960*****	**756**	**646**	**308**
Minority Interest	**65**	**67**	**45**	**-**	**-**
Average Shareholders Fund	**971**	**811**	**704**	**497**	**308**
Deffered Tax Liability	**103**	**99**	**97**	**75**	**49**
Capital Employed	**2,238**	**2,176**	**1,753**	**1,288**	**880**
Capital Employed (Net of Cash and Liquid Investments)	**1,786**	**1,592**	**1,262**	**873**	**671**
Average Capital Employed (Net of Cash and Liquid Investments)	**1,642**	**1,349**	**1,071**	**815**	**652**
Cash Flow Data					
Net Cash Flows by Operating Activities	20	298	146	81	287
Net Cash Flows by Investing Activities	(31)	(460)	(496)	(82)	(162)
Net Cash Flows by Financing Activities	(49)	201	123	58	22
Financial Ratios					
EPS - Basic (US $/share)	(0.06)	0.23	0.68	0.67	0.25
EPS - Diluted (US $/share)	(0.06)	0.20	0.63	0.60	0.25
EBITDA Margin (%)	9.20%	12.17%	16.94%	18.11%	11.35%
PAT Margin (%)	-0.63%	2.58%	7.78%	8.27%	3.71%
Net Debt to Shareholders Fund	0.55	0.49	0.48	0.24	1.02
Net Debt to EBITDA	3.04	2.11	1.17	0.51	2.44
Return on Avg. Net worth	-1.33%	5.78%	20.18%	27.37%	13.66%
ROCE [EBIT/ (Avg. Capital Employed)]	6.20%	11.26%	23.76%	30.89%	15.43%

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*** includes Capital Work-In-Progress*

**** Net worth includes CCDs of Rs. 7,884 million.*

Exchange rates used for Balance Sheet Items is Closing rate as on 31 March	54.285	50.875	44.60	44.90	50.72
Exchange rates used for Profit & Loss Items is Average rate for the year	54.451	47.946	45.53	47.47	45.91

Chairman's Message

My dear fellow stakeholders,

I always enjoy this section of our annual report as it allows me to share my vision regarding the company, and highlights the key changes in the market space and initiatives taken by the company over the last one year. As mentioned in my previous addresses to you, at the beginning of 2012, we have re-entered into depressed capital cycle with fears looming of a double-dip recession.

However, I am happy to share that despite the challenging environment, we at Welspun, have come out with a more-than satisfactory performance and have achieved what was eluding us for a long time - the 1 million mark. This was the 1st year that, at Welspun, we have achieved pipe production, customer sales and order booking of 1 million tonnes each, no mean achievement under any circumstances. This performance is even more commendable given the fact that our US plant was virtually shut down for over three months due to a fire in the middle of the year. Not only have we strengthened our safety and security measures in US and across all other locations, but we have also taken additional risk coverage through a proper risk management exercise, thus minimizing impact of any further disaster.

Order Book

Reflecting on our order book, as enumerated above, we have achieved 1 million tonnes of new orders at a time when most of the customers globally have held back their capital expenditure programs. Not only have we got orders from our long term repeat customers, but we have also added new clients, the major being Statoil, Norway with whom we entered into a frame agreement for the next 5 years, making us one of the few global suppliers to have achieved such a partnership with global majors. This is further testimony to our quality and customer service that has made us one of the largest line pipe companies in the world.

Capacities

While we have successfully completed and commissioned our LSAW mill in Anjar and Spiral pipe expansion in Mandya, this year will be best remembered for commissioning of our new HFIW plant in USA. The state-of-art plant with an investment of $80 million and plant capacity of 175,000 tonnes per annum will be able to produce pipes ranging from 6"-20'' in multiple wall thickness and length, thus catering to the entire segment of small diameter pipes. The mill is fully operational and has been well received by customers; client accreditations are already in place to serve the burgeoning shale gas market in USA. Clearly, US will continue to contribute a significant part in our overall global production and sales. Similarly, our facility in Saudi Arabia is now fully accredited by global oil & gas majors like Saudi Aramco, thus enabling Welspun to service the Middle East oil & gas market with local production. We will continue to look for other global manufacturing opportunities in line with our business model - "Think Global Act Local."

In the Plate and Coil business, which is facing headwinds, we have decided to execute only profitable orders. We have streamlined operations to significantly reduce costs on the basis of required production.

Business Re-Organization

The board of Welspun Corp decided to re-organize our various business streams so that management focus and time could be optimized. We have decided to vertically hive off our non pipe and plate business (which includes Infra, Energy and Steel businesses) into separate listed entity under 391 to 394 of The Companies Act 1956. The proposed demerger is subject to stakeholders' approval and other statutory clearances and is likely to be completed by January 2014. This demerger will allow Welspun Corp to focus on its core pipe business and grow it globally.

We have appointed global management consulting firm, Hay Group for advising us on streamlining our organisation and governance structure in line with our vision. Taking into account their inputs, we have reorganized our pipes business into three business units based on geography - the Americas, MENA & Europe and Asia Pacific (including India). Each business unit is headed by an independent CEO / Business head, thus providing focused approach to each geography and our esteemed customers in these regions. We have also formed a vertical for exploring opportunities in new markets, other than the aforesaid geographies, which will help us to explore unchartered territories globally.

Financial Performance

As you will see in the following sections of this annual report, we have delivered robust sales and earnings for our pipe business much in line with our previous year performance. Our operational EBITDA and Cash PAT are more or less maintained however, we faced some head winds due to external reasons beyond our control which subdued our reported financials. Continued efforts are in progress to strengthen our Balance Sheet and to improve cash flows. We believe that going forward, once the demerger is effective, we will see strong financial growth through our core pipe business and through increased focus on other businesses in the demerged company.

Corporate Social Responsibility

Behind every privileged adoration, distinct recognition and illustrious past lies the herculean effort and honest perspiration of the whole Welspun family. Welspun believes in the power of knowledge, thus creating several education institutions for children and initiatives for women empowerment and gender equality. The combined human resources of Welspun have a very negligible difference ratio in terms of gender. Our belief in the evolution of higher ecological ethos can be best defined by the 3 E's of Welspun's CSR yarn, which comprises of Education, Empowerment & Health and Environment. Through Welspun, more than 600 women who were under the poverty line are working professionals today with sustainable income and supportive lifestyles; more than 3000 children have found their way into schools and education centers dedicated to bring hope and change in their lives.

Finally, I express my humble gratitude to all the stakeholders including our lenders, our employees, our customers and suppliers and many more who have provided support and co-operation during this challenging environment. I can assure you that as a company we have built in significant strength to take your company to the highest level of performance and deliver sustainable shareholder value.

Many thanks

B. K. Goenka

WELSPUN
Corp Ltd

PRODUCTION

Crossed the Million mark
& moving ahead

PRODUCTION

Directors' Report

To,
The Members,
Welspun Corp Limited

Your directors have pleasure in presenting the 18th Annual Report of your Company along with the Audited Financial Statement for the financial year ended March 31, 2013.

FINANCIAL RESULTS

(Rs. in million)

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	31.03.2013	**31.03.2012**	**31.03.2013**	**31.03.2012**
Revenue from operations (Net)	66,321.65	57,697.11	108,700.50	89,765.76
Profit before finance cost, depreciation & tax	6,696.73	5,077.55	10,289.04	11,246.40
Less : Finance cost	2,988.98	2,470.96	4,930.77	3,999.24
Gross Profit / (Loss)	3,707.75	2,606.59	5,358.27	7,247.16
Less: Depreciation/Amortization	2,289.91	1,843.52	4,761.21	3,515.23
Profit before tax for the year (before exceptional item)	1,417.84	763.07	597.06	3,731.92
Exceptional items	538.20	-	1,090.87	-
Profit before tax for the year (after exceptional item)	879.64	763.07	(493.81)	3,731.92
Less : Provision for taxation				
Current Taxation	126.09	71.64	47.19	1,256.06
MAT Credit Entitlement	(126.09)	(71.64)	(133.99)	(44.91)
Deferred Taxation	348.78	113.69	477.11	291.62
Profit after tax for the year (after Minority Interest)	530.86	649.38	(703.23)	2,385.43
Add : balance brought forward from previous year	13,510.35	13,415.48	18,296.99	16,466.07
Profit available for appropriation	14,041.21	14,064.86	17,593.76	18,851.50
Transfer to General Reserve	53.09	65.00	56.27	65.00
Transfer to/(from) Debenture Redemption Reserve	(321.92)	357.14	(321.92)	357.14
Proposed Dividend on equity shares & tax	153.81	132.37	153.81	132.37
Equity dividend & tax of earlier years	0.20	-	0.20	-
Balance carried forward to the next year	14,156.03	13,510.35	17,705.40	18,296.99

PERFORMANCE

Production and processing highlights for the year under report on standalone basis are as under:

- Pipes: 631,133 MT (473,617 MT).
- Plates: 260,247 MT (399,135 MT). This shows lesser indigenous procurement of plates for manufacturing.
- H.R. Coils: 209,546 MT (107,880 MT). This shows more indigenous procurement of coils for manufacturing.
- Coating: 4,142 K sqm (2,096 K sqm). This shows more demand for coated pipes.
- Power: 122,585 MWH (173,117 MWH).

(For the above aspects on consolidated basis, refer the Management Discussion and Analysis included in the Annual Report)

Depreciation charge for the year under Report increased as compared to the previous year mainly due to capitalization of Offline Pipeline Project at Mandya in Karnataka; full year depreciation effect in respect of LSAW Plant and on increased capital expenditure for enhancing productivity / debottlenecking at Plate and Coil Mill at Anjar.

Finance Costs increased mainly on account of interest on increased borrowings in the form of the External Commercial Borrowings and the Non-Convertible Debentures borrowed/ issued during the year under report and charging of interest on foreign currency convertible bonds which were capitalized earlier as per Accounting Standard 16 on borrowing cost.

Exceptional Items of Rs. 538.20 million is the write off of loan given to Welspun Natural Resources Private Limited (a wholly owned subsidiary of the Company) for contributing the Company's share in the expenditure for Thailand Block of the joint venture Company viz. Adani Welspun Exploration Limited, which has been relinquished during the year after seismic studies and carrying out detailed diligence.

DIVIDEND

The Board recommends a dividend @ 10% for the year ended March 31, 2013 i.e. Re. 0.50/- per equity share of Rs.5/- each fully paid-up. In respect of the dividend declared for the previous financial years, Rs. 5.30 million remained unclaimed as on March 31, 2013.

SCHEME OF ARRANGEMENT IN THE NATURE OF DEMERGER

The Board of Directors of the Company has approved, subject to approval under Sections 391 to 394 and Section 100 of the Companies Act, 1956 and other applicable provisions thereof, a scheme of arrangement for restructuring of business by transfer of all the assets and the liabilities of the infrastructure business (including energy, water, road), the direct reduced iron (DRI) business, oil and gas, and EPC contracting business (the "Other Businesses") to Welspun Infra Enterprises Limited (the "Resulting Company", a wholly owned subsidiary of the Company), by the Company with the Appointed Date being April 1, 2012 and the share exchange ratio of 1 (one) equity share of Rs. 10 each fully paid-up of Welspun Infra Enterprises Limited for every 20 (Twenty) equity shares of Rs. 5 each fully paid-up of the Company (the "Scheme").

The Scheme is subject to approval of the shareholders and the creditors of both the Companies and also the regulators and the Court.

Your Board expects that the proposed demerger would enable the Companies to focus on and enhance their respective businesses by streamlining the operations; to carry on and conduct their respective businesses more efficiently and synergetically; and to pursue different business strategies and raise resources for meeting their respective growth requirements.

FUNDS UTILIZATION

During the year under report, the Company has raised funds by issuing Secured Non- Convertible Debentures of Rs. 3,428 million, which have been utilized for the purposes as mentioned in the respective Information Memorandum issued for the issue. Un-utilized proceeds have been invested in liquid securities as at March 31, 2013.

Out of US$150 million Foreign Currency Convertible Bonds ("FCCB") issued by the Company during the financial year 2009-10, the Company has bought back and cancelled FCCB of US$68.5 million during the year under review by raising external commercial borrowings and out of internal sources. The FCCBs outstanding as at the end of the year under review were US$81.50 million. The proceeds have been utilized for the purpose for which the same was raised and pending utilization, the balance is lying in bank accounts outside India.

CHANGE IN THE CAPITAL OF THE COMPANY

During the year under review, the equity share capital of the Company increased by : I) 128,375 equity shares due to allotment of shares upon exercise of options under the Employee Stock Option Scheme of the Company; and ii) 35,038,889 equity shares upon compulsory conversion of One Compulsorily Convertible Debenture.

DIRECTORS

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

(i) Mr. Utsav Baijal (DIN – 02592194) was appointed as a nominee of Insight Solutions Ltd. (the "Investor") w.e.f. November 10, 2012 in terms of the Investment Agreement dated June 29, 2011.

(ii) Mr. B. K. Goenka relinquished from the position of the Executive Chairman w.e.f. August 14, 2012. However, he continued as the Non-Executive Chairman.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ram Gopal Sharma and Mr. Nirmal Gangwal retire by rotation at the forthcoming Annual General Meeting and being eligible, have been recommended for re-appointment.

The term of appointment of Mr. Utsav Baijal expires at the forthcoming Annual General Meeting; the Company has however received notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a director.

Details about these Directors are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the 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 March 31, 2013, 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 March 31, 2013 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.

COST AUDIT REPORT

The Company had appointed M/s. Kiran J. Mehta & Co., Cost Accountants as the Cost Auditors of the Company. M/s. Kiran J. Mehta & Co., a partnership firm of Cost Accountants, is functioning for last three decades. It started in the year 1977 as a proprietorship concern by Mr. Kiran J. Mehta. Mr. Mehta was awarded Certificate of Merit in, the intermediate as well as the final, examinations of ICWAI at the national level. The firm has its head office at Ahmedabad and a Branch at Vadodara.

The Company has appointed M/s Kiran J. Mehta and Co., (FRN- 000025) Cost Accountants for conducting Cost Audit for the Company for the financial year 2012-13. The Cost Audit for the year is in progress and the report will be e-filed to Ministry of Corporate Affairs, Government of India, in due course. The Cost Audit Report for the year 2011-12 was e-filed on December 26, 2012. The extended due date for e-filing of the Cost Audit report for the year 2011-12 was February 28, 2013.

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. 6.60 million on account of lapse of Options during the year as employee compensation for the year ended March 31, 2013.

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. 5.05 million and the diluted earnings per share would have been Rs. 2.31 per share instead of Rs. 2.29 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. The Company has however agreed to grant, subject to approval of the Central Government, 2,050,029 Options over a period of 3 years to the Managing Director.
b	Options vested (excluding vested portion of lapsed Options)		Nil
c	Options exercised		128,375
d	Total number of equity shares arising as a result of exercise of Options		128,375
e	Options lapsed		246,875
f	Total number of Options in force		32,875
g	Money realized by exercise of Options		Rs. 10.27 million
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	○ Nil
		Employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	○ Nil
		Employees, who were granted option, during one year, equal to or exceeding 1% of the issued capital (excluding o/s warrants & conversions) :	○ Nil
k	Diluted EPS	Rs.2.31 as compared to Rs. 2.96 of last year	

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 per 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 the 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 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 February 8, 2011 (the "Circular") 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 holding 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 Maxsteel 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 Bypass) Private Limited, (18) MSK Projects (Kim Mandavi Corridor) Private Limited, (19) Welspun Water Infrastructure

Private Limited, (20) Welspun Energy Transportation Private Limited, (21) Welspun BoT Projects Private Limited (22) Anjar Road Private Limited, (23) Welspun Infra Enterprises Limited and (24) ARSS Bus Terminal 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 Circular, 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 and the Global Depository Receipts are listed at Singapore Securities Trading Limited (SGX-ST).

Annual listing fees for the year 2013-14 have been paid to BSE, NSE and SGX-ST

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

B.K.Goenka
Chairman

Place: Mumbai
Date: May 30, 2013

FORM – A				
(See Rule 2)				
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY				
			2012-2013	**2011-2012**
A.	**POWER AND FUEL CONSUMPTION**			
1.	**ELECTRICITY**			
(A)	Purchased			
	Unit (In '000s) MWH		47,115.17	25,205.57
	Total Amount (Rs. In Lacs)		3,137.66	1,635.78
	Rate/Unit (Rs)		6.66	6.49
(B)	Own Generation			
	(I)	Through D.G. Set (CPP)		
		Generated Unit (In '000s) MWH	16,340.59	17,472.97
		Units Generated Per Unit Of Fuel	-	-
		Cost/Unit (Rs)	7.52	6.99
	(II)	Through Steam Turbine / Generator		
		Generated Unit (In ’000) MWH	83,586.90	154,972.06
		Total Amount (Rs. in Lacs)	6,531.96	8,205.94
		Rate / Unit (Rs.)	7.81	5.30
2	**COAL (Generation of Steam)**			
	Unit (In ’000) kg		293,117.05	281,905.45
	Total Amount (Rs. in Lacs)		10,309.71	9,657.91
	Rate / Unit (Rs./kg.)		3.52	3.43
	OTHER – LIGNITE & LIME STONE (For Generation of Steam)			
	Unit (In ’000) kg		7,789.80	36,221.50
	Total Amount (Rs. in Lacs)		193.87	881.66
	Rate / Unit (Rs./kg.)		2.49	2.43
3	**FURNACE OIL**			
	Quantity (K. Ltrs.)		-	36.20
	Total Amount (Rs. in Lacs)		-	8.74
	Rate /Unit (Rs./ Ltr.)		-	24.16
4	**OTHERS / INTERNAL GENERATION**			
a.	**Natural Gas**			
	Quantity (SCM) (in ‘000)		30,111.23	32,584.34
	Total Amount (Rs. in Lacs)		9,279.44	8,188.49
	Rate / Unit (Rs. /SCM)		30.82	25.13
b.	**Liquid Petroleum Gas**			
	Quantity (MT) (in ‘000)		-	87.37
	Total Amount (Rs. in Lacs)		-	35.39
	Rate / Unit (Rs. SCM/MT)		-	40.51

B.	**CONSUMPTION PER UNIT OF PRODUCTION**			
	PRODUCTS	**STANDARD**	**2012-2013**	**2011-2012**
	Name of Product - **Welded Pipes**			
	Electricity - (KWH)	-	230.92	126.66
	Name of Product – **M.S. Pipes (ERW)**			
	Electricity - (KWH)	-	114.68	130.75
	Name of Product – **Power**			
	Electricity-(KWH)	-	8.34	6.27
	Name of Product – **M. S. Plates**			
	Electricity-(KWH)	-	186.95	152.55
	Furnace Oil (K. Ltrs)	-	-	273.59
	Natural Gas –(SCM/MT)	-	64.28	61.03
	Name of Product – **H. R. Coils**			
	Electricity-(KWH)	-	150.79	115.51
	LPG (MT)	-	-	5.44
	FURNACE OIL (K.LTRS)	-	-	-
	Natural Gas (SCM/MT)	-	63.73	63.48

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 Plate Mill:** During the year, the Company carried out the following R&D activities : (i) Development of HARDOX 450 grade plates (ii) Trial rolling of X-70 grade coils carried out. (iii) Modification in Laminar cooling system.
02	Benefits derived as a result of the above R&D.		**Anjar Plate Mill:** The R&D activity resulted in reducing the raw material cost & product development.
03	Future plan of action		**Anjar Plate Mill:** The Company has an ongoing program for carrying out R&D which helps the Company to improve its production processes and innovation of higher grade products. The following are future plan of action in R&D: (a) Modification will be done to roll plate & coils in 1250mm width. (b) Development of X 80 grade plate. (c) To establish Level 3 automation system.
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnovers.		 Rs. 3.71 millions Rs. 3.71 millions 0.005%
	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;		Constant endeavor to expand our global presence by entering new markets to increase our market while maintaining our focus on delivering quality products always. We have made substantial breakthrough in the Far east markets by securing orders from companies of repute in Thailand. Another milestone being entry in the European markets (Framework Agreement with customer), especially at times when the market was going through a notable low phase.
	Initiatives taken to increase exports;		People with relevant expertise and experience in the above markets appointed in the marketing role. Marketing Organization restructured as per the ambitions of the global business. To increase the presence and visibility, regional offices have been set up in Dubai and have a representative from the Company in Europe. This much focused approach has led to the fulfilling the business plan targets for regions like Africa, South East Asia. The Company has leveraged its standing in the industry by receiving major approvals from oil & gas majors in Middle East, Brazil and Europe.
	Development of new export markets for products and services and export plans;		Every concentrated effort had been made during the year to develop and enter new territories and the untapped markets. Results have shown in the form of the new clientele added in the list of our loyal customers, various new accreditations and approvals received, a substantial enquiry base and volume orders from new countries.
	Total foreign exchange used and earned*		Used : Rs. 99.54 Bn Earned : Rs. 263.28 Bn

* Including foreign exchange earned and used by the wholly owned subsidiary of the Company in India viz. Welspun Tradings Limited.

Key Management Team

Mr. B.K. Goenka
Chairman
(Non-Executive)

Mr. Braja Mishra
Managing Director

Mr. R.R. Mandawewala
Director

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

Mr. Akhil Jindal
*Director,
Group Finance
& Strategy

Mr. B. R. Jaju
Chief Financial
Officer
(up to 3/6/2013)

Mr. S. Krishnan
Chief Financial
Officer
(w.e.f. 3/6/2013)

Mr. Akbar Umatiya
Vice President,
Welspun Middle East

Mr. Prasanta Mukherjee
Chief Technical Officer

**Not a member of the Board of Directors*

WELSPUN
Corp Ltd


SALES
SALES
Crossed the Million mark
& moving ahead

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 members 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, the nominee appointed by EXIM Bank and one of the nominee appointed by the Investor, 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 Meetings Attended during the Year 2012-13	Attendance at the last AGM	No. of other Directorship (as last declared to the Company)			Member / Chairman in No. of Board/Committees including other Companies (as last declared to the Company)@
				Pub.	Pvt	Other Body Corporate	
(01) Mr. B.K.Goenka -Chairman	P, N E	6	No	13	5	7	7M, 1C
(02) Mr. Braja Mishra -Managing Director	E	6	No	1	7	-	-
(03) Mr. Rajesh R.Mandawewala	P, NE	7	No	13	4	13	5M
(04) Mr. K.H.Viswanathan	NE, I	8	Yes	3	4	-	3M, 1C
(05) Mr. Rajkumar Jain	NE, I	8	Yes	5	2	-	4C
(06) Mr. Ram Gopal Sharma	NE, I	8	Yes	4	-	-	1M, 2C
(07) Mr. Nirmal Gangwal	NE, I	5	No	5	3	-	2M
(08) Mr. Mukul Sarkar - Nominee EXIM Bank	NE, I, L	4	No	3	-	-	-
(09) Mr. Mintoo Bhandari – Nominee of the Investor	NE, I	8	No	3	2	-	4M
(10) Mr. Utsav Baijal-Nominee of the Investor#	NE, I	1	No	6	1	-	1M

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

Appointed as the nominee of Insight Solutions Ltd. (an investor) w.e.f. November 10, 2012.

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

8 meetings of the Board of Directors were held during the financial year 2012-13 on the following dates: April 26, 2012, May 29, 2012, June 22, 2012, July 27, 2012, August 14, 2012, October 23, 2012, November 10, 2012 and February 14, 2013.

It is confirmed that there is no relationship between the directors inter-se.

III. AUDIT COMMITTEE

The Audit Committee was constituted by the Board of Directors at its meeting held on August 23, 1997 and was re-constituted from time to time.

a. **Terms of reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956.

b. **Composition**

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	14
Mr. K. H. Viswanathan	Member	14
Mr. Ram Gopal Sharma	Member	14
Mr. Mintoo Bhandari	Member	6*

* Appointed Observer to attend the remaining 8 meetings of the Committee.

The Company Secretary of the Company, Mr. Pradeep Joshi acts as the Secretary of the Committee.

14 meetings of the Audit Committee of the Board of Directors were held during the financial year 2012-13 on following dates: May 29, 2012, June 22, 2012, July 7, 2012, August 6, 2012, August 14, 2012, September 14, 2012, November 7, 2012, November 10, 2012, December 13, 2012, February 13, 2013, February 14, 2013, February 22, 2013, March 6, 2013 and March 25, 2013.

IV. REMUNERATION COMMITTEE

The Company has duly constituted Remuneration Committee consisting of independent, non-executive Directors. During the year under review, 3 meetings of the Committee were held on April 26, 2012, July 7, 2012 and November 30, 2012. 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 4 independent and non-executive Directors as on date of this Report viz. Mr. Rajkumar Jain, Mr. K. H. Viswanathan, Mr. Ram Gopal Sharma and Mr. Mintoo Bhandari.

c. **Remuneration Policy**

Particulars of pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company and remuneration to the Executive Directors including the details of remuneration and sitting fees paid/payable to the Directors for the financial year 2012-13 are as under:

	Name of the Director	Salary & Allowance	Perquisites	Commission	Service Contract/ Tenure	Notice Period	Severance Fees	Stock Option	Sitting Fees
1	Mr. Braja Mishra - Managing Director	Rs. 37.21 million Plus Rs. 100 million as one time joining bonus	Rs. 0.80 million	Nil	Yes	1 month	Nil	20,50,029 to be granted in three equal installments commencing from the date of receipt of approval of the Central Government	Nil
2	Mr. B. K. Goenka - Chairman (Non Executive)	Rs. 3.71 million	Nil	1% commission on profits as computed u/s. 349& 350 of the Act. Equals to Rs. 11.87 million*	No	N.A.	Nil	Nil	Nil
3	Mr. Rajesh R. Mandawewala (Relinquished from the position of the Managing Director w.e.f. April 26, 2012.)	Rs. 0.83 million	As per rules of the Company	Nil	No	N.A.	Nil	Nil	Nil

* Subject to approval of shareholders at the forthcoming Annual General Meeting

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 of the Board.

	Name of the Director	Sitting Fees (Rs.)
1	Mr. K. H. Viswanathan	425,000
2	Mr. Rajkumar Jain	389,000
3	Mr. Ram Gopal Sharma	389 ,000
4	Mr. Nirmal Gangwal	78,000
5	Mr. Mukul Sarkar (Nominee of Exim Bank)	66,000
6	Mr. Mintoo Bhandari	300,000
7	Mr. Utsav Baijal	18,000

The above sitting fees paid to the Non-Executive Directors is within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government and hence prior approval of the members as stipulated under Clause 49 (I) (B) is not required.

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 INVESTORS' GRIEVANCE COMMITTEE

a. Composition

The Share Transfer and Investors' Grievance Committee was constituted in accordance with the Clause 49 of the Listing Agreement to look into transfer of securities and redress investors' complaints and to review the functioning of the investors grievance redressal system.

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. Rajesh R. Mandawewala	Member
Mr. Mintoo Bhandari	Member

Compliance Officer: Mr. Pradeep Joshi – Company Secretary

Meetings of the Committee are held once in every fortnight or as and when required.

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

During the year under review, total 76 shareholders complaints / requests were received. Break-up and number of complaints / requests received under different category is given hereunder:

1. Non Receipt of Share Certificate : 3
2. Non Receipt of Dividend : 52
3. Non receipt of Annual Report : 14
4. Others : 7

All the complaints/requests received during the year under report were resolved within the stipulated time to the satisfaction of the investors/shareholders and no complaints were pending as on March 31, 2013 for more than 30 days. All the shares/debentures received for transfer/transmission were transferred / transmitted and no transfer was pending as at March 31, 2013.

VI. GENERAL BODY MEETINGS

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

Meeting	Day & Date of the Meeting	Time	Place	Special Resolutions Passed
15th Annual General Meeting	Tuesday, 31.08.2010	10:00 am	Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370 110	-
16th Annual General Meeting	Thursday, 08.09.2011	10:00 am	Same as above	u/s. 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 for appointment of, fixing remuneration to Mr. Rajesh R. Mandawewala as the Managing Director.
17th Annual General Meeting	Friday, 14.09.2012	11:00 am	Same as above	u/s. 31 of the Companies Act, 1956 for alteration of Articles of Association of the Company to provide for meetings and service of documents by electronic mode and increase in maximum number of directors from 11 to 12.

During the year under report, the resolution dated August 8, 2012 u/s. 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 for appointment of, fixing remuneration (including Sweat Equity and Stock Options) to Mr. Braja Mishra as the Managing Director was passed as a special resolution.

None of the special resolutions were proposed to be conducted through postal ballot.

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 the Senior Management to the Board

All details relating to financial and commercial transactions where the Senior Management as defined under Clause 49 of the Listing Agreement with the Stock Exchanges may have a pecuniary interest are provided to the Board, and in case of directors, 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. 40 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. Detail of compliance with mandatory requirement and adoption of the non-mandatory requirements of the Clause 49 of the Listing Agreement.

The Company is in compliance with the mandatory requirements mentioned under Clause 49(I) to 49(VII) of the Listing Agreement to the extent applicable and in addition the Company adopted non-mandatory requirement mentioned at (2) –

Remuneration Committee, (4)- Audit Qualifications, and (7) – Whistle Blower Policy of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges.

e. Code of Conduct

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

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

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

"I hereby confirm that there were no non-compliance with the Code of Conduct of the Company by any of the Board member or the senior management personnel."

Sd/-
Braja Mishra
Managing Director

f. Certification by Chief Finance Officer

A certificate obtained from Chief Finance 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.

g. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out the Reconciliation of Share Capital Audit on quarterly basis to reconcile the share capital with National Securities Depository 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 the total number of shares in physical form and in demat form held with NSDL and CDSL.

h. 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, attached to this Annual Report.

i. 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 (Gujarati edition), Free Press (English edition) & Free Press Journal (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 Tuesday, September 24, 2013 at 10:45 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, September 23, 2013 to Tuesday September 24, 2013 (both days inclusive).

4. **Dividend payment date:** September 27, 2013.

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 Limited and the Foreign Currency Convertible Bonds and Global Depository Receipts are listed on the Singapore Securities Trading Limited (SGX-ST)

Annual listing fees for the year 2013-14 have been paid to BSE, NSE and SGX-ST.

Stock Code /Symbol:

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

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

	BSE		NSE	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April–2012	141.60	118.00	141.75	117.70
May-2012	127.80	109.80	127.60	109.55
June-2012	126.70	115.20	126.50	114.40
July-2012	121.90	99.00	122.40	98.75
August-2012	106.00	83.35	122.00	83.00
September-2012	105.40	91.55	105.45	91.75
October-2012	102.85	85.60	102.95	95.00
November-2012	108.35	96.30	108.30	96.05
December-2012	112.90	100.05	112.95	99.65
January-2013	110.65	90.30	110.70	90.30
February-2013	99.90	56.55	100.45	56.55
March-2013	61.40	43.75	61.40	43.65

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–2012	17,318.81	125.60	5,248.15	126.00
May-2012	16,218.53	118.25	4,924.25	117.55
June-2012	17,429.98	118.40	5,278.9	118.50
July-2012	17,236.18	102.20	5,229.00	102.10
August-2012	17,429.56	93.85	5,258.50	94.20
September-2012	18,762.74	101.40	5,703.30	101.35
October-2012	18,505.38	96.45	5,619.70	96.70
November-2012	19,339.9	105.60	5,879.85	105.75
December-2012	19,426.71	106.70	5,905.10	106.40
January-2013	19,894.98	100.60	6,034.75	100.50
February-2013	18,861.54	58.50	5,693.05	58.35
March-2013	18,835.77	50.35	5,682.55	50.35

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 Private Limited
(Formerly known as : Intime Spectrum Registry Limited)
Unit : Welspun Corp Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078.

Email - rnt.helpdesk@linkintime.co.in
Tel. No.: +91-22-25946970
Fax No. : +91-22–25946969

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.
946799	INE191B07071
946864	INE191B07089
948244	INE191B07097
948245	INE191B07105
948249	INE191B07113
948250	INE191B07121
948505	INE191B07139

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 March 31, 2013

Number of Shares	No. of shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares held
Upto – 500	69,056	90.98	7,718,697	2.94
501-1,000	3,592	4.73	2,818,348	1.06
1,001-2,000	1,613	2.13	2,433,386	0.93
2,001-3,000	526	0.68	1,330,137	0.51
3,001-4,000	256	0.34	921,053	0.35
4,001-5,000	179	0.24	841,904	0.32
5,001-10,000	289	0.38	2,145,107	0.82
10,001 and above	395	0.52	244,739,667	93.07
Total	**75,902**	**100.00**	**262,948,299**	**100.00**

12. Shareholding of the Directors of the Company as on March 31, 2013

Name of the Director	No. of shares	%
Mr. B. K. Goenka	140	0.00
Mr. Rajesh R. Mandawewala	200	0.00
Mr. Ram Gopal Sharma	2100	0.00

None of the other Directors hold any shares or convertible securities in the Company.

13. De-materialization of shares and liquidity: As on March 31, 2013, 96.96% shares have been dematerialized and have reasonable liquidity on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

Outstanding as on 31.03.2013	Impact on equity share capital
32,875 Options not vested and not exercised representing equal number of equity shares to be exercisable up to 20.04.2013	Increase in equity capital by 32,875 equity shares of Rs.5/- each at a premium of Rs. 61.75 per share
815 Foreign Currency Convertible Bonds of US$100,000 each convertible in to 13,045,433 equity shares during 27.11.2009 -17.10.2014	Increase in equity capital by 13,045,433 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 54,530 unclaimed Equity Shares lying in the suspense account. The voting rights of the unclaimed equity shares have been freezed.

16. Plant locations of the Company and its subsidiaries

i) Plate and Coil Mill and Pipe Plant - Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110

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

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

iv) Pipe and Coating, Double Jointing Plant - 9301, Frazier Pike, Little Rock, Arkansas 72205 USA (Subsidiary's plant)

v) Pipe and Coating Plant - Industrial City-2, Dammam-31483, Kingdom of Saudi Arabia (Subsidiary's plant).

17. Address for correspondence

The Company Secretary,
Welspun Corp Limited
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_WCL@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, for the year ended on March 31, 2013, 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 March 31, 2013, the Registrars of the Company have certified that as at March 31, 2013, there were no investor grievances remaining unattended/pending for more than 15/ 30 days as applicable.

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 **Mansi Damania.**
Company Secretaries

Mansi Damania
Proprietor
Certificate of Practice No. 8120

Mumbai
May 30, 2013

Growth at Infinity

Revenue		Growth
Rs. 108,701 mn.	2013	- Achieved 1mn MT mark in production, sales and order booking - New 175,000 tons HFIW mill at Little Rock commissioned and received API certification - Filed a scheme of proposed demerger of its pipes & plates business and other businesses
Rs. 89,766 mn.	2012	- 350,000 tons LSAW pipe capacity Commissioned - Mandya Plant Capacity Expansion to 150,000 tons - Initiative of Setting up new HFIW Plant of 175,000 tons in US
Rs. 80,236 mn.	2011	- Saudi Plant - capacity of 300,000 tons 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
Rs. 585 mn.	2000	LSAW, Dahej, Gujarat
Rs. 180 mn.	1998	HSAW, Dahej, Gujarat
Incorporated	1995	Embarked on a Growth Journey

WELSPUN
Corp Ltd

ORDERS BOOKED

Crossed the Million mark
& moving ahead

ORDERS BOOKED

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statements of Welspun Corp Limited (”Welspun” or the “Company”), and the notes thereto for the year ended March 31, 2013. This MD&A covers Welspun’s financial position and operations for the year ended March 31, 2013. Amounts are stated in Indian Rupees (in millions) unless otherwise indicated. Abbreviations and acronyms used in this MD&A are identified in the Glossary of Terms in Welspun’s Annual Report of FY 2012-13. 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.

“Despite the challenging environment, we have broken the 1 million tonne barrier in pipe production, sales and order booking. While the fire in the US plant threatened to jeopardize this goal, we showed tremendous resilience to restore full scale production in record time and reach the coveted mark. While the year saw the ramping up of our LSAW mill in Anjar and expansion of Spiral plant in Mandya, it will be best remembered for the commissioning of our new HFIW plant in USA. Also, to enhance our marketing capabilities and client servicing, we have reorganized the pipe business into three geographical divisions, each under independent Business Unit heads. We have also proposed splitting WCL into two distinct listed companies – one for pipes and another for the infra and steel businesses for better management focus.”

- B. K. Mishra,
Managing Director, Welspun Corp Limited

THE COMPANY OVERVIEW

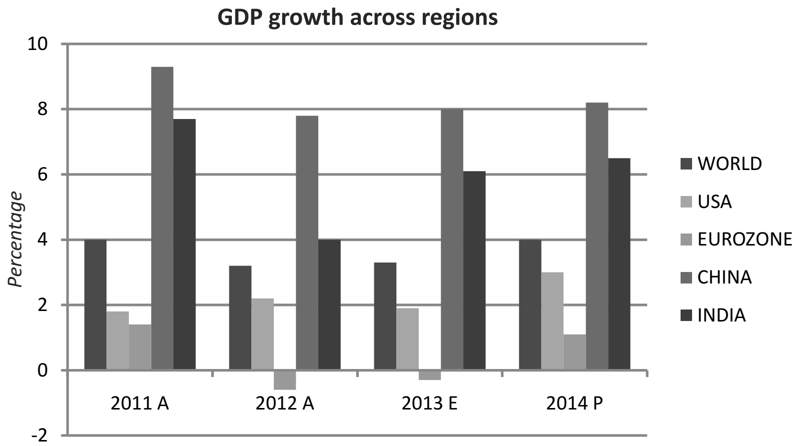
Welspun Corp Ltd (WCL) is one of the largest players globally in the large diameter line pipe segment. The Company has emerged as one of the leading names in the industry over the last 15 years and today offers a ‘one stop solution’ in line pipes with its wide product range and specifications. It has modern state-of-the-art global manufacturing facilities in India, USA and Saudi Arabia for Longitudinal (LSAW), Spiral (HSAW) and ERW/HFIW pipes, with its products manufactured under strict quality standards. Not only does Welspun’s list of clients include some of the biggest names from the Oil and Gas sectors, but the Company is also well known for supplying line pipes to some of the most challenging projects in the world like Deepest Pipe line, Longest Pipe Line, Heaviest Pipe line and Highest Pipe line.

The Company exports pipes to the global market including some of the most demanding markets in terms of quality and innovation, like the US and Middle East. With marketing offices in Houston (USA), Dubai (UAE), and Dammam (Saudi Arabia), the Company has established a strong presence in some of the key markets and is able to satisfy existing customers, and reach out to newer customers as well. The Company has become an approved supplier to over 50 major oil and gas companies across the world. This enables the Company to participate and bid in key projects across the world.

GLOBAL ECONOMIC OVERVIEW

The global economic environment continued to be challenging in FY13. Global economic growth was harder to come by than anticipated, with growth in CY12 reported at 3.2 percent as against International Monetary Fund (IMF) projections of 3.5 percent in early 2012. This also implied a slowdown from the 4.0 per cent growth witnessed in CY11. The key challenges to more widespread global economic growth included a prolonged Eurozone crisis; and slowing growth in emerging economies on account of a sharp deceleration in demand from key advanced economies, domestic policy tightening, and the end of investment booms in some of the major emerging market economies. One of the key exceptions to the slowdown trend was the US economy which grew faster than in CY11, thanks to a strengthening private sector. (see figure1)

Figure 1



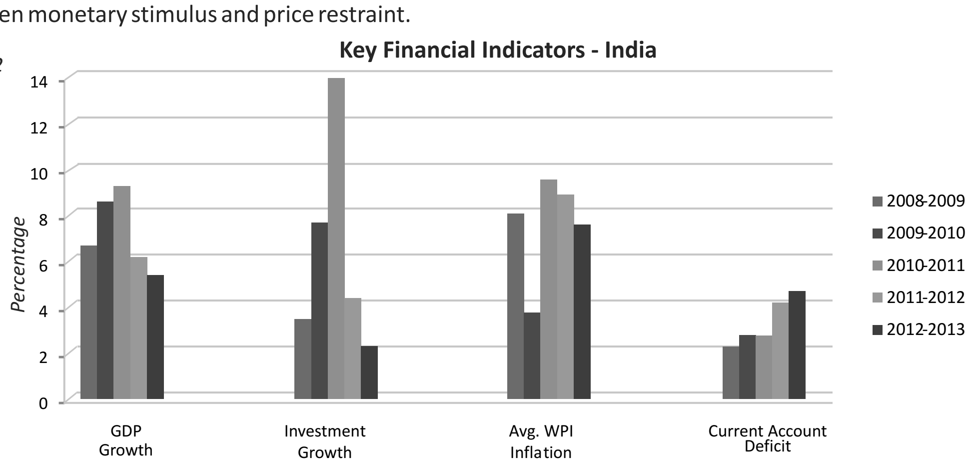
Source : IMF Report

Global economic prospects have improved but the road to recovery, especially in the advanced economies, will remain bumpy. According to IMF projections, global GDP growth is expected at 3.3 per cent in CY2013, a marginal improvement over the CY12 figure of 3.2 per cent. Downside risks may have been reduced at least for the time being, as advanced economy policymakers have successfully defused two of the biggest short-term threats to global recovery, the threat of a euro area breakup and a sharp fiscal contraction in the United States caused by a plunge off the "fiscal cliff". Still, a significant improvement in growth is not expected as fiscal adjustments drag growth in advanced economies and, in turn, delays cyclical recovery in emerging market and developing economies, especially in China and India.

Indian Economy

For the Indian economy, the slowdown in growth that began in FY12 continued in FY13. For FY13, the growth rate of real GDP is estimated at 5.0 percent, the slowest pace in a decade. The slowdown has been broad-based, affecting all major sectors of economic activity. Slowdown in industrial sector growth which started in FY12 continued in FY13, bringing down the average industrial growth to 3.3 percent from an average of 9.2 percent during the preceding two years. Continued weakness in the industrial sector dragged down growth in services as well, bringing down its projected rate of growth at an 11-year low of 6.6 percent. Although persistent weakness in the global environment contributed to the slowdown in growth, the adverse contagion effects from the Eurozone debt crisis explain only a small part of the overall deceleration. (See figure 2) The key challenges facing the economy included a record current account deficit coupled with a high fiscal deficit and stubbornly high inflation, with the Reserve Bank of India (RBI) finding it difficult to strike a balance between monetary stimulus and price restraint.

Figure 2



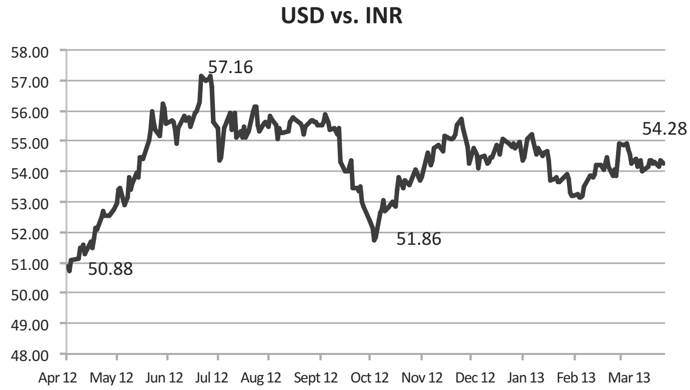
Source: RBI

Recovery in 2013-14 is expected to be modest. Subdued domestic business confidence, coupled with supply constraints, such as shortage of coal and natural gas, stoppage of mining in some states and delays in commissioning of large projects are expected to drag down growth for some more time. However, there is reason for optimism. Pick up of growth in consumption expenditure and gross fixed capital formation in the second half of FY13 suggest that the slowdown in demand may be bottoming out. With output growth slowing, headline inflation has fallen to its lowest level in over three years. This has prompted RBI to lower policy rates twice in the last quarter of FY13 and to follow it up with another cut in the first quarter of FY14. With interest rates on a downward trajectory, investment is expected to pick up. Policy action to reduce fuel subsidies and the recently presented fiscal 2014 Union Budget has reaffirmed the government's commitment to fiscal consolidation.

Foreign Exchange

The Indian Rupee has been very volatile against the US dollar and other major currencies over the last year. Against the US dollar, from a high of 50.88 in April 2012, it depreciated sharply to around 57.16 levels in June 2012. It started appreciating post-June, reaching 51.85 in October 2012. But since then, the rupee has weakened closing the financial year at close to 55 levels. This volatility has created further uncertainty for companies, affecting both Importers and Exporters in equal measure. Figure 3 shows the exchange rate fluctuations during the year for USD-INR.

Figure 3



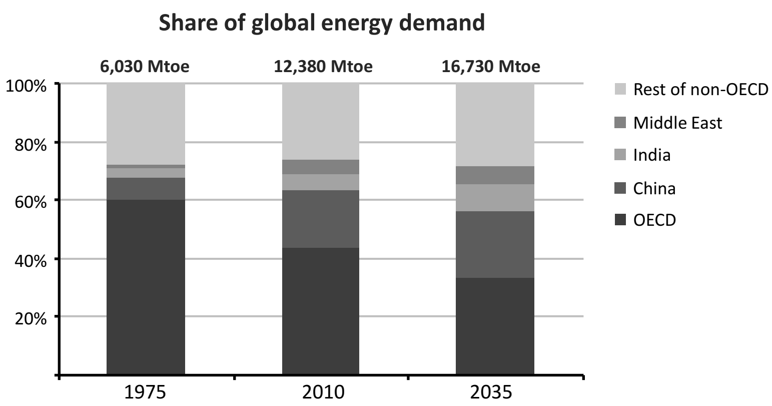
Source: x-rates.com

GLOBAL ENERGY DEMAND

The global energy landscape is changing, with potentially far-reaching consequences for energy markets and trade. It is being mapped by the resurgence in oil and gas production in the United States and could be further reshaped by a retreat from nuclear power in some countries, continued rapid growth in the use of wind and solar technologies and by the global spread of unconventional gas production. Increasing policy focus on energy efficiency in various countries is expected to be a game changer for the energy industry.

Global energy demand is expected to increase by over one-third in the period to 2035. Emerging economies are expected to be at the forefront to drive global energy markets with the share of non-OECD energy demand rising from 55% in 2010 to 65% in 2035. China would account for the largest share of the growth in global energy use, with its demand rising 60% by 2035, followed by India (where demand is expected to more than double) and the Middle East. OECD energy demand in 2035 is predicted to be just 3% higher than in 2010, but there are dramatic shifts in its energy mix as fuel substitution will see the collective share of oil and coal drop by fifteen percentage points to 42%.

Figure 4

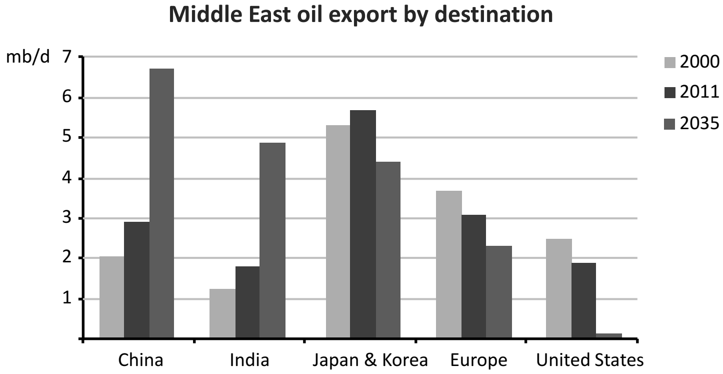


Source: IEA - World Energy Outlook, Nov 2012

Fossil fuels remain the principal sources of energy worldwide, though renewable energy is expected to grow rapidly. Demand for oil, gas and coal will grow in absolute terms through 2035, but their combined share of the global energy mix has been calculated to fall from 81% to 75% during that period. The unlocking of unconventional resources portends a very bright future for natural gas and is expected to overtake coal in the primary energy supply mix by 2035.

An energy renaissance in the United States is redrawing the global energy map, with implications for energy markets and trade. The United States, which currently imports around 20% of its total energy needs, is on its way to become self-sufficient in net terms by 2035 thanks to rising production of oil, shale gas and bio-energy, and improved fuel efficiency in transport. Falling US oil imports mean that North America will become net oil exporter by approximately 2030, accelerating the ongoing shift in the international oil trade towards Asian markets, putting greater focus on the security of strategic routes that link them to the Middle East .

Figure 5



Source: IEA - World Energy Outlook, Nov 2012

GLOBAL OIL SCENARIO

The outlook for long-term oil demand is presented in Figure 6. Global oil demand is expected to increase by over 20 mb/d over the period 2010–2035, reaching 107.3 mb/d by 2035. OECD demand peaked in 2005 and over the longer term, is expected to see a steady decline. Overall, 87% of the increase in global demand is in developing Asia, where demand is estimated to reach 90% of that of the OECD by 2035.

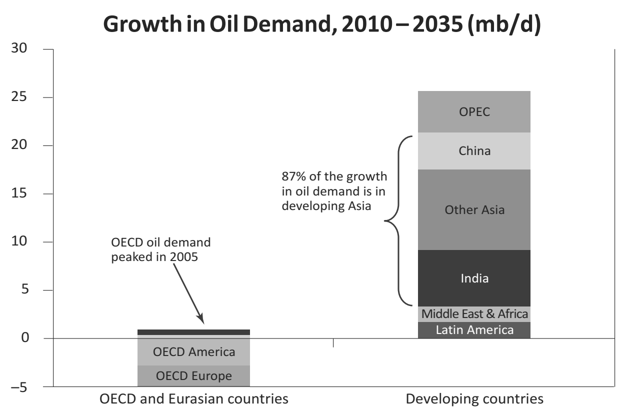
Figure 6

World Oil Demand Outlook, 2010 – 2035 (mb/d)

	2010	2015	2020	2025	2030	2035
OECD America	24.1	23.7	23.5	23.0	22.4	21.7
OECD Europe	14.7	13.7	13.4	13.0	12.6	12.1
OECD Asia Oceania	8.1	8.4	8.2	8.0	7.6	7.3
OECD	46.8	45.8	45.2	44.0	42.6	41.1
Latin America	4.9	5.4	5.8	6.1	6.4	6.6
Middle East & Africa	3.3	3.8	4.1	4.5	4.8	5.1
India	3.3	4.0	4.9	6.0	7.4	9.0
China	9.0	11.1	13.2	15.0	16.4	17.6
Other Asia	6.8	7.5	8.4	9.1	9.7	10.3
OPEC	8.1	9.0	9.8	10.6	11.4	12.0
Developing countries	35.4	40.8	46.3	51.3	56.0	60.6
Russia	3.2	3.5	3.6	3.6	3.6	3.6
Other Eurasia	1.6	1.7	1.8	1.9	2.0	2.1
Eurasia	4.8	5.2	5.4	5.5	5.6	5.6
World	87.0	91.8	96.9	100.9	104.2	107.3

Source: OPEC - World Oil Outlook 2012Report

Figure 7



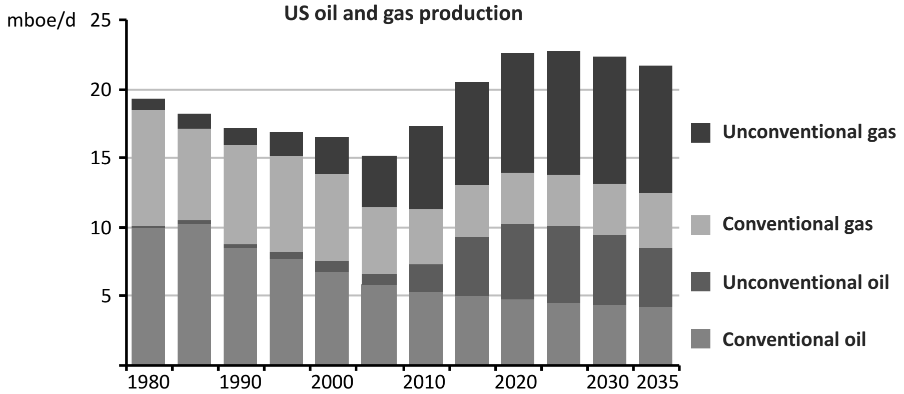
Source: OPEC - World Oil Outlook 2012Report

North America and Iraq will be the key geographies which are expected to play a major role in reshaping the oil industry in the coming years.

United States Oil Scenario

The United States is projected to become the largest global oil producer before 2020, exceeding Saudi Arabia until the mid-2020s. At the same time, new fuel-efficiency measures in transport begin to curb US oil demand. The result is a continued fall in US oil imports, to the extent that North America is on the path to become a net oil exporter around 2030. This significant change in North America's position impacts the switch in direction of international oil trade towards Asia, putting a focus on the security of the strategic routes that bring Middle East oil to Asian markets. The United States, which currently imports around 20% of its total energy needs, is expected to become all but self-sufficient in net terms by 2035 (see figure 8)– a dramatic reversal of the trend seen in most other energy-importing countries.

Figure 8



Source: IEA - World Energy Outlook, Nov 2012

Canada Oil Scenario

In 2012, total Canadian production increased from 2011 levels by 223,000 b/d to reach 3.2 million b/d. Continued growth is forecast in the long term with production expected to reach 6.7 million b/d by 2030. Of this, oil sands production is expected to contribute 5.2 million b/d. On the conventional oil side, declining eastern Canada production is expected to be offset by growth from western Canada, so combined production stabilizes at a level of almost 1.5 million b/d. Figure 9 shows the forecast for total Canadian production divided between eastern and western Canada.

Figure 9

Canadian Crude Oil Production

million b/d	2012	2015	2020	2025	2030
Total* Canadian (including oil sands)	3.2	3.9	4.9	6.0	6.7
Eastern Canada	0.2	0.2	0.2	0.2	0.1
Western Canada Conventional (including condensate)	1.2	1.4	1.4	1.4	1.4
Oil Sands	1.8	2.3	3.2	4.5	5.2

*Totals may not add up due to rounding.

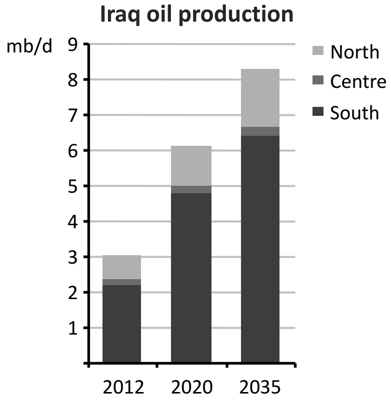
Source: CAPP Crude Oil Report, 2013.

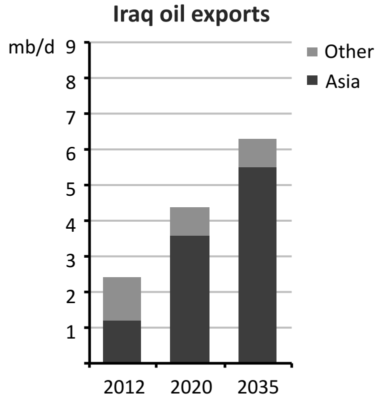
Iraq Oil Scenario

Iraq would account for 45% of the growth in global oil production to 2035 and become the second-largest global oil exporter, overtaking Russia. Iraq's energy sector holds the key to the country's future prosperity and can make a major contribution to the stability and security of global energy markets. According to the IEA, Iraq is already the world's third-largest oil exporter and has the resources and plans to increase its oil and natural gas production as it recovers from three decades punctuated by conflict and instability. Success in developing Iraq's hydrocarbon potential and effective management of the resulting revenues can fuel Iraq's social and economic development. Failure will hinder Iraq's recovery and put global energy markets on course for troubled waters.

Iraq's oil production is expected to reach 6.1 mb/d by 2020 (more than double from current production levels) and 8.3 mb/d by 2035. The largest increase in production is to come from the super-giant fields in the south of Iraq, around Basrah. The increase in Iraqi oil production of more than 5 mb/d over the period to 2035 makes Iraq by far the largest contributor to global supply growth (accounting for 45% of the anticipated growth in global output), overtaking Russia in the 2030s to become the world's second-largest oil exporter (see figure 10). The growth of Iraq's production means that it becomes a key supplier to fast-growing Asian markets, mainly China.

Figure 10





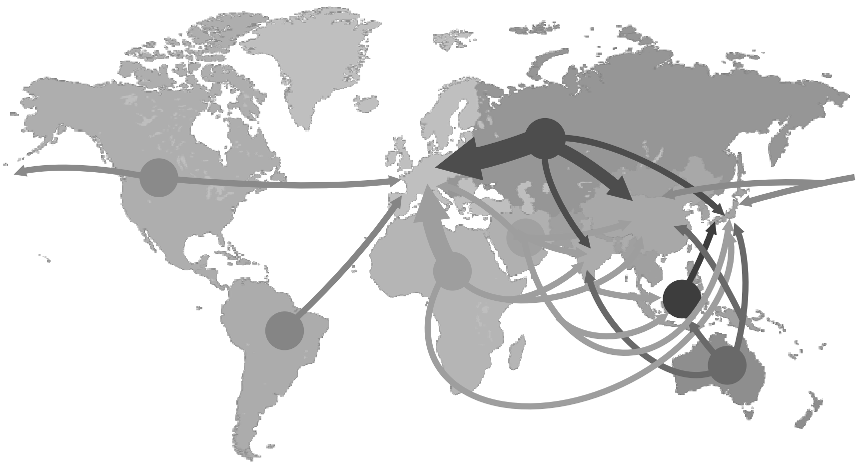
Source: IEA - World Energy Outlook, Nov 2012

GLOBAL GAS SCENARIO

While the regional picture for natural gas varies, the global outlook over the coming decades looks to be bright, as demand increases by 50% to 169 trillion cubic feet in 2035. Unconventional gas accounts for nearly half of the increase in global gas production to 2035, with most of the increase coming from China, the United States and Australia. But the unconventional gas business is still in its formative years, with uncertainty in many countries about the extent and quality of the resource base and concerns about the environmental impact of production. Public confidence can be underpinned by robust regulatory frameworks and exemplary industry performance. By bolstering and diversifying sources of supply, tempering demand for imports (as in China) and fostering the emergence of new exporting countries (as in the United States), unconventional gas can accelerate movement towards more diversified trade flows, putting pressure on conventional gas suppliers and on traditional oil linked pricing mechanisms for gas.

Figure 11

Major global gas trade flows, 2035



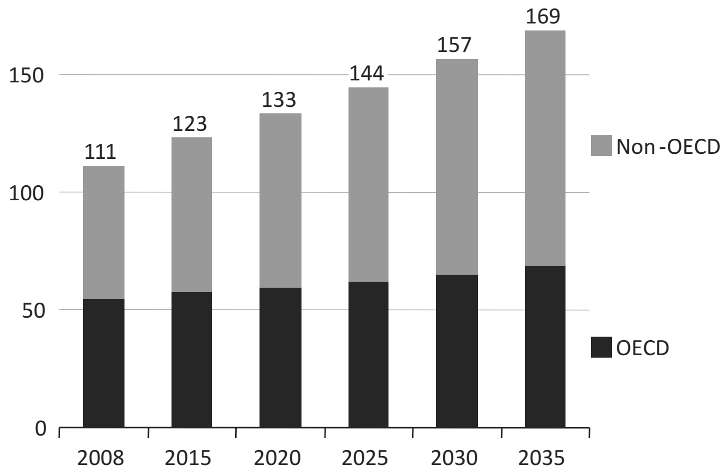
Source: IEA - World Energy Outlook, Nov 2012

Natural Gas

Global growth in natural gas use slowed in 2012 (2.0% vs. average of 2.8% in the past decade), although it still exceeded that of oil and total energy use. Among the headwinds facing gas are continuing weak demand in Europe, resilience of coal in North America as well as persistent bottlenecks and disruptions in the LNG value chain that in 2012 caused an exceptional global decline of LNG supply. At the same time, Asian demand for gas remains red-hot, and gas is beginning to gain traction as a transport fuel.

Natural Gas consumption was 111 trillion cubic feet in 2008 and would reach 169 trillion cubic feet by 2035 as per IEA estimates. 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. Natural gas is the world's fastest-growing fossil fuel, with consumption expected to increase at an average rate of 1.6% per year from 2008 to 2035. Growth in consumption occurs in every region and is most concentrated in Non-OECD countries, where demand increases nearly three times as fast as in OECD countries. Increases in production in the Non-OECD regions more than meet their projected consumption growth, and as a result Non-OECD exports to OECD countries will grow through 2035. Non-OECD producers will account for more than 81 % of the total growth in world natural gas production from 2008 to 2035.

Figure 12 **World Natural Gas Consumption (in trillion cubic feet), 2008 - 2035**



Source: IEA Report Number: DOE/EIA-0484(2012)

The largest production increases from 2008 to 2035 are projected for the Middle East (15.3 trillion cubic feet) and non-OECD Asia (11.8 trillion cubic feet). Iran and Qatar increase natural gas production by a combined 10.7 trillion cubic feet, or nearly one-fifth of the total increment in world gas production.

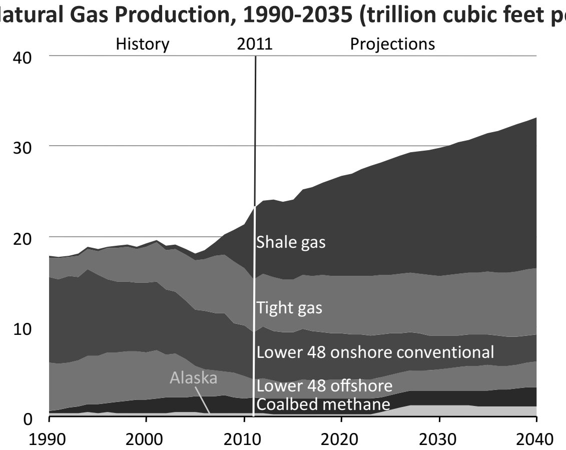
Shale Gas

Shale gas has become an increasingly important source of natural gas and crude oil in not just the United States over the past decade, but also in other parts of the world like Canada, Europe, Asia and Australia. Shale gas has been referred to as "the biggest energy innovation of the decade" by world renowned energy economist Mr. Daniel Yergin.

The Initial assessment of shale gas resources in 48 major shale basins in 32 countries indicates a large potential of Shale gas finds all across the globe.

An analysis in the US Annual Energy Outlook 2013 indicates Shale gas production, which grows by 113 percent from 2011 to 2040, is the greatest contributor to natural gas production growth. Its share of total production increases from 34 percent in 2011 to 50 percent in 2040. Tight gas and coal-bed methane production also increase, by 25 percent and 24 percent, respectively, from 2011 to 2040, even as their shares of total production decline slightly. The growth in coalbed methane production is not realized until after 2035, when natural gas prices and demand levels are high enough to spur more drilling.

Figure 13 **US Natural Gas Production, 1990-2035 (trillion cubic feet per year)**



Source : U.S. Energy Information Administration | Annual Energy Outlook 2013

The availability of large shale gas reserves in the US has led some to propose natural gas-fired power plants as lower-carbon emission replacements for coal plants, and as backup power sources for wind energy.

Natural Gas Scenario – India

Natural Gas contributes to about 10 per cent to the primary energy mix of the country, as compared to the global average share of gas of 24 per cent. With the country's primary energy consumption growing over 4% CAGR and natural gas expected to increase its share in the total energy mix, natural gas demand is expected to grow at more than 5% in the 13th five-year plan period.

Although the gas production in domestic fields has been falling in recent years, it is expected to pick up in coming years due to the recent policy changes in gas prices. The significant increase in gas prices from US$4.2/mmbtu to US$ 8.4/mmbtu (expected) from April 2014 should provide impetus for higher domestic production. The prospects for non conventional sources like shale and CBM are still at nascent stages. While four rounds of CBM block allocation has been completed with Raniganj (West Bengal) block starting commercial production to serve clients from the Durgapur-Asansol belt, bidding for shale gas exploration is expected to be launched towards the end of 2013. ONGC and OIL are aggressively implementing pilot projects to assess the shale gas potential in the country while Reliance Industries Limited (RIL) and GAIL have entered the US shale industry to gain technical expertise and may apply that expertise in developing shale gas reserves in India.

Import of gas is also expected to go up in spite of the anticipated increase in domestic production. Currently, more than a quarter of India's gas demand is met through LNG imports and spot gas. LNG regasification capacity in India is 12.5 mtpa which is expected to reach around 40-45 mtpa by 2016, if all proposed terminals are commissioned on time.

The $ 7.6 billion Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline for supplying 3.2 billion cubic feet of natural gas per day, has already finalized the Gas Sale Purchase Agreement (GSPA) and the transit fee with all the participating countries. Gas Authority of India Ltd (GAIL) has also tied up to commence shale gas imports from 2016-17 from the US. Under the initial contracts, the fuel is estimated to be priced at $10-11 per mmbtu. These developments are expected to accelerate the market share of natural gas in the country's energy mix.

GLOBAL STEEL PIPE INDUSTRY

2012-13 was a challenging year for the global pipe industry. In the year, the industry continued to be characterized by excess capacity and low utilization levels. Part of the reason was a slowdown in oil and gas demand in Europe triggered by the economic crisis there. It was further exacerbated by end of some large projects as well as uncertainty in certain upcoming projects.

However, the outlook for the industry looks brighter. The global pipeline demand as per Simdex for the projects starting from 2013 to 2017 is about 673 projects resulting in an opportunity for supplies of more than US$ 356 billion across geographies as presented in Figure 14

Figure 14

Future pipeline projects (Projects starting in 2013 -2017)

Geographical Zone	Number of projects	Length		Business value
		(km in '000)	(miles in '000)	(billon USD)
North America	229	64	40	69
Latin America	48	33	20	52
Europe	119	36	22	65
Africa	62	25	16	31
Middle East	92	25	16	40
Asia	76	40	25	73
Australasia	47	14	9	26
TOTAL	**673**	**237**	**148**	**356**

Source : Simdex data as on 14 may 2013

Several large projects are in an advanced stage, which should convert to orders over the next couple of years.

KEY UPCOMING PROJECTS

Canadian Pipelines

Canada has huge proven reserves of oil (175 bn bbl) making it the country with world’s 3rd largest proven reserve. It also has huge reserves of natural gas (61 tcf) and shale gas (355 tcf). Canada produces 50% more oil and double the natural gas it consumes and the excess is exported. More than 97% of Canada’s crude exports and 63% of natural gas exports go to the US, mainly through pipelines. This is expected to reduce over a period of time as US achieves self sufficiency, thanks to the shale gas boom. For instance, US net import requirement for oil is expected to fall by 64%, whereas there will be 153% rise in demand in China and 132% rise in other Asian Markets. Hence, Canada will have to build pipelines to take its oil and gas to new markets and de-risk its economy.

Similarly, most of Canada’s oil and gas is located on the western part of the country which is landlocked. Refineries on the eastern coast of Canada currently rely on imports. In 2012, Canada imported more than 600,000 barrels per day to supply its Eastern refineries. Therefore new pipelines are required to transport the crude oil from the Western Canada Sedimentary Basin (WCSB) to key export markets including eastern Canada, Asia and the U.S. Gulf Coast.

There are several pipelines being planned to cater to this demand. Some of the key ones are:

Energy East pipeline - The Energy East Pipeline project involves converting natural gas pipeline capacity in approximately 3,000 kilometres of TransCanada’s existing Canadian Mainline to crude oil service and constructing up to approximately 1,400 kilometres of new pipeline. The project will have the capacity to transport as much as 850,000 barrels of crude oil per day, greatly enhancing producer access to markets in Eastern Canada. The Energy East Pipeline could eliminate Canada's reliance on higher priced crude oil currently being imported. Likely in-service date for the pipeline is late-2017.

Kinder Morgan Trans Mountain crude Line - Kinder Morgan's $5.4 billion expansion of its 1,150 km Trans Mountain crude line from Strathcona, Alberta, to Burnaby, British Columbia, will boost capacity to 890,000 b/d from 300,000 b/d by 2017 subject to the required approvals from the National Energy Board (NEB).

Enbridge Mainline Expansions - Enbridge has planned two major expansions for its Mainline which will allow western Canadian crude to reach existing markets in the Midwest and Ontario and new markets in the U.S. Gulf Coast.

Keystone XL project

In North America, TransCanada's Keystone XL project, aimed at moving Canadian crude oil down through the US to the Gulf Coast, is awaiting the go ahead. The 875-mile, 830,000 b/d line is facing opposition from environmentalists but pipeline supporters claim that continued delays of approving the pipeline are hindering the recovery of the US economy. A decision on the pipeline is expected be late 2013.

Figure 15 **Keystone Pipeline System**

Source : Transcanada

Figure 16 **New Pipeline Capacity Needed in 2017 to Meet Oilsands Production Growth**

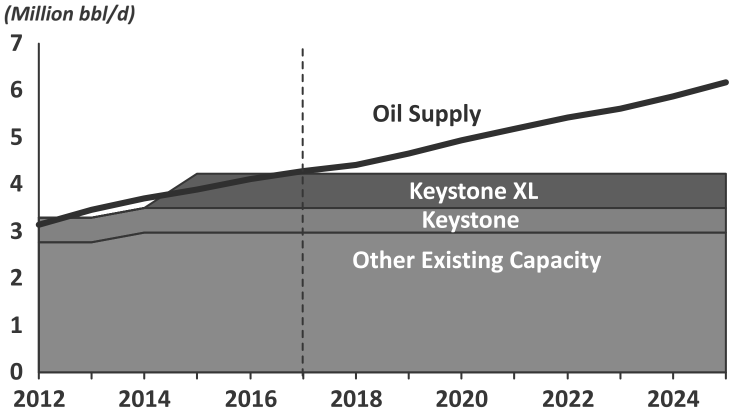


Figure 17 **Iraq- Strategic Pipelines**

Coastal Gas Link – The proposed pipeline is a 650-kilometre gas pipeline across northern British Columbia to the west coast of B.C. The pipeline will transport natural gas from Dawson Creek area to the proposed LNG Canada facility near Kitimat.

Prince Rupert Gas Transmission project - TransCanada has been selected by Progress Energy Canada Ltd. to design, build, own and operate the proposed Prince Rupert Gas Transmission (PRGT) Project. The approximately 750-kilometre pipeline is expected to deliver natural gas from the District of Hudson's Hope to the proposed Pacific NorthWest LNG facility within the District of Port Edward on Lelu Island.

Iraq Pipelines

With Iraq undergoing major reconstruction post the war, the country is expected to become the world's second largest oil exporter in the world in a few years. There exists around 9,294 km of pipeline in Iraq including Crude and Product lines, and most of these have to replaced in the next five years. Iraq currently has two strategic pipelines – one to Syria and the other to Turkey. The Syria line (~1,800 km) is almost completely destroyed while the Turkey line (~1,600 km) is 60% destroyed. Apart from the large diameter pipes, demand is high for ERW pipes to connect to the main pipelines. Over the next five years, demand for lines pipes in Iraq is pegged around 9,000 kms for large diameter pipes and around 8,000 km for ERW pipes.

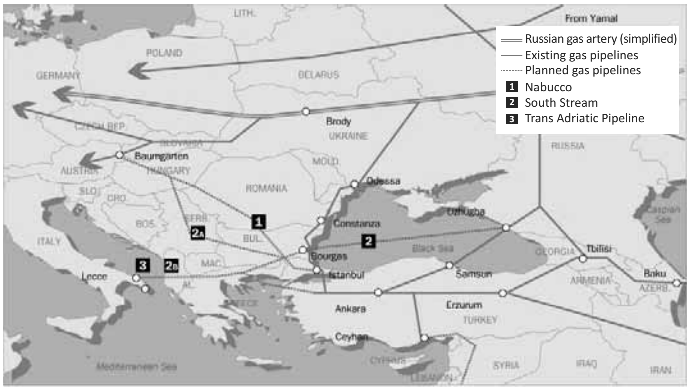
European pipelines

In Europe, with the Nord Stream project complete and bringing Russian natural gas into northern Europe via a subsea link under the Baltic Sea, attention has now switched to two other Russia-to-Europe links. One is the possible Nord Stream Extension Project (Next) to provide additional capacity into northern Europe. This is likely to involve two 1,200 km long pipelines running in parallel to the existing Nord Stream and possibly needing a comparable amount of material – around 2.4 million mt of 1,150mm diameter pipe. An offshore extension to the UK has also been discussed.

The other is South Stream, a planned link to transmit Russian natural gas through to southern Europe via the Black Sea to Bulgaria, and involving four parallel pipelines totalling about 2,400 km pipeline, backed by Russia's Gazprom and partners. From Bulgaria, gas will flow on to several southern European countries – including Hungary, Serbia, Slovenia, northern Italy, and possibly others. Construction will require an estimated 4.3 million mt of steel pipe (about 1.5 million mt for overland, and 2.8 million mt for the underwater section).

Figure 18

Some existing and proposed pipelines to bring natural gas into Europe



Source: Platts Report May 2013

Shale Gas – Huge Potential in Pipeline Demand

Shale gas provides a huge potential for increase in pipeline demand for the coming years, especially small diameter pipe and is expected to play an important role in shaping North American, European, Australian, and Asian natural oil and gas demand. Pipelines from shale gas fields are being connected to the main trunk lines, thus creating demand potential for pipes in a consistent manner.

According to data from the US Energy Information Agency (EIA), the amount of technically recoverable shale gas/oil deposits in the US has changed greatly in recent years. This has been due to both technological advances and a pickup in survey activities, which are making increasingly detailed data available. There is considerable potential for further increases in the amount of technically recoverable shale gas/oil deposits with further advances in technology and survey activity. In particular, areas outside North America that have seen little survey activity for unconventional resources are likely to see large increases in the level of technically recoverable deposits leading to increase in pipe demand.

The Replacement Demand – the potential upside

The approximate life of a pipeline on average is 25-30 years. A high percentage of both hazardous liquid and natural gas transmission pipelines are way beyond those years, and are expected to be considered for replacement. The need for replacing old and damaged pipelines became clear during a series of accidents across North America in 2010 and 2011 in states like Michigan, California, Illinois, Georgia, Pennsylvania, Alberta – Canada etc. More than 60% of all US natural gas transmission lines were installed before 1970, according to the nonprofit Pipeline Safety Trust and 37% are from the 1950s or earlier. Around 4% — nearly 12,000 miles — are pre-1940, and some segments have been in place for 120 years. These antiquated pipelines pose a serious risk to the environment. Although there have been discussions on replacing these pipelines, there has been no concrete action from the governments or the pipeline operators. This demand, if it materialises, would provide significant growth opportunity for pipeline manufacturers around the world, for many years.

DOMESTIC PIPE DEMAND

India currently has around 12,000 km of natural gas pipeline. Most of these gas pipelines are in northern and western regions and much development is needed in southern, eastern and central regions. The network density is low when compared with some of the more developed natural gas markets. The pipeline length to country area ratio of 0.003km/square km as compared to 0.06 for USA, 1.17 for UK, 1.24 for Germany and 0.02 for Bangladesh. Thus, India offers huge opportunities in the transmission and development of natural gas grid (NGG).

With the correct government policies and requisite quality approvals, the Indian pipeline network can grow at a substantial rate over the next few years. The formation of Petroleum & Natural Gas Regulatory (PNGRB), City Gas distribution network and new gas finds on India's eastern coast are positives for the Indian pipe industry. Gas Authority of India Limited (GAIL) plans to invest more than Rs. 38 billion in the next few years over new pipelines in India.

Water Pipeline Demand in India

The water sector provides an additional opportunity for the pipes sector, especially HSAW pipes. The water resource potential in India is 186.9 million ha mtrs, mostly from rainfall. Though the annual availability of water is more than utilization, there is a rising demand to fully utilize this potential. Recognizing the criticality, the Centre in its 12th Five Year Plan, has indicated gross budgetary support for development of water resources to Rs. 1,096 bn as against Rs. 414 bn allocated in the 11th Plan.

Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 65 cities in Indian covered under the Urban Infrastructure and Governance (UIG) component of the Mission have prepared comprehensive City Development Plans which include investment plans with a focus on providing citywide urban services, such as water supply, sanitation, drainage, urban transport etc. A total of 551 projects, at an approved cost of Rs. 618bn for the 65 mission cities spread over 31 states / UTs have been sanctioned. Of the 551 projects, 313 were water supply and sanitation projects (including sewerage and solid waste management) and 73 storm-water drainage projects.

Figure 19

Major JNNURM funded projects		
Projects	**₹ Billion**	**State**
Mumbai - IV Water Supply Scheme	30	Maharashtra
Mumbai Sewage Disposal Project	24	Maharashtra
Water Supply Scheme (Ajmer & Pushkar)	8	Rajasthan
Sewerage Scheme (Lucknow)	7	Uttar Pradesh
Water Supply Scheme (Patna)	5	Bihar

Data as of 31 March 2013

Source : Projects Today

Among the upcoming projects, Gujarat Water Supply and Sewage Board (GWSSB) irrigation Pipeline costing approximately Rs. 29 billion, is significant.

WELSPUN'S FY13 HIGHLIGHTS

All Time high Sales , Production volume

The Company has achieved all time high sales and production volume of over 1 mn ton in FY13. This is despite the fire in the Little Rock facility in July 12, which disrupted close to 3 months of production. Sales volumes picked up in the second half of the year as the company executed a significant portion of its strong order book. Despite the challenging environment, the company managed to deliver performance as guided.

Strong order book position at Rs. 52,140 million; Outstanding pipe order book over 757 K MT; Over 1 mn tonnes of orders booked during the year

The order book stands at stands at Rs. 52,140 million (US$ 956 million), 757 K MT in pipes as on 30th May 2013. 80% of pipe orders are from export markets like North America, Middle East, Europe, North Africa and South East Asia. During the financial year, the company has booked new orders over more than 1 mn tonne in Pipes. This demonstrates the Company's leadership position in challenging market conditions, thanks to its quality and track record.

Completed the New HFIW Mill at Little Rock, Arkansas USA and received the API certification

The boom in Shale gas in the US has spurred potential demand for small diameter pipes. To address this strong demand growth in the HFIW line pipe segment in North America, the Company has commissioned 175,000 MTPA HFIW mill and Coating Plant in Little Rock, US. The mill, which has already received the API certification, is likely to ramp up to optimal utilization in FY14.

Capacity addition in Mandya, to cater the Domestic Water Pipe Demand

The Company has also completed the capacity expansion of 50,000 MTPA in Mandya this year taking the total capacity of the plant to 1,50,000 MTPA. The plant is primarily meant to cater to the water pipeline demand in India.

Saudi Plant receives approvals from one of its large O&G customers

During the year the Company has received approval from Saudi Aramco, one of the oil and gas giants in the Middle East and one of the key clients for the pipe facility in Dammam. This has translated to significant orders from the client resulting in the Saudi facility moving towards optimal utilization levels.

World leader in line pipe capacity

The Company's total Global pipe capacity has reached 2.425 million MTPA with the commissioning of additional HSAW capacity in Mandya and HFIW capacity at Little Rock Arkansas. The LSAW line pipe capacity is at 0.70 million MTPA catering to the growing market of the deep offshore projects across the globe. With the Company's investment in the Kingdom of Saudi Arabia in FY11 and the expansion at Mandya, the HSAW line pipe capacity today stands at 1.35 million MTPA. The current global capacity distribution of the Company is shown in Figure 20.

Figure 20

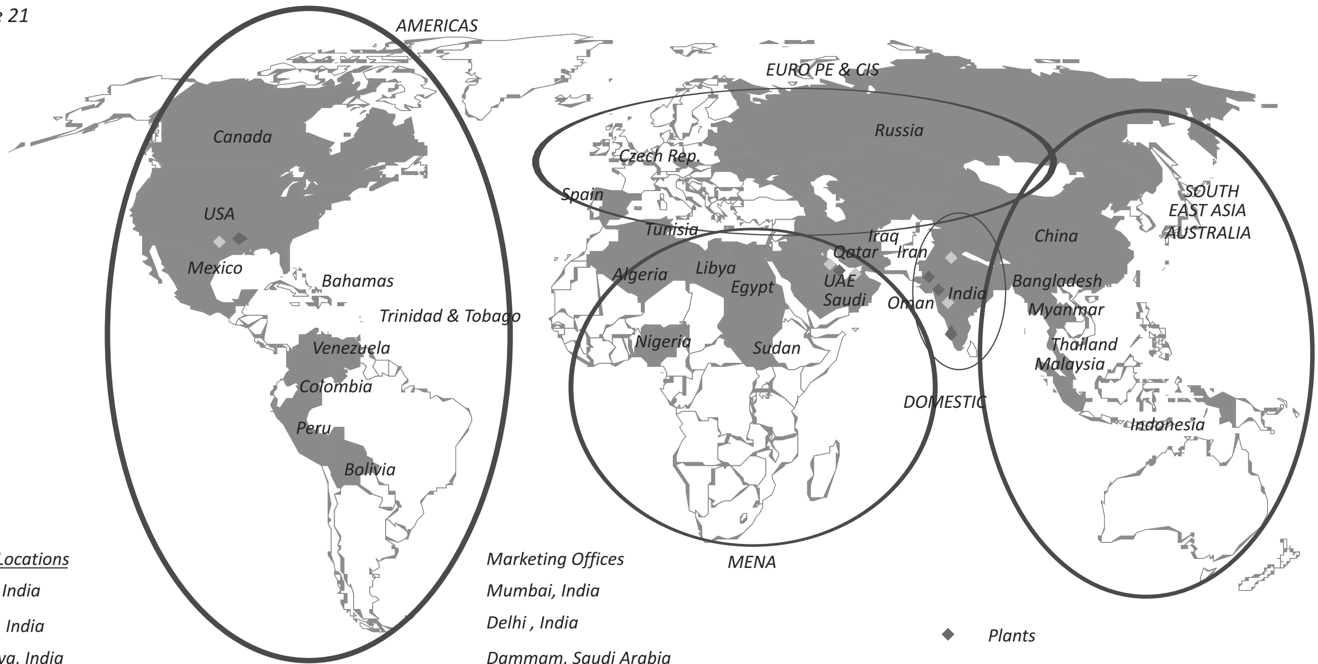
Current Global Capacities in '000 MTPA

Products	Anjar, India	Dahej, India	Mandya, India	Dammam, SA	Little Rock, US	Total Capacity
LSAW	350	350				**700**
HSAW	500	50	150	300	350	**1,350**
ERW/HFIW	200				175	**375**
Current Pipe Capacity	**1,050**	**400**	**150**	**300**	**525**	**2,425**
Plate & Coil	**1,500**					**1,500**

Expanded Global Reach

The Company has today its global presence in India, US and Saudi Arabia through its manufacturing facilities and marketing offices in Dubai and Houston. This helps the Company to be closer to the customers and provide them end to end pipe solutions. The Company serves clients in more than 30 countries globally.

Figure 21



Plant Locations

Anjar, India

Dahej, India

Mandya, India

Dammam, Saudi

Little Rock, USA

Marketing Offices

Mumbai, India

Delhi , India

Dammam, Saudi Arabia

Dubai, UAE

Houston, USA

Plants

Mktg Office

Countries served

Reorganisation of the pipes business structure

For enhancing marketing capabilities and customer servicing, the management has reorganized the pipes business into a geographic business unit structure. Three business units- the Americas; Middle East, Africa & Europe; and India and APAC, have been formed to ensure focussed attention on major markets and clients. Each unit, under an independent Business Unit Head reporting to the MD, would own the marketing as well as production of pipes for their respective geographies. In order to accelerate entry into unexplored markets, an exploratory business unit "New markets" has also been formed, aimed at penetrating the untapped potential evident in these markets. These business units, three geographic and one exploratory, would be supported by global support organizations namely - Supply Chain, Quality, Technical, Human Resource and Finance.

Conversion of CCDs' issued to Granele Ltd in FY 12

The Compulsorily Convertibles Debenture (CCD's) issued to Granele Ltd in FY12 was fully converted to equity share at the pre determined price of Rs.225 per share during the year on February 18 2013. This represents 12.22% of the fully diluted equity capital of the Company. The CCD's carried a coupon of 5% which was paid to Granele Limited on the conversion.

Buyback of FCCB's of USD 68.5 mn out of total of USD 150 mn

The Company has successfully bought back its Foreign Currency Convertible Bonds (FCCB) worth USD 68.5 mn out of USD 150 mn during the year in two tranches of USD 44.1 mn in October 2012 and USD24.4 mn in March 2013 at and earned as average discount of 7.4% on the accreted value of the bonds. This buyback has resulted an average USD yield of ~10%. The FCCB outstanding of USD 81.5 mn, is due in October 2014.

Business Re-organisation – Demerger to create renewed business focus and enhance shareholder value creation

The Board of Directors of Welspun Corp Limited at their meeting held on 30 May 2013 have approved a reorganization of its business into two distinct and focused listed companies as under (subject to necessary regulatory approvals):

1) Existing Company ("Welspun Corp Ltd" or "WCL") to focus solely on the Pipes and Plates business in India and globally; and
2) Demerged or new Company ("Welspun Enterprises Ltd or "WEPL") focused on Steel (DRI), Infrastructure, Oil & Gas exploration and Energy businesses

Key highlights of the demerger scheme

- Creates focused business entities in:
  - Pipes and plates
  - Steel, Infrastructure, Oil & Gas and Energy
- Vertical demerger creates a mirror shareholding across both entities resulting in no dilution for any of the existing shareholders
- Tax complaint demerger and hence tax neutral
- Scheme requires approval of only one High Court (Gujarat High Court) which is expected to expedite the process
- Demerger Appointed date: 1st April 2012 and expected Demerger Effective Date: 31st January 2014

Rationale for the demerger

Under the current structure, Welspun Corp is a conglomerate with business interests spread across – Pipes (Pipes & Plates), Steel (DRI) and Infrastructure (Infra, O&G and Energy). Each of these businesses have different financial characteristics, their own sector cycle and stage of development. As a result, each business has a different market perception and return expectations among investors and stakeholders. Historically, stakeholders have expressed concern regarding the complexity of the WCL corporate structure and the challenges of co-mingling what are relatively new long gestation businesses with a well-established, dynamic and diverse pipes business. Historic data shows that specialized companies with balance sheets tailored to respective business cycles have easier access to capital markets, are better understood by a wider investor and creditor base and have produced higher shareholder returns over the longer run.

Benefits of the demerger

The Board believes the demerger will maximise long term shareholder value by:

- Enhancing management focus on the two companies independently and providing each company with **greater flexibility** to pursue strategic objectives;
- Allowing both companies to **adopt independent capital structures** and financial policies appropriate for their operational requirements and strategic objectives;
- Providing **greater investment choice for shareholders**, with direct participation in the future performance of the relatively nascent infrastructure, energy and steel businesses; and
- Allowing **closer alignment** between business performance and management incentive plans for each business – **driving accountability** and management engagement.

The demerger will provide the various businesses under WEPL the flexibility to pursue their independent plans:

- **Infrastructure:** The consolidation of the EPC business under Leighton Welspun is expected to yield synergistic cost savings, open up new markets and improve operating performance. The BOT business is fully operational with positive cash flows after servicing debt obligations. The infrastructure business is self-sufficient to meet its commitments and liabilities.
- **Steel (DRI):** Maxsteel has no cash interest and debt repayment obligations until September 2014. The recent developments in the gas scenario in the country indicate an improvement in the availability of cost-effective gas in the medium term. Maxsteel is already exploring proven alternate technologies to generate and/or procure alternate sources of gas at competitive prices without significant capex.
- **Energy:** Welspun Energy is one of the largest renewable energy players in India and has the largest operational solar energy capacity in the country. Current operational capacity of 130 MW is expected to rise to ~400 MW by 2014. The business is well-funded for its existing growth plans.
- **Oil and gas:** Exploration in the existing blocks is continuing. There are no plans for new acreages.

WELSPUN - A SWOT Analysis

STRENGTHS
- Well established brand in global large diameter pipe market with excellent track record
- Strategically located enabling proximity to its top customers with local presence in US and Middle East.
- International accreditations from key clients for executing high-end offshore projects.
- State of the art technological capabilities for servicing high end markets
- Highly skilled resources to execute the most stringent projects

WEAKNESS
- Inability to capitalize on the forward and backward integrations
- Plate business suffering from underutilisation
- Tough domestic market leading to overdepence on exports

OPPORTUNITIES
- High growth markets in Canada and Iraq
- Persistent efforts to establish a presence in relatively new markets like North Africa, South America and South East Asia
- Replacement market potential in USA
- Growing HFIW demand in the US due to the discovery of abundant shale gas reserves

THREATS
- Challenging macro environment
- Challenging world O&G market scenario
- Raw Material volatility
- High competition resulting in erosion of margins
- Volatile foreign exchange rates

WELSPUN'S WAY FORWARD

Capitalise on quality track record and scale

Over the years, the Company has made its mark as one of the best manufacturers of high end quality products in the international pipe market. The Company is focused on increasing its product efficiency and strengthening customer relationships. The Company has been receiving repeat orders from its loyal customer base on account of its quality and delivery track record. WCL is confident of continuing this trend of delighting the customer. The Company has built scale across geographies which will help it cater to demand from across the globe.

Leverage accreditations with international O&G majors

The Company has been pre-approved with international Oil &Gas majors and is further leveraging the relationship by partnering them and do research and development on high grade critical applications for newer projects. Simultaneously, the Company is growing its delivery capabilities with its state of the art technologies and processes.

Local player in key HSAW markets

The Company's HSAW plants comprise of total capacity of 1.35 million MTPA, and are located near major markets of North America, Latin America, Middle East, and Africa. With pipe mills in Saudi Arabia, the US and India, the Company has been able to position itself as a local player in the key markets.

Exploring and entering new markets with better marketing focus

While continuing to strengthen its position in the key existing markets like North America, Middle East, and India, WCL will target to increase its market share in relatively new geographies like Latin America, South East Asia and North Africa.

New organizational structure for pipes to spur growth

The new organizational structure based on geographic business units, will help the Company to book more orders and service customers better. It will build accountability and ensure execution through role clarity, performance management system and performance alignment. It will also help build the leadership pipeline through competency based capability development.

VISION FOR THE COMPANY

Welspun Corp Ltd has laid the foundations for becoming the most respected line pipe company in the world. In the next five years, apart from strong profitable growth, the company is also aiming to:

- Be seen as a preferred business partner to its customers and suppliers
- Be seen as the organization with highest quality standards in its segment of manufacturing
- Become an employer of choice
- Strengthen global presence
- Be admired as a socially responsible corporate and a sustained value creator for all its stakeholders

RISKS AND CONCERNS

The key risks for the company are:

- **Challenging economic environment:** The macroeconomic outlook continues to be challenging in India as well as in the other key markets where the Company operates.
- **Volatile crude oil and gas prices:** Volatility in the price of crude oil/gas creates uncertainty for oil & gas producers regarding the viability of new exploration. This in turn could create uncertain future demand for line pipes in the oil & gas segment.
- **High level of competition:** While the potential demand for new oil and gas pipelines remains high in most of the Company's markets, there has been considerable delays in decisions in many projects on account of factors such as policy uncertainty, environmental concerns etc. This has led to fewer than expected projects coming to the market, resulting in high level of competition. The Company has a strong order book and hence the Company's focus will be on profitability rather than winning orders at any cost.
- **Volatile exchange rates:** The rupee exchange rate against the major currencies such as the US dollar has been very volatile. Though the Company has implemented a well-defined hedging policy, foreign exchange fluctuations could affect reported results.

HUMAN RESOURCES POLICY

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

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

KEY HIGHLIGHTS

The key initiatives taken in HR are as listed below:

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

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

Performance Management System: Goal Setting exercise for entire Group & performance review were the key activities. Sessions on PMS process were organized at all locations to make employees understand the nitty-gritties of the PMS process & also align the individual goals with the Business objectives.

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

Employee Engagement: Launch of Tablet – an employee engagement committee was the major initiative. Few sub-committees were formed under Tablet like Fun Tab, Whiztab, Sport Tab and E – Tab. Monthly fun events, practice sessions for Sports Tournament, nominations in Mumbai Marathon and monthly newsletters were the key activities of Tablet.

Employee Communication: Individual & Group communication forums were launched. At the individual level, process of stay interviews was started to conduct 'health check' of the Organization. At the Group level, communication forums like Monthly Departmental Meeting (MDM) and Town hall were started to share business updates with employees and to address their concerns. Launch of E- Blog, an internal blogging site was another major highlight. Welspun Intranet Portal – "One Welspun" and Welspun Global Helpdesk – HR & Admin Helpdesk were also launched.

INTERNAL CONTROL AND ADEQUACY

Management of the Company maintains 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, the Company also audits the efficiency and security of its operations, its information technologies and data, in accordance with the global standards. The Audit Committee of the Company met fourteen times in FY13 to review internal audit reports as well as the internal control systems and financial disclosures.

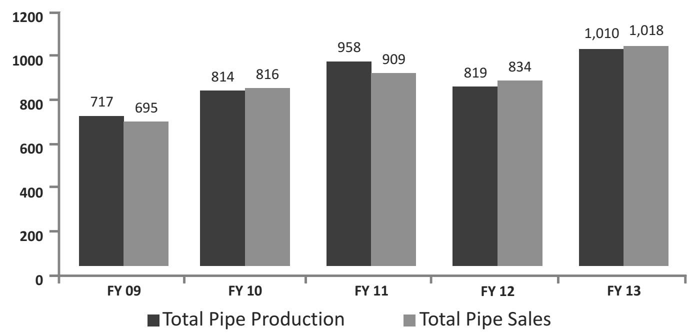
DISCUSSION OF FINANCIAL ANALYSIS

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

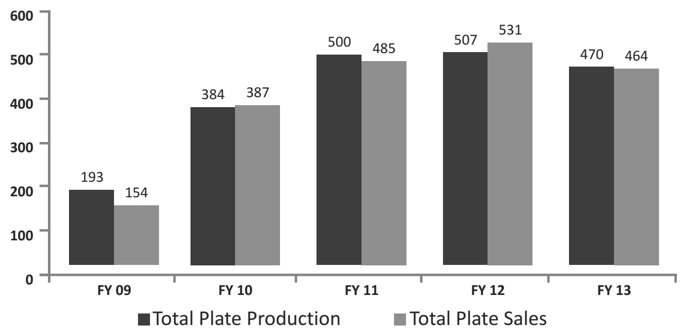
- FY13 revenue up a healthy 21% from FY12 revenue despite the challenging global macro economic conditions.
- The company has achieved 1 mn MT mark in production and Sales in FY13.
- Pipe plant at Little Rock (Arkansas, U.S.) is in full-swing since second half of FY13; utilization for the year at 58% despite the loss of production for ~3 months due to fire.
- The new HFIW mill of Capacity of 175 KMT in US has been commissioned and has also received the API certification.
- Transferred significant part of EPC business from Welspun Projects Ltd (WPL) to Leighton Welspun Contractors Private Limited (LWIN) during the year, in consideration against 7.5% equity stake in LWIN
- The CCDs (Compulsorily Convertible Debentures) issued to Granele Limited, was converted in Feb 2013 into 35,038,889 equity shares of Rs. 5 each fully paid up at a conversion price of Rs. 225 per share.

1. REVENUE

Production and Sales in K MT - Pipes

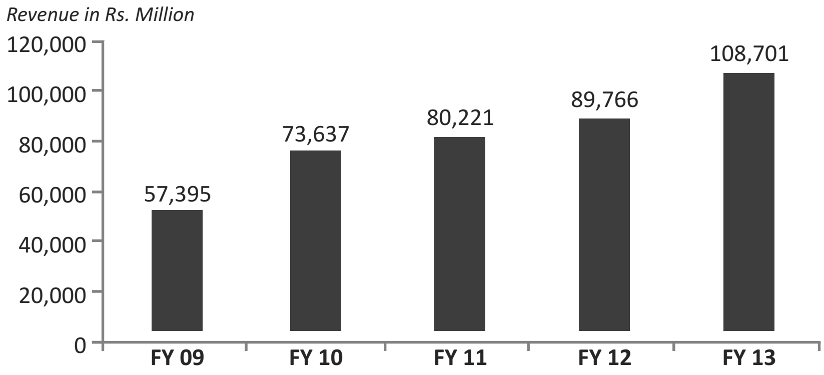


Production and Sales in K MT - Plate



- In FY13, on an annualized basis, the Company has achieved over 45% capacity utilization against 44% in the previous year. The installed capacity has reached 2.425 million (vs. 2.2 million in FY12) MTPA with the commissioning of new plants, thus making the Company one of the largest line pipe companies in the World.
- Pipe production volume for FY13 was is 1,010K tonnes, highest ever annual production volume achieved by the Company, while Plate & Coil production volume stood at 470K tonnes.
- Sales volume for pipes was 1,018 K tonnes - highest ever annual sales by the Company. The Plate and Coil division achieved overall sales volume of 464K tonnes, comprising of external sales of 343K tonnes and internal sales of 121K tonnes in FY13.

Consolidated Revenues



Consolidated sales have increased by 21% to Rs. 108,701 million in FY13 from Rs. 89,766 million in FY12 primarily on account of higher sales of pipes.

2. BREAKUP OF VARIOUS COST ITEMS AS A %AGE OF SALES (CONSOLIDATED)

(Rs. Million)

Particulars	FY 2012-13		FY 2011-12	
	Amount	(%)	Amount	(%)
Revenue from operations	**108,701**	**100%**	**89,766**	**100%**
Cost of goods sold	71,746	66.0%	58,911	65.6%
Employee Benefit Expenses	6,075	5.6%	4,876	5.4%
Manufacturing & Other Expenses				
Store & spares consumed	2,523	2.3%	2,376	2.6%
Coating & other Job charges	4,314	4.0%	1,440	1.6%
Power, fuel & water charges	2,382	2.2%	1,924	2.1%
Freight Material handling charges	5,615	5.2%	3,505	3.9%
Construction Cost	2,212	2.0%	2,207	2.5%
Product Compensation & Claims	3	–	649	0.7%
Exchange Difference (Net)	1,273	1.2%	1,248	1.4%
Other expenses	5,379	4.9%	4,059	4.5%
Total Manufacturing & Other Expenses	**23,701**	**21.8%**	**17,408**	**19.4%**
Total Expenses	**101,522**	**93.4%**	**81,195**	**90.5%**
Other Income	3,110	2.9%	2,676	3.0%
Reported EBITDA	**10,289**	**9.5%**	**11,247**	**12.5%**
Finance Costs	4,931	4.5%	3,999	4.5%
Depreciation / Amortization	4,761	4.4%	3,515	3.9%
PBT (Profit before Tax) and Exceptional items	**597**	0.5%	**3,732**	4.2%
Provision for Tax	390	0.4%	1,503	1.7%
Exceptional Items	(1,091)	(1.0)%		
PAT before Minority Interest and Share of (Loss)/Profit from Associate Companies	**(884)**	**(0.8)%**	**2,229**	**2.5%**
Share of (Loss)/Profit from Associate Companies	(38)		14	
Minority Interest	219	0.2%	142	0.2%
Profit/(Loss) After Tax	**(704)**	**(0.6)%**	**2,386**	**2.7%**
EPS (Basic) - Rs. per share	**(3.03)**		**10.89**	
EPS (Diluted) - Rs. per share	**(3.03)**		**9.71**	

a. Cost of goods sold

Cost of goods sold increased by 22% to Rs. 71,746 million in FY13 from Rs. 58,911 million in FY12 mainly due to the increased pipe sales volumes. Cost of goods sold as a percentage to net sales has been stable at approximately 66%.

b. Manufacturing and other expenses

Manufacturing, transportation and other expenses are Rs. 23,701 million in FY13 from Rs. 17,408 million in FY12. The increase is mainly due to an increase in coating and other job charges as well freight and material handling charges, again on account of the higher sales volumes, especially exports .

- Stores and spares consumption increased by 6% to Rs. 2,523 million in FY13 from Rs. 2,376 million in FY 12.
- Coating and other job charges increased by 199% to Rs. 4,314 million in FY13 from Rs. 1,440 million in FY12.
- Power, fuel and water costs were higher by 24% at Rs. 2,382 million in FY13 as against Rs. 1,924 million in FY12.
- Freight, material handling and transportation cost increased by 60% to Rs. 5,615 million from Rs. 3,505 million due to production and shipment from India towards the export orders executed from the Indian Operations during the year.
- The construction cost has remained at similar levels at Rs. 2,212 million in FY13.
- Foreign exchange charges showed an increase of 2% over FY12 at Rs. 1,273 million mainly due to the depreciation of Rupee from \$1=Rs. 50.875 to \$1=Rs. 54.285 (7%).

c. Employee Benefit Expenses increased by 25% to Rs. 6,075 million in FY13 from Rs. 4,876 million in FY12 primarily on account of increase in headcount at various locations including Anjar LSAW, Mandya HSAW, US HFIW and Infra Business.

d. Finance Costs increased by 23% to Rs. 4,931 million in FY13 from Rs. 3,999 million in FY12 mainly on account of new debt raised and charging of interest on foreign currency convertible bonds which were capitalized earlier as per Accounting Standard 16 on borrowing cost.

e. Depreciation/Amortization charges increased 35% to Rs. 4,761 million in FY13 from Rs. 3,515 million in FY12 mainly due to translation impact of overseas assets due to weakening of INR, and retrospective change in accounting policy made in respect of cash subsidy received for BOT projects.

3. MARGINS

a. EBITDA Margins

Reported EBITDA for FY13 is Rs. 10,289 million, as compared to that of Rs. 11,247 million for FY12. EBITDA margin was lower as high competition resulted in lower margins per tonne in the pipe business. Margins were also negatively impacted by weak business environment in plates and infra businesses as well as inadequate gas availability in the DRI (Steel) business.

Adjusting for the non-operational income and the forex provisions, normalized EBITDA for FY13 stood at Rs. 8,452 million, compared to Rs. 10,901million for FY12.

b. PAT Margin

Profit/(Loss) after tax in FY13 was at Rs. (704) million as compared to Rs. 2,385 million in FY12. This was on account of:

- Lower pipe margins
- Plate business being affected by low demand
- Infra business being weak
- Cost of gas being very high in DRI (Steel) business resulting in lower volumes and margins
- Exceptional items of Rs. 1,091 million, mainly on account of Rs. 542 million write off on abortive exploration activities in 2 exploration blocks; and Rs. 494 million being project related expenses in one of subsidiary charged off in the P&L account.

Table: Balance Sheet (Consolidated)

(Rs. Million)

Particulars	As at 31st March 2013	As at 31st March 2012	Change
I. EQUITIES AND LIABILTIES			
Shareholder's funds			
Share capital	1,315	1,139	176
Reserve and surplus	55,263	39,794	15,469
Compulsory Convertible Debentures (Unsecured)	-	7,884	(7,884)
NETWORTH	**56,578**	**48,816**	**7,761**
Minority Interest	3,546	3,433	113
Non-current liabilities			
Long-term borrowings	49,531	39,714	9,817
Deferred tax liabilities (Net)	5,600	5,036	564
Other Long term liabilities	2,271	3,405	(1,134)
Long-term provisions	251	244	7
Current liabilities			
Short-term borrowings	2,043	7,773	(5,730)
Trade payables	30,380	32,923	(2,543)
Other current liabilities	17,371	14,885	2,485
Short-term provisions	1,344	1,812	(468)
Total	**168,914**	**158,043**	**10,871**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	64,197	52,581	11,616
Intangible assets	233	281	(48)
Capital work-in-progress	5,276	6,191	(915)
Intangible assets under development	189	80	108
Build,Operate & Transfer (BOT)	5,127	4,491	636
Goodwill On Consolidation	10,656	9,888	768
TOTAL FIXED ASSETS	**85,678**	**73,513**	**12,165**
Non-current investments	1,178	355	823
Deferred tax assets (net)	88	66	22
Long-term loans and advances	4,452	5,132	(680)
Other non-current assets	328	357	(29)
Current assets			
Current investments	17,494	19,431	(1,937)
Inventories	25,669	25,632	36
Trade receivables	17,614	15,260	2,354
Cash and Bank balances	7,044	10,255	(3,212)
Short-term loans and advances	5,500	5,809	(309)
Other current assets	3,869	2,232	1,637
Total	**168,914**	**158,043**	**10,871**

4. **Surplus Funds**

Temporary surplus funds are invested in short term securities such as mutual funds and government securities. Nevertheless, in order to achieve higher growth and value creation for the stakeholders, the Company aims to retire high cost debt to improve overall profitability and make the balance sheet healthy.

5. **Capital Deployment**

During FY13, capital deployment increased from Rs. 158,043 million to Rs. 168,914 million mainly due to capitalization of HFIW plant at Little Rock, LSAW plant at Anjar, HSAW expansion at Mandya and revaluation of fixed assets of DRI (Steel) business. The capital expenditure was mostly funded by new debt which has resulted in an increase in gross and net debt.

6. **Networth**

Net worth at the end of FY13 increased by Rs. 7,761 million to Rs. 56,578 million. The Share Capital has gone up by 35.16 mn shares at a face value of Rs. 5 per share leading to an increase of Rs. 176 million in FY13. This was mainly on account of conversion of CCDs issued to Granele Limited In 2011. The CCDs carried a coupon of 5% and were mandatorily converted into equity shares at Rs. 225 per share, which represents 12.22% of the fully diluted equity capital of the Company. The Reserves and Surplus of the Company has increased by Rs. 15,469 million in FY13 at Rs. 55,263 million.

The details equity raised as part of Net worth are as under:

a. **Share Capital**

During the year, issued and paid up equity share capital (no. of shares) increased from 227,781,035 equity shares to 262,948,299 (of face value of Rs. 5 each) as at 31st March 2013 due to new issuance of 35,038,889 Equity Shares through CCD conversion, issued to Granele Limited in February 2013 and 128,375 shares to ESOP holders.

b. **Reserves and Surplus**

i) Capital Reserve: The balance as of 31st March, 2013 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, 2013 amounted to Rs. 153 million which is same as in the previous financial year.

iii) Securities Premium account stands at Rs. 25,265 million by way of net addition of Rs. 7,709 million during the year on conversion of CCDs issued to Granele Ltd in FY 13. The discount of on issuance of shares under ESOPs was Rs. 3 million and premium of redemption of FCCB of Rs. 12 million.

iv) Debenture Redemption Reserve: Debenture Redemption Reserve has decreased by Rs. 322 million due to reversal on redemption of secured non convertible debentures and now stands at Rs. 1,142 million at end of FY13.

v) Cash subsidy at Rs. 1,265 million is considered in FY13 due to the change in accounting treatment of subsidies received from the state government for BOT assets.

vi) Revaluation reserve stands at Rs. 6,564 million (as against nil in FY12) on account of revaluation of fixed assets related to DRI (Steel) business.

vii) General Reserve has increased by Rs. 53 million and stands at Rs. 1,749 million at the end of FY13.

viii) Profit and Loss account: The balance retained in the Profit and Loss Account as on 31st March 2013 has decreased by Rs. 385 million to Rs. 17,705 million after providing an equity dividend of 10%.

7. **Loan funds**

Gross debt at the end of FY13 stands at Rs. 55,772 million up by Rs. 2,365 million over the previous year. The components included in gross debt are long term borrowings of Rs. 49,531 million, current portion of long term borrowings of Rs. 4,198 million, and short term borrowings of Rs. 2,043 million at the end of FY 13.

Major movements during the year are:

i. The overall long term borrowings and current portion of long term debt has gone up by Rs. 8,095 million.

Long term borrowings for FY13 were Rs. 49,531 million compared to Rs. 39,714 million for FY12, an increase of Rs. 9,817 million. The increase in long term borrowings from FY12 to FY13 can attributed as below:

- Increase in redeemable non-convertible debentures of Rs. 3,428 million from Rs. 10,000 million to Rs. 13,428 million.
- Increase in External commercial Borrowings of Rs. 2,013 million from Rs. 5,174 million to Rs. 7,188 million.
- The new foreign currency loan taken is Rs. 1,615 million in FY13.
- Increase in term loans from banks of Rs. 6,672 million from Rs. 13,074 million to Rs. 19,746 million.
- Increase in inter-corporate deposit of Rs. 419 million from Rs. 2,691 million to Rs. 3110 million.
- Increase in deferred sales tax loan of Rs. 27 million from Rs. 583 million to Rs. 610 million.
- The Foreign Currency Convertible Bonds (FCCBs) of value Rs. 3,485 million were brought back during the year. The outstanding FCCB as on 31st March 2013 is Rs. 4,424 million.

Current portion of long term borrowings decreased by Rs. 1,722 million to Rs. 4,198 million in FY13 from Rs. 5,920 million in FY 12.

ii. Short term borrowings have gone down by Rs. 5,730 million mainly due to repayment of working capital/other short term loans of Rs. 1,549 million in WCL – India, Rs. 553 million in Oil and Gas business, and Rs. 1,119 million in Saudi.

Cash and liquid investments for FY13 have decreased by Rs. 5,149 million to Rs. 24,537 million from Rs. 29,686 million in FY12.

Net debt stands at Rs. 31,235 million as of 31st March 2013 after accounting for cash and liquid investments

Net Debt to Networth ratio is at 0.55 times indicating a strong Balance Sheet.

8. **Fixed Assets**

Net block of fixed assets (including CWIP) increased by Rs. 12,165 million to Rs. 85,678 million in FY13, mainly due to capitalization of HFIW plant at Little Rock, HSAW expansion at Mandya and revaluation of fixed assets of DRI (Steel) business of Rs. 6,564 million. Below is the breakdown of the increase in the overall fixed assets.

- Increase of Rs. 11,616 million in tangible assets from Rs. 52,581 million in FY12 to Rs. 64,197 million in FY13; Above includes revaluation effect of Rs. 8,454 million in respect of DRI (Steel) business.

Other fixed assets increased by Rs. 549 million from FY12 to FY13 mainly on account of increase in Goodwill on consolidation of Rs. 768 million , BOT of Rs. 636 million and decease in CWIP of Rs. 915 million at the end year.

9. **Inventory**

The overall inventory increased marginally by Rs. 36 million to Rs. 25,669 million mostly due to increase in raw materials of Rs. 495 million, decrease in finished goods of Rs. 2,187 million, increase in WIP stock of Rs. 1,661 million and stores and spares of Rs. 68 million.

The inventory turnover days have decreased from 105 days of Net Sales in FY12 to 86 days of Net Sales in FY13.

10. **Trade Receivables**

Trade Receivables increased from Rs. 15,260 million in FY12 to Rs. 17,614 million in FY13. Sundry Debtors are at 59 days (62 days in FY12) of net sales during the year.

11. **Cash, Bank Balances and Current Investments**

Cash, Bank Balances and Current Investments at the end of FY13 stand at Rs. 24,537 million as compared to Rs. 29,686 million at the end of FY12. Current investments decreased from Rs. 19,431 million to Rs. 17,494 million during the year on account of cash withdrawn for operational requirements.

12. **Long Term Loans and Advances**

Long term loans and advances decreased by Rs. 680 million to Rs. 4,452 million in FY13. Below is the breakup of the change in long term loans and advances from FY12 to FY13.

- Decrease in capital advances by Rs. 262 million to Rs. 1,712 million.
- Decrease in loans and advances to related parties (incl. share application money) by Rs. 871 million to Rs. 54 million (on conversion in to non current investments).
- Increase in other loans and advances recoverable in cash and kind, balances with government authorities (advance taxes) by Rs. 585 million to Rs. 2,106 million.

13. **Other Current Assets**

Other current assets increased by Rs. 1,637 million to Rs. 3,869 million mainly due to the following changes from FY12 to FY13.

- Increase in unbilled work in progress by Rs. 1,015 million with respect to infrastructure.
- Increase in receivables toward claims by Rs. 324 million.
- Decrease in interest accrued on current investments, fixed deposits and others by Rs. 392 million
- Increase of export benefit receivables of Rs. 642 million from FY12 to FY13.

14. **Short Term Loans and Advances**

Short term loans and advances decreased by Rs. 309 million to Rs. 5,500 million from FY12 to FY13 mainly due to the following:

- Decrease in advances recoverable in cash or kind by Rs. 439 million.
- Increase in balances with government authorities on account of direct and Indirect taxes by Rs. 116 million.
- Increase in pre paid expenses and employee advances by Rs. 99 million.

15. **Trade Payables**

Trade payables have gone down by Rs. 2,543 million to Rs. 30,380 million in FY13 from Rs. 32,923 million in FY12, primarily on account of decrease in acceptances of Rs. 2,593 million and increase in other creditors by Rs. 49 million in FY13. Trade payables are at 102 days (134 days in FY12) of Net Sales.

16. Cash Conversion Cycle

Cash conversion cycle for FY13 is 27 days compared to 22 days for FY12.

17. 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.

18. Cash Flows

The table below summarizes our cash flow for the periods indicated: (Rs. in millions)

	March 31,2013	March 31,2012
Net cash generated from operating activities	1,080	14,286
Net cash generated used in investing activities	(1,672)	(22,054)
Net cash generated (used)/from financing activities	(2,648)	9,634
Net cash increase/(decrease) at the end of the period	(3,239)	1,867

a) Operating Activities

Net cash generated from operating activities in FY13 was Rs. 1,080 million. Net cash generated from operating activities consisting of operating profit before working capital changes and tax is Rs. 4,322 million.

Working capital changes include change in trade and other receivables of Rs. (3,896) million, inventories of Rs. (36) million and trade and other payables of Rs. 863 million.

b) Investing Activities

Net cash used in investing activities was in FY13 was Rs. 1,672 million.

Rs. 301 million from the sale of fixed assets, Rs. 2,309 million for interest received, and Rs. 277 million from dividend income contributed toward investing cash inflows for investing activities during FY13.

Cash outflows for investing activities during FY13 primarily include Rs. 6,878 million for the purchase of fixed assets (including CWIP), Rs. 36 million for investment in joint venture and associates, Rs. 22 million for increase in share application money given and Rs. 2,305 million from the sale of current investments.

c) Financing Activities

Net cash generated used financing activities in FY13 is Rs. 2,648 million.

Cash inflows from financing activities for FY13 primarily include Rs. 10 million proceeds from issuance of equity shares, Rs. 3,372 million proceeds from Non-Convertible Debentures, Rs. 1,700 million was towards the redemption of debentures, Rs. 3,485 million on prepayment or buyback of FCCBs, Rs. 6,878 million on accounts of net proceeds from long term borrowings and Rs. 3,745 million as net decrease in other short term borrowings.

Rs. 132 million for dividends paid including corporate dividend tax, and Rs. 3,846 million towards interest paid contribute toward financing cash outflows during FY13.

Note on Foreign Currency Hedging 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 vanilla 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 an optimum level considering potential forecasted trade exposures.

For the standalone results, the Note No. 32 in this annual report on page No. 90 deals with "Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure" and the table for the current year is reproduced and explained below with the help of superscripts for each numerical item.

(Rs. Million)

Particulars		March 31st 2013	
		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 b) In respect of future forecasted transactions	631 (2)	721 (1)

	ii) In respect of Creditors a) Existing as on the Balance sheet date b) In respect of future forecasted transactions	4,438 (4)	13,689 (3)
B)	**In respect of Short term receivables and payables existing as on the Balance Sheet date** i) Borrowings ii) Other liabilities or payables iii) Other assets or receivables	1,814 (6) - -	908 (6) 1,606 (7) 886 (8)
C)	**In respect of Long term receivables and payables existing as on the Balance Sheet date**		
i)	Borrowings	-	12,581 (9)
ii)	Other liabilities or payables	-	1,764 (10)
iii)	Other assets or receivables	-	-
D)	**Other derivative Hedge instruments**	13,873 (12)	

Note : The Net un-hedged short term payables/borrowings as on 31st March 2013 is Rs.14,596 million (as on 31st March 2012 Net un-hedged short term payables/borrowings was Rs.9,616 million.)

The above table is reproduced in the form of overall receivables and payables position and provides the net position as on 31st March,2013, with regard to foreign currency exposure and the net unhedged position.

Explanations for A) in respect of short term receivables and payables (1 to 5)

(Rs. Million)

Particulars	March 31, 2013		
	Receivables	**Payables**	**Difference**
i) In respect of Trade receivables and payables			
Existing as on the Balance sheet date	721 (1)	18,126 (3+4)	
In respect of future forecasted transactions based on orders in hand	24,615	11,307	
Total Trade	**25,336**	**29,433**	**(4,097)**
ii)Hedges			
Existing as on the Balance sheet date	-	4,438 (4)	
In respect of future forecasted transactions	631 (2)	-	
Total Hedge	**631**	**4,438**	**(3,806)**
Net Unhedged Trade	**24,705**	**24,996**	**(291)**

Conclusion: The difference between receivables and payables is after including orders in hand and hedges in place. The net unhedged position is at optimum 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 to 8)

6. Out of Total short term borrowings (ECB) Rs. 2,722 million, Rs. 1,814 million is hedged and balance Rs. 908 is unhedged.
7. Includes Rs. 791 million for Advance received from customers for future shipments and Rs. 815 million for claims payable.
8. Includes Rs. 65 million Short term fixed deposits and balance in foreign currency account and Rs. 271million advance payment to Subsidiary and Rs. 220 million receivable against dividend and Rs. 85 million advance payment to vendors and Rs. 244 million receivable against claims.

Explanation for C) in respect of Long term receivables and payables existing as on balance sheet date (9 to 10)

9. Rs. 4,424 million represents foreign currency convertible bonds and Rs. 6,542 million represents foreign currency ECB loan and Rs. 1,615 million represents foreign currency loan.
10. Rs. 1,764 million represents claims payable

Explanation for D) in respect of other derivative hedge instruments (12)

12. i) Interest Rate Swap: Rs. 8,873 million (equivalent to US $ 163 million) floating to fixed for ECB loan for partially mitigating interest rate volatility.
    ii) Coupon Only Swap: Rs. 5,000 million (equivalent to US $ 107 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.

WELSPUN
Corp Ltd

CORPORATE SOCIAL RESPONSIBILITY

Crossed the 7 lakh mark of planting saplings & moving ahead

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility - A Welspun Commitment

In the past 26 years, Welspun has established itself as one of the fastest growing Indian conglomerates with presence across five business verticals. Wherever we start our facilities, our commitment is to reach out to the nearby communities.

We at Welspun find ourselves proficient to address the various needs of the communities, under three distinct domains that have become the guiding principles of our CSR initiatives. Hence the Group's social vision has been enshrined in the **3 E's.**

- **Education**
- **Empowerment**
- **Environment and Health**

A brief overview of the activities that we undertake as part of our CSR initiatives is best presented under each of the 3 guiding principles.

EDUCATION

The future of our country is in our young population. Welspun promotes and supports the Right to Education and is dedicated to improving and enhancing the quality of education.

Quality Education Program

- In 2012-2013 At Anjar, Welspun initiated a Quality Education Project with the Government of Gujarat in association with Light of Life Trust (NGO). The Welspun Quality Education project aims to reach out to all the **123** government schools in Kutch in the next 5 years.

- Currently as a pilot project, we are reaching out to three government schools viz, Varsamedi, New Dudhai and Bhadreshwar to make a subtle difference to 28 teachers and 584 students from Std V – VIII.

- At Salav, Maharashtra, to improve the access to education for the Katakari tribals (locals of Salav), we have tied up with the Light of Life trust to impart **quality education at the secondary school level**. This project now reaches out to **100 tribal children** and aims at arming these children with superior social and vocational skills.

- With the objective of helping teachers to stay at par with the various developments in the education field & upgrading their teaching skills, **Teacher training programs** have been conducted in Kotma (Anuppur, MP), Vijayaraghavgarh (Katni MP) & in Neemuch (MP). A total of **93 teachers** have attended these training programs.

Balwadis (Pre-primary Education Centers) and Adult Literacy

- Welspun runs **3 Balwadis** in the workers colonies in Anjar and Vapi, Gujarat. A total of **158 children** are benefitting from the basic education imparted at these Balwadis.

Computer Training

- We initiated **Jeevan Asha Computer Training Centre** at Salav where children are being provided computer and soft skills training. Jeevan Asha Training Centre has covered **60 students** with basic computer training. We aim to cover over 200 students under the Jeevan Asha computer project in Salav by June 2013.

Career Counseling

- This initiative is carried out for children belonging to Welspunites at the Head office (Mumbai) and for students of Std X to XII at Welspun Vidya Mandir (CBSE Board School) at Anjar and Salav. Psychometric tests are administered and one on one counseling is conducted based on the test results.

Educational, Recreational and Motivational Sessions for Cancer Patients and their Families

- As a part of our Employee Volunteering Initiative, 17 Welspunites spend quality time (on working Saturdays) at St. Jude's childcare center, Mumbai in quest of making a qualitative difference to the lives of **38 underprivileged children** suffering from cancer and their parents. The group teaches skills like Spoken English, Computer literacy, Dance, Art and Craft.

EMPOWERMENT

As we secure our future generations in terms of education, we also see the need to empower families so that they can sustain themselves in the near term and move towards growth and prosperity. And what is better than to focus on empowering women!

Women Empowerment

- We run **five vocational centers** for women in (names of the places) that provide guidance and training for cut and sew operations. Till now **264 women** have benefitted from these centers and 184 have been absorbed in Welspun India Ltd.

- Inspired by the success of this endeavor, we have also **replicated this initiative at Welspun Gram, Vapi**. We aspire to start a women empowerment initiative at Palghar and Rakholi based on the local area needs and skill set.

- **Similarly, 4 tailoring & stitching centers** have been started and are operating in the villages of Umarda & Chhatai in Anuppur district and Dokariya and Bhujbhuja in Katni districts (of MP). The women undergo training and on successful completion, Usha International awards them a certificate. A total of **232 women** have successfully completed the course.

Youth Empowerment

- To provide employment opportunities to the village youth, a number of job fairs have been organized at various locations in Madhya Pradesh & Rajasthan. Around **415 youth** received offer letters with the job fairs organized till date.

- To empower our youth and encourage them to take on vocational skill courses, we have adopted the **Industrial Training Institute (ITI)** at Vansda, Navsari District under the Central Government Scheme of ITI up gradation through the Public-Private partnership route. Simultaneously, we have also tied up with MPSTME College, Sirpur and Vapi where we provide a six-month practical training to students.

ENVIRONMENT & HEALTH

We realize the importance of conservation of natural resources and nature for sustainable future growth. Health is wealth! – With this adage in mind, we follow a unique system of providing health and empowerment together.

Primary Health Care Services

Mobile Health Vans Mumbai

- In Mumbai, for the underprivileged section of the society Welspun aims to provide free access to Primary Health Care Services hence, we have launched our Mobile Health Van in Association with Wockhardt Foundation. This initiative has covered 15532 people in the year 2011-12 from six communities. The mobile van is equipped with medicines, a doctor and a paramedic.

Regular & Special Medical Camps

- We have organized 124 medical camps at our various locations in Katni, Anuppur & Nimach (MP) & Jodhpur (Rajasthan).

- Through our various Medical & Health intervention programs at Katni, Neemuch, Anuppur (Madhya Pradesh) & Jodhpur (Rajasthan), we have been able to reach out to 47,412 villagers.

Anti- Tobacco Program

- Welspun initiated Anti tobacco Life Skill Project with 33 secondary schools from Alibaug partnering with Salaam Bombay Foundation (NGO). This project covered approximately **10000 students, 100 teachers and 50 Anganwadi Workers**.

Waste Water Recovery Plant

- As an example of our effort to grow through a sustainability focus, we have set up a state-of-art **Waste Water Recovery Plant having capacity of 10MLD (million Liters Daily) at Anjar Campus**, which takes care of both Textile as well as Pipe plant effluent.

- It is one of the largest Waste Water Recovery plant in textile industry at a single location having series of treatment stages leading to its designed capacity of **90% recovery**.

- This set-up recycles **100% of our water** and we **re-use 85%** of water during our processing thereby conserving water in our already water-starved location of Anjar

Nisargruna Biogas Plant

- Our focus on renewable energy both for business and environment has been instrumental in our installing a centralized '**Nisargruna Biogas plant' at WIL**, Anjar to handle and process the biodegradable waste materials generated from kitchen, canteen, garden and other biological sludge of Welspun City and Gram, Anjar.
- Presently 2-2.5 MT of biodegradable waste is feed into the Nisargruna Plant, which generates fuel gas equivalent to 40kg of LPG, which in turn is used for cooking in plant canteen.

Tree Plantation

- We have planted a total of 6,32,000 trees, shrubs and hedge in Anjar and plan to plant additional 50,000 trees in 2013

- More than 3335 plants have been planted during the various drives at various locations in Katni, Anuppur & Nimach in Madhya Pradesh & in Jodhpur in Rajasthan. Saplings have also been distributed to the villagers to be grown in their own surroundings.

These little steps in our journey towards sustainable growth are aimed at providing a socio-economic growth to the society that has given us so much in terms of business.

Standalone Accounts

Consolidated Accounts

Independent Auditor's Report

To the Members of
Welspun Corp Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Welspun Corp Limited** ("the Company'') which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, 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:

   a) In the case of the Balance sheet, of the state of affairs of the Company as at 31 March, 2013;

   b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and

   c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note 46 of the financial statements, relating to remuneration paid/ provided in respect of Managing Director of the Company, which turned out to be in excess of the limits prescribed under Section 198 read with Schedule XIII to the Act, due to inadequate profit, hence is subject to the approval of the Central Government. Our Opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by section 227(3) of the Act, we report that:

   (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (ii) 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;

(iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

(v) On the basis of written representation received from the directors as at 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **MGB & Co**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077
Mumbai, 30 May 2013

Annexure referred to in Paragraph (8) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

(i) In respect of its fixed assets:

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

(b) The fixed assets have been physically verified by the management under a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets over the period. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.

(c) During the year, in our opinion, a substantial part of its fixed asset has not been disposed off by the Company.

(ii) In respect of its inventories:

(a) As explained to us, the inventories (other than materials lying with the third parties which have substantially been confirmed) have been physically verified during the year by the management.

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

(c) On the basis of our examination of records, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/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 are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor we have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control systems.

(v) To the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in the register maintained under the said section have been so entered.

(b) Where such transactions of value in excess of rupees five lakhs in respect of any party during the year, have been made at prices which appear prima facie reasonable and/or comparable with the prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order is not applicable to the Company

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

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) According to the books and 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, sales tax / value added tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues to the extent applicable have generally been regularly deposited with theappropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March 2013 for a period of more than six months from the date they became payable.

(b) Following are the particulars of dues of income tax, sales tax/value added tax, service tax, custom duty and excise duty which have not been deposited on account of any dispute:

Name of the Statute (Nature of dues)	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003 Sales Tax / Value Added Tax	24.74	FY 2006-07 to FY 2008-09	High Court
	13.86	FY 2000-01 to FY 2002-03 and FY 2005-06 to FY 2006-07	GVAT / Gujarat Commercial Tax Tribunal
	58.01#	FY 2006-07 to FY 2008-09	Joint Commissioner of Commercial tax, Appeals
Central Sales Tax Act, 1956 Central Sales Tax	0.92	FY 2001-02	Sales Tax Tribunal
	5.22##	FY 2008-09	Joint Commissioner of Commercial tax, Appeals
Central Excise Act, 1944 - Excise Duty	24.00	FY 2003-04 and FY 2010-11	High Court
	6.33	FY 2006-07 to FY 2007-08 and FY 2010-11	Custom Excise and Service Tax Appellate Tribunal
	9.77	FY 2008-09	Commissioner of Central Excise and Customs
	3.45	FY 2007-08 and FY 2009-10	Commissioner of Central Excise and Customs (Appeals)
	20.52	FY 2009-10	Deputy Commissioner of Central Excise and Customs
- Service Tax	10.27	FY 2004-05 to FY 2006-07	Supreme Court of India
	17.04	FY 2007-08 to FY 2010-11	Custom Excise and Service Tax Appellate Tribunal
	82.94	FY 2005-06 to FY 2012-13	Commissioner/Additional Commissioner of Central Excise and Customs
	31.94	FY 2006-07 to FY 2011-12	Commissioner of Central Excise and Customs (Appeals)
	23.59	FY 2008-09 to FY 2012-13	Deputy / Assistant Commissioner of Central Excise and Customs
	21.33	FY 2006-07, FY 2009-10 to FY 2012-13	Superintendent of Central Excise and Customs
Customs Act, 1962 Customs Duty	8,609.82**	FY 2007-08 to FY 2009-10	Custom Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961 Income Tax	2,770.97	FY 2004-05 to FY 2010-11	Commissioner of Income tax, (Appeals)

₹ 0.7 million paid subsequent to the Balance Sheet date.
₹ 1.05 million paid subsequent to the Balance Sheet date.
**does not include penalty of ₹ 8,814.82 million (refer note 33)

(x) The Company does not have accumulated losses as at 31 March 2013 and has not incurred any cash losses during the year and in the immediately preceding year.

(xi) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders during the year.

(xii) According to the information and explanations given to us, the Company has not granted 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 / nidhi / mutual benefit fund / society. The provisions of clause (xiii) of paragraph 4 of the Order, therefore, are not applicable to the Company.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading insecurities. However, the Company has invested its surplus funds in Mutual Funds / Bonds / Certificates of deposits during the year and maintained proper records of transactions in respect of its investments and timely entries have been made therein. All securities are held by the Company in its own name.

(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) According to the information and explanations given to us, the Company has raised term loans during the year. The term loans have been applied for the purposes for which they were raised.

(xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year 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) According to the information and explanations given to us, the Company has created adequate security in respect of debentures issued.

(xx) The Company had raised funds by issue of Compulsorily Convertible Debentures, Global Depository Receipts and Foreign Currency Convertible Bonds and in the earlier years which have been utilized for the purposes for which they were raised except unutilized funds have been temporarily invested as referred in Note 2(e), 2(f) and 4(d)(iv).

(xxi) In our opinion and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For **MGB & Co**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077
Mumbai, 30 May 2013

Balance Sheet as at 31 March

(₹ in million)

	Notes	2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,314.74	1,138.91
Reserves and surplus	3	42,715.02	34,490.37
		44,029.76	**35,629.28**
Compulsorily convertible debentures	2(e)	–	7,883.75
Non-current liabilities			
Long-term borrowings	4	26,053.72	22,838.77
Deferred tax liabilities (net)	5	3,893.91	3,545.12
Other long-term liabilities	6	1,764.26	2,417.44
Long-term provisions	7	130.46	139.53
		31,842.35	**28,940.86**
Current liabilities			
Short-term borrowings	8	1,177.93	2,928.18
Trade payables	9	19,083.28	25,361.35
Other current liabilities	10	6,751.66	8,008.42
Short-term provisions	11	1,122.55	1,571.55
		28,135.42	**37,869.50**
	Total	**104,007.54**	**110,323.39**
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		29,621.82	30,271.18
- Intangible assets		216.23	262.81
- Capital work-in-progress		1,784.84	1,979.48
Non-current investments	13	19,593.84	14,659.39
Long-term loans and advances	14	3,051.27	5,540.98
Other non-current assets	15	–	76.31
		54,268.00	**52,790.14**
Current assets			
Current investments	16	16,908.26	19,379.99
Inventories	17	14,741.86	16,498.50
Trade receivables	18	9,770.79	10,927.63
Cash and bank balances	19	4,328.63	6,409.43
Short-term loans and advances	20	2,320.14	3,078.45
Other current assets	21	1,669.88	1,239.26
		49,739.56	**57,533.25**
	Total	**104,007.54**	**110,323.39**

Notes forming part of the financial statements **1 - 57**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Statement of Profit and Loss for the year ended 31 March

(₹ in million)

	Notes	2013	2012
Revenue			
Revenue from operations (Gross)	22	70,601.02	60,541.39
Less: Excise duty		4,279.37	2,844.27
Revenue from operations (Net)		66,321.65	57,697.11
Other income	23	3,003.77	2,192.04
	Total	**69,325.43**	**59,889.15**
Expenditure			
Cost of materials consumed	24	41,559.92	36,908.84
Purchases of traded goods	25	9,207.69	6,853.50
Changes in inventories of finished goods and goods in process	26	(1,475.94)	(843.56)
Employee benefits expense	27	2,197.07	1,756.09
Other expenses	28	11,139.96	10,136.74
	Total	**62,628.70**	**54,811.60**
Profit before finance costs, depreciation/amortization and tax		**6,696.73**	**5,077.55**
Less: Depreciation and amortization expense	12	2,289.91	1,843.52
Finance costs	29	2,988.98	2,470.96
Profit before tax and exceptional Items		**1,417.84**	**763.07**
Less: Exceptional items	35	538.20	–
Profit before tax after exceptional items		**879.64**	**763.07**
Tax expense			
- Current tax		126.09	71.64
- MAT Credit Entitlement		(126.09)	(71.64)
- Deferred tax		348.79	113.69
Profit after tax		**530.86**	**649.38**
Earnings per share of ₹ 5 each fully paid up (in ₹)	44		
- Basic		2.29	2.96
- Diluted		2.29	2.96

Notes forming part of the financial statements **1 - 57**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Notes forming part of the Financial Statements

Note 1 Significant Accounting Policies

I. Basis of preparation of financial statements

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") as a going concern under the historical cost convention on an accrual basis and comply in all material aspects with accounting standards notified under Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies adopted in preparation of these financial statements are consistent with those followed in the previous year.

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 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. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The examples of such estimates include the useful life of the tangible and intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plan etc. Actual results could differ from those estimates and in such case the difference is recognised in the period when known or materialised.

III. Tangible and intangible assets

(a) Tangible assets are stated at original cost (net of tax/duty credit availed) less accumulated depreciation, amortisation and impairment losses except freehold land which is carried at cost. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of revenue) and pre-operative expenses including borrowing costs incurred during pre-operational period.

(b) Projects under which tangible assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses.

(c) Intangible assets are carried at cost, net off accumulated amortization and impairment loss, if any.

IV. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. All other borrowing costs are recognised as expense.

V. Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amount of tangible and intangible assets to determine whether there is any indication of 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 the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

VI. Depreciation / Amortization on tangible and intangible assets

(a) Depreciation on tangible 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 company has adopted a policy of depreciating both computers and mobile phones based on the useful life of the assets i.e. 4 years and 3 years respectively. 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 taken by the Company / Expert.

(c) Intangible assets are amortized on a straight-line basis over its expected useful life as estimated by the management.

VII. Investments

Investments, which are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Notes forming part of the Financial Statements

Long-term investments are valued at cost less provision for diminution other than temporary, in the value of such investments. Current investments are valued at lower of cost and fair value.

VIII. Revenue recognition

(a) Sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Export sales are recognised on the basis of date of bill of lading. Gross sales include excise duty and adjustments for price variations, exclude sales tax/value added tax.

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

(c) Revenue from services is recognized on completion of services.

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

(e) Interest income is recognized at the agreed rate on time proportion basis.

IX. 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) Raw materials, Stores and Spares – Moving weighted average basis.

(b) Goods-in-process – Cost of materials plus labour and other production overheads.

(c) Finished goods – Cost of materials plus labour, production overheads and excise duty on such goods.

X. Foreign currency transactions

(a) Transaction in foreign currency are accounted at the exchange rate prevailing on the date of such transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Non-monetary items are carried at cost.

(b) Gains or losses arising on remittance / translations at the year- end are credited / debited to the statement of profit and loss except treatment as per amendment to AS-11 effective till 31 March 2020 (Refer note 31 (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.

XI. Derivative instruments and hedge accounting

The Company uses foreign currency derivative 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 the statement of Profit and Loss upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

XII. Employee benefits

(a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss 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 statement of Profit and Loss 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 recognized in the statement of Profit and Loss.

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

XIII. 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.

Notes forming part of the Financial Statements

XIV. Accounting for taxes on income

(a) Current tax is determined as the amount of tax payable in respect of taxable income for the year computed as per the provisions of 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 relevant enacted tax rates.

XV. Leases

a) Finance lease

Assets acquired under finance lease are capitalised and the corresponding lease liability is recognized at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Intial costs directly attributable to lease are recognized with the asset under lease.

b) Operating lease

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

XVI. Provisions, contingent liabilities and contingent assets

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. A provision is made when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent assets are not recognized or disclosed in the financial statements

XVII. Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

(₹ in million)

		2013	2012
2.	**Share capital**		
	Authorised		
	304,000,000 (304,000,000) Equity Shares of ₹ 5/- each	1,520.00	1,520.00
	98,000,000 (98,000,000) Preference Shares of ₹ 10/- each	980.00	980.00
	Total	**2,500.00**	**2,500.00**
	Issued, subscribed and paid up		
	262,948,299 (227,781,035) Equity Shares of ₹ 5/- each fully paid up	1,314.74	1,138.91
	Total	**1,314.74**	**1,138.91**

Notes forming part of the Financial Statements

a) Reconciliation of number of Equity shares outstanding

	2013		2012	
	Number of Equity Shares	₹ in million	Number of Equity Shares	₹ in million
At the beginning of the year	227,781,035	1,138.91	204,668,910	1,023.34
– By way of Global Depository Receipts (GDR)	–	–	23,026,000	115.13
– By way of Conversion of Compulsory Convertible Debentures (CCD)	35,038,889	175.19	–	–
– Equity shares allotted on exercise of Employees Stock Options	128,375	0.64	86,125	0.43
Outstanding at the end of the year	**262,948,299**	**1,314.74**	**227,781,035**	**1,138.91**

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have voting rights in respect of shares represented by the GDR's till the shares are held by the custodian. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% shares of the company

Name of Shareholders	2013		2012	
	Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
J P Morgan Chase Bank, NA ADR Account (Custodian and against which GDR have been issued to Insight Solutions Limited)	23,026,000	8.76	23,026,000	10.11
Granele Limited	35,038,889	13.33	–	–
Life Insurance Corporation of India Limited & its Schemes	19,283,580	7.33	19,277,980	8.46
Welspun Wintex Limited	13,336,576	5.07	13,336,576	5.85
Welspun Mercantile Limited	13,877,701	5.28	12,377,701	5.43
Welspun Fintrade Limited	18,955,791	7.21	15,148,340	6.65
Krishiraj Trading Limited	26,907,692	10.23	26,805,403	11.77

d) 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. Employee benefits expense include credit of ₹ 6.60 million (₹ 1.51 million) on account of reversal of options lapsed during the year.

During the year, 128,375 equity shares of ₹ 5 each fully paid up were issued at a price of ₹ 80.00. Discount allowed aggregating to ₹ 3.43 million (₹ 2.27 million) in respect of shares allotted pursuant to the Employee 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:

	Granted during 2006-07	Granted during 2009-10
Exercise price	₹ 80.00	₹ 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	375,250	32,875
Options exercised during the year	128,375	–
Options lapsed during the year	246,875	–
Options outstanding as at 31 March 2013	–	32,875

e) Compulsorily Convertible Debentures (CCD)

During the previous financial year, the Company has raised US$ 178.01 million (Equivalent INR 7,883.75 million) by way of issue of unsecured CCD carrying a coupon of 5% (Five) annually until issue of Equity Shares upon conversion of the CCD. Since the holder of CCD have not opted for conversion during the period of 18 months from the date of issue of the said CCD, the CCD got converted on 18 February 2013 into 35,038,889 equity shares of ₹ 5 each fully paid up at a conversion price of ₹ 225 per share. The entire proceeds have been invested in short-term securities as at 31 March 2013.

f) Global Depository Receipts (GDR)

During the previous year, the Company has raised US$ 115.00 million (Equivalent INR 5,180.85 million) by way of issue of 23,026,000 equity shares of ₹ 5 each fully paid up at a premium of ₹ 220 each (equivalent 23,026 Non-voting GDR each of US$ 4,994.45 each representing 1000 equity shares of par value of ₹ 5 each). The entire proceeds have been invested in short-term securities as at 31 March 2013.

(₹ in million)

	2013	2012
3. Reserves and surplus		
Capital reserve		
As per last balance sheet	1,057.26	1,057.26
Securities premium		
As per last balance sheet	17,252.74	12,332.32
Add/(Less): Received during the year	7,718.18	5,072.08
Discount on issue of shares under employees stock option scheme	3.43	2.27
Premium on redemption of foreign currency convertible bonds	11.70	(45.75)
Utilized towards share / debenture issue expenses	(56.40)	(108.17)
	24,929.65	17,252.74
Debenture redemption reserve		
As per last balance sheet	1,464.29	1,107.14
Add: Appropriated during the year	(321.92)	357.14
	1,142.36	1,464.29
Employee stock options outstanding	0.73	10.77
Hedging reserve account [refer note 31(c)]	(44.84)	(178.18)
Foreign Currency Monetory Item Translation Difference account [refer note 31(b)]	(275.37)	(322.97)
General reserve		
As per last balance sheet	1,696.11	1,631.11
Add: Appropriated during the year	53.09	65.00
	1,749.20	1,696.11
Surplus in the statement of Profit and Loss		
As per last balance sheet	13,510.35	13,415.48
Profit for the year	530.86	649.38
Less: Appropriations		
General reserve	53.09	65.00
Debenture redemption reserve	(321.92)	357.14
Proposed dividend on equity shares	131.47	113.89
Tax on proposed dividend	22.34	18.48
Dividend on equity shares of earlier year	0.20	–
Total Appropriations	(114.82)	554.51
Net Surplus in the Statement of Profit and Loss	14,156.03	13,510.35
Total	**42,715.02**	**34,490.37**

Notes forming part of the Financial Statements

(₹ in million)

	Non-current		Current	
	2013	2012	2013	2012
4. Long-term borrowings				
Secured				
Redeemable non-convertible debentures	13,428.00	10,000.00	–	1,700.00
External commercial borrowings	6,542.09	5,174.13	2,721.68	2,577.38
Term loan from bank	1,614.98	–	–	–
Other loans	27.73	–	6.04	–
Unsecured				
Foreign currency convertible bonds	4,424.23	7,631.25	–	–
Deferred sales tax loan	16.69	33.39	16.69	16.69
Total	**26,053.72**	**22,838.77**	**2,744.41**	**4,294.07**

a) 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.

Name of Shareholders	Face value (₹)	Redemption date	Rate of interest (p.a.)	Amount (₹ in million)
5000	1,000,000	September 2025	9.55%	5,000
5000	1,000,000	August 2025	9.55%	5,000
900	1,000,000	November 2020	11.00%	900
328	1,000,000	September 2019	11.15%	328
2200	1,000,000	August 2019	11.15%	2,200
			Total	**13,428**

b) External commercial borrowings (ECB) is secured by first charge ranking pari passu by way of mortgage/hypothecation of entire immovable and movable tangible 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. The ECB comprises of US$ 163.45 million (US$ 140 million) and JPY 677.65 million (JPY 1015.20 million) and carries interest of LIBOR plus 1.25% to 4.50%.

The ECB is repayable as follows

Repayment schedule	US$ (million)	Amount (₹ in million)	JPY (million)	Amount (₹ in million)
April 2013	46.55	2,526.97	337.55	194.71
April 2014	46.90	2,545.97	340.10	196.18
April 2015	2.70	146.57	–	–
October 2015	2.70	146.57	–	–
April 2016	4.00	217.14	–	–
October 2016	14.00	759.99	–	–
April 2017	4.00	217.14	–	–
October 2017	14.00	759.99	–	–
April 2018	4.00	217.14	–	–
October 2018	14.00	759.99	–	–
April 2019	5.30	287.71	–	–
October 2019	5.30	287.71	–	–
Total	**163.45**	**8,872.88**	**677.65**	**390.89**

Notes forming part of the Financial Statements

c) Term loan from bank

Term loan of US$ 29.75 million equivalent to ₹ 1,614.98 million (US$ Nil) from bank is secured by first charge ranking pari passu by way of mortgage/hypothecation of entire movable and immovable tangible assets of the Company and second charge over the entire current assets of the company both, present and future. The loan carries interest of LIBOR plus 5.00%. The loan is repayable in 18 equal quarterly instalments after a moratorium of 30 months from the date of first disbursement i.e. 15 November 2012.

d) Foreign Currency Convertible Bonds (FCCB)

i) During the financial year 2009 - 2010, the Company had raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1500 4.5% FCCB of US$ 100,000 each. The Bond holders have an option to convert outstanding bonds (US$ 81.50 million) into 13,045,433 equity shares of ₹ 5 each fully paid up at an initial conversion price of ₹ 300 per share with a fixed rate of exchange on conversion of ₹ 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 for issue of the Bonds ("Offering Circular"). Further, the Company has an option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

ii) Premium payable on redemption of FCCB aggregating to credit of ₹ 11.70 million (debit of ₹ 45.75 million) has been adjusted against securities premium as per Section 78 of the Companies Act, 1956. In the event, Bond holders exercise the conversion option, the amount of premium utilized from securities premium will be suitably adjusted in respective years.

iii) During the year, the company has repurchased 685 4.5% FCCB of US$ 100,000 each aggregating to US$ 68.50 million at a discount gain of US$ 4.00 million (equivalent ₹ 216.70 million) arising on repurchase of FCCB is shown under "Other income".

iv) Part of the net proceeds received from the issue of FCCB has been utilized as per objects 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 US$ 0.55 million equivalent INR 30.09 million (US$ 17.04 million equivalent INR 866.91 million) have been invested in short term deposits/current account with a bank abroad and ₹ Nil (₹ 1.46 million) lying in current account with a bank in India.

(₹ in million)

	2013	2012
5. Deferred tax liabilities (net)		
Deferred tax liabilities		
Fiscal allowance on fixed assets	4,466.42	4,157.08
Others	93.60	104.79
	4,560.02	4,261.86
Deferred tax assets		
Employee benefits	17.47	15.17
Provision for doubtful debts and advances	79.74	56.49
Unabsorbed fiscal allowances	568.90	645.09
	666.11	716.75
Total	**3,893.91**	**3,545.12**

(₹ in million)

	2013	2012
6. Other long-term liabilities		
Liability towards claims	1,764.26	2,417.44
Total	**1,764.26**	**2,417.44**

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
7. Long-term provisions		
Employee benefits	46.98	44.35
Premium payable on redemption of FCCB	83.48	95.18
Total	**130.46**	**139.53**

(₹ in million)

	2013	2012
8. Short-term borrowings		
Secured		
Working capital loan from banks	1,177.93	1,727.28
(Secured by first charge on hypothecation of raw materials, finished goods and work / 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.)		
Short-term loan from other parties	–	1,200.90
(Secured against pledge of bonds of ₹ 1,200.90 million held as current investments)		
Total	**1,177.93**	**2,928.18**

(₹ in million)

	2013	2012
9. Trade payables		
Acceptances	17,127.63	22,145.05
Others (refer note 30)	1,955.65	3,216.30
Total	**19,083.28**	**25,361.35**

(₹ in million)

	2013	2012
10. Other current liabilities		
Current maturities of long term borrowings (refer note 4)	2,744.41	4,294.07
Interest accrued but not due on borrowings	517.75	557.86
Unclaimed dividend	5.30	5.20
Other payables		
Creditors for		
- Capital goods	179.76	175.54
- Expenses	908.53	759.24
Trade advances and deposits	1,026.90	1,229.56
Statutory dues	553.80	732.58
Liability towards claims	815.22	254.38
Total	**6,751.66**	**8,008.42**

(₹ in million)

	2013	2012
11. Short-term provisions		
Employee benefits	3.85	2.40
Others for		
Proposed equity dividend	131.47	113.89
Tax on proposed equity dividend	22.34	18.48
Litigations	79.79	79.79
Liquidated damages	461.08	572.07
Mark to market losses on derivative contracts	308.29	521.76
Taxation (net of advances)	115.72	263.16
Total	**1,122.55**	**1,571.55**

Notes forming part of the Financial Statements

Note 12 - Fixed assets

(₹ in million)

	Gross Block				Depreciation/Amortization					Net Block	
	As at 01 April 2012	Additions	Deductions	As at 31 March 2013	Upto 01 April 2012	For the year	Deductions	Impairment	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
a) Tangible assets											
Freehold land	192.66	7.70	–	200.37	–	–	–	–	–	200.37	192.66
Buildings	4,668.71	577.58	–	5,246.29	615.76	133.11	–	–	748.87	4,497.42	4,052.95
Plant and machinery	33,215.95	1,043.47	21.46	34,237.97	7,489.50	2,013.21	12.61	105.59	9,595.69	24,642.28	25,726.45
Office and other equipments	334.00	18.13	2.88	349.25	147.02	36.54	1.67	–	181.90	167.35	186.97
Vehicles	56.39	11.31	5.06	62.64	25.17	5.79	2.31	0.51	29.16	33.48	31.22
Furnitures and fixtures	127.28	11.74	5.59	133.43	46.35	8.87	2.66	–	52.56	80.87	80.92
Total (a)	**38,594.98**	**1,669.94**	**34.98**	**40,229.94**	**8,323.80**	**2,197.53**	**19.25**	**106.09**	**10,608.17**	**29,621.82**	**30,271.18**
b) Intangible assets											
Software	468.83	46.24	–	515.07	206.02	92.81	–		298.83	216.23	262.81
Total (b)	**468.83**	**46.24**	**–**	**515.07**	**206.02**	**92.81**	**–**	**–**	**298.83**	**216.23**	**262.81**
Total (a+b)	**39,063.81**	**1,716.18**	**34.98**	**40,745.00**	**8,529.82**	**2,290.34**	**19.25**	**106.09**	**10,907.01**	**29,838.05**	**30,533.99**
Previous year	31,744.85	7,376.09	57.13	39,063.81	6,698.52	1,847.83	16.52		8,529.82	30,533.99	
Capital work-in-progress										**1,784.84**	**1,979.48**

Notes:

1. Gross block of Plant and Machinery includes ₹ 63.49 million (₹ 63.49 million) in respect of expenditure incurred on capital asset, ownership of which does not vest in the Company.
2. Depreciation and amortisation expense for the year includes ₹ 0.43 million (₹ 4.30 million) transferred to pre-operative expenses.
3. For details of exchange difference capitalised as per amended AS-11, refer note 31 (b).
4. Pre-operative expenses of ₹ 52.60 million (₹ 249.44 million) in respect of projects have been capitalized during the year.
5. Borrowing costs allocated to fixed assets / capital work-in-progress is ₹ 27.73 million (₹ 241.41 million).
6. Capital work-in-progress includes pre-operative expenses of ₹ Nil (₹ 52.60 million)

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
13. Non-current investments (Valued at cost unless stated otherwise)		
A. Trade investments – Unquoted		
i) Wholly owned subsidiaries		
Welspun Pipes Inc.		
10,001 (10,001) equity shares of US$ 1 each	0.44	0.44
Nil (16,000) redeemable preferred stock of US$ 1,000 each	–	645.50
Welspun Pipes Limited 50,000 (50,000) equity shares of ₹ 10 each	0.50	0.50
Welspun Infratech Limited		
48,639,899 (48,639,899) equity shares of ₹ 10 each	1,920.85	1,920.85
42,289 (28,300) 7% unsecured optionally convertible debentures of ₹ 100,000 each	4,228.90	2,830.00
Welspun Tradings Limited 5,013,402 (5,013,402) equity shares of ₹ 10 each	50.22	50.22
Welspun Natural Resources Private Limited 1,875,000 (1,875,000) equity shares of ₹ 10 each	186.60	186.60
ii) Other Subsidiaries		
Welspun Maxsteel Limited		
113,622,058 (113,622,058) equity shares of ₹ 10 each	8,042.17	8,042.17
3,740,000 (Nil) 0% redeemable preference shares of ₹ 10 each	37.40	–
Welspun Mauritius Holdings Limited		
102,089 (102,089) equity shares of US$ 1 each	4.70	4.70
80,009,968 (14,999,968) preference shares of US$ 1 each	3,976.65	680.04
Welspun Infra Enterprises Limited 50,000 (Nil) equity shares of ₹ 10 each	0.50	–
iii) Joint Venture		
Dahej Infrastructure Private Limited (Extent of holding 50%) 500,000 equity shares of ₹ 10 each	–	5.00
Less: Provision for diminution in the value	–	(5.00)
iv) Associates		
Red Lebondal Limited (Extent of holding 25%) 450 (450) equity shares of Euro 1 each	0.03	0.03
Less: Provision for diminution in the value	(0.03)	–
Welspun Energy Limited (Extent of holding 26%) 60,493,342 (17,515,300) equity shares of ₹ 10 each	910.85	262.74
Welspun Captive Power Generation Limited (Extent of holding 24%)		
2,938,427 (5,000) equity shares of ₹ 10 each fully paid up	29.41	0.05
16,976,573 (Nil) preference shares of ₹ 10 each fully paid up	169.86	–
B. Other investments – Quoted		
Standard Chartered Bank PLC Indian Depository Receipt 334,331 (334,331) Indian Depository Receipt of ₹ 100 each	34.77	34.77
C. Other investments – Unquoted		
Welspun Enterprises (Cyprus) Limited 11,800 (11,800) equity shares of Euro 1 each	0.77	0.77
Less: Provision for diminution in the value	(0.77)	–
Total	**19,593.84**	**14,659.39**
(All the above shares and securities are fully paid up)		
Aggregate book value of quoted investments	34.77	34.77
Aggregate book value of unquoted investments	19,559.87	14,629.62
Aggregate market value of quoted investments	39.58	31.43
Aggregate provision for dimunition in value of investments	0.80	5.00

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
14. Long-term loans and advances		
(Unsecured considered good, unless otherwise stated)		
Capital advances		
- Subsidiary (refer note 40)	–	26.13
- Others	119.43	88.54
Less: Provision for doubtful advances	4.68	2.14
	114.75	**112.54**
Deposits		
- Related parties (refer note 40)	309.60	351.10
- Others	68.07	71.57
Less: Provision for doubtful deposits	2.86	2.84
	374.80	**419.83**
Loans and advances to related parties (refer note 40)		
Loan to Subsidiary	1,618.95	1,116.32
Share application money		
- Subsidiaries	610.59	2,807.24
- Other related parties	21.55	894.76
	2,251.09	**4,818.31**
Other loans and advances		
Advances recoverable in cash or kind	104.31	113.41
Prepaid expenses	8.51	4.87
Loan to employees	0.08	0.36
Minimum Alternative Tax credit entitlement	197.73	71.64
	310.63	**190.28**
Total	**3,051.27**	**5,540.98**

(₹ in million)

	2013	2012
15. Other non-current assets		
Receivable towards claim	–	76.31
Total	**–**	**76.31**

(₹ in million)

	2013	2012
16. Current Investments		
(Valued at lower of cost and fair value, unless stated otherwise)		
Quoted		
i) Bonds		
8.30% Government of India Loan 2042 3,500,000 (Nil) Bonds of ₹ 100 each	358.37	–
7.80% Government of India Loan 2021 500,000 (Nil) Bonds of ₹ 100 each	49.50	–
8.20% Government of India Loan 2025 7,000,000 (Nil) Bonds of ₹ 100 each	714.10	–
8.15% Government of India Loan 2022 11,000,000 (Nil) Bonds of ₹ 100 each	1,119.97	–
8.33% Government of India Loan 2026 7,000,000 (Nil) Bonds of ₹ 100 each	723.92	–
8.28% Government of India Loan 2032 2,535,000 (Nil) Bonds of ₹ 100 each	259.83	–

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
8.33% Government of India Loan 2036 5,000,000 (Nil) Bonds of ₹ 100 each	520.40	–
9.45% Gujarat State Petroleum Corp Limited 2022 450 (Nil) Bonds of ₹ 1,000,000 each	465.08	–
9.80% Gujarat State Petroleum Corp Limited 2073 600 (Nil) Bonds of ₹ 1,000,000 each	600.00	–
10.45% Gujarat State Petroleum Corp Limited 2072 531 (Nil) Bonds of ₹ 1,000,000 each	551.80	–
9.03% Gujarat State Petroleum Corp Limited 2028 1,500 (Nil) Bonds of ₹ 1,000,000 each	1,500.36	–
9.60% HDB Financial Services Limited 2023 250 (Nil) Bonds of ₹ 1,000,000 each	250.00	–
8.85% IDFC Limited 2016 217 (Nil) Bonds of ₹ 1,000,000 each	217.00	–
9.90% Industrial Finance Corporation of India Limited 2022 8,510 (Nil) Bonds of ₹ 25,000 each	210.56	–
9.90% Industrial Finance Corporation of India Limited 2027 29,140 (Nil) Bonds of ₹ 25,000 each	721.00	–
9.90% Industrial Finance Corporation of India Limited 2032 16,410 (Nil) Bonds of ₹ 25,000 each	406.03	–
9.90% Industrial Finance Corporation of India Limited 2037 26,400 (Nil) Bonds of ₹ 25,000 each	653.21	–
9.90% Industrial Finance Corporation of India Limited 2021 193 (Nil) Bonds of ₹ 1,000,000 each	196.34	–
10.15% Industrial Finance Corporation of India Limited 2023 430 (Nil) Bonds of ₹ 100,000 each	43.00	–
Industrial Finance Corporation of India Limited Deep Discount Bond 2033 3,390 (Nil) Bonds of ₹ 25,000 each	22.04	–
Industrial Finance Corporation of India Limited Deep Discount Bond 2039 41,470 (Nil) Bonds of ₹ 25,000 each	269.56	–
Industrial Finance Corporation of India Limited Deep Discount Bond 2040 41,470 (Nil) Bonds of ₹ 25,000 each	269.56	–
7.70% Indian Overseas Bank 2016 17 (Nil) Bonds of ₹ 1,000,000 each	16.65	–
7.77% Indian Railway Finance Corporation Limited 2026 10 (Nil) Bonds of ₹ 100,000 each	1.01	–
8.90% Jarkhand State Development Loan 2022 50,000 (Nil) Bonds of ₹ 100 each	5.04	–
9.18% NABARD 2017 100 (Nil) Bonds of ₹ 1,000,000 each	101.82	–
8.85% Power Grid Corporation of India Limited 2027 11 (Nil) Bonds of ₹ 1,250,000 each	13.78	–
8.20% Power Finance Corporation Limited 2022 2,000 (Nil) Bonds of ₹ 1,000 each	2.09	–
9.28% Rural Electrification Corporation Limited 2017 100 (Nil) Bonds of ₹ 1,000,000 each	102.07	–
8.70% Rural Electrification Corporation Limited 2018 150 (Nil) Bonds of ₹ 1,000,000 each	149.96	–

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
9.85% Reliance Capital Limited 2023 450 (Nil) Bonds of ₹ 1,000,000 each	450.00	–
9.95% Reliance Capital Limited 2022 30 (Nil) Bonds of ₹ 1,000,000 each	30.00	–
10.40% Reliance Capital Limited 2022 47 (Nil) Bonds of ₹ 1,000,000 each	47.13	–
10.00% Reliance Capital Limited 2017 57 (Nil) Bonds of ₹ 1,000,000 each	57.24	–
10.10% Reliance Capital Limited 2022 21 (Nil) Bonds of ₹ 1,000,000 each	21.16	–
10.20% SREI Infrastructure Finance Limited 2020 155 (Nil) Bonds of ₹ 1,000,000 each	155.00	–
10.75% SREI Infrastructure Finance Limited 2014 75 (Nil) Bonds of ₹ 1,000,000 each	75.00	–
8.30% Government of India Loan 2040 4,000,000 (6,350,000) Bonds of ₹ 100 each	413.55	616.98
8.83% Government of India Loan 2041 5,500,000 (21,600,000) Bonds of ₹ 100 each	599.94	2,229.06
8.97% Government of India Loan 2030 16,614,500 (16,000,000) Bonds of ₹ 100 each	1,811.10	1,660.99
9.15% Government of India Loan 2024 240,000 (5,500,000) Bonds of ₹ 100 each	26.00	570.99
8.97% Andhra Pradesh State Development Loan 2022 200,000 (200,000) Bonds of ₹ 100 each	20.03	20.03
Industrial Finance Corporation of India Limited Deep Discount Bond 2031 28,404 (26,104) Bonds of ₹ 25,000 each	184.63	114.72
Industrial Finance Corporation of India Limited Deep Discount Bond 2032 41,470 (15,650) Bonds of ₹ 25,000 each	269.56	77.47
9.70% Industrial Finance Corporation of India Limited 2030 4 (362) Bonds of ₹ 1,000,000 each	4.12	374.29
Industrial Finance Corporation of India Limited Deep Discount Bond 2034 41,470 (41,470) Bonds of ₹ 25,000 each	269.56	170.50
Industrial Finance Corporation of India Limited Deep Discount Bond 2035 4,795 (4,795) Bonds of ₹ 25,000 each	31.17	14.51
Industrial Finance Corporation of India Limited Deep Discount Bond 2036 2,190 (2,190) Bonds of ₹ 25,000 each	14.24	5.70
Industrial Finance Corporation of India Limited Deep Discount Bond 2037 17,370 (14,840) Bonds of ₹ 25,000 each	112.91	44.41
Industrial Finance Corporation of India Limited Deep Discount Bond 2038 41,470 (41,470) Bonds of ₹ 25,000 each	269.56	134.90
8.99% Madhya Pradesh State Development Loan 2022 50,500 (50,500) Bonds of ₹ 100 each	5.06	5.06
8.81% West Bengal State Development Loan 2021 100,000 (2,500,000) Bonds of ₹ 100 each	10.08	250.33
10.05% Air India Limited Bonds 2031 Nil (2,786) Bonds of ₹ 1,000,000 each	–	2,978.23
8.71% Andhra Pradesh State Development Loan 2022 Nil (2,674,500) Bonds of ₹ 100 each	–	267.70

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
8.79% Government of India Loan 2021 Nil (6,000,000) Bonds of ₹ 100 each	–	624.57
8.78% Gujarat State Development Loan 2021 Nil (100,000) Bonds of ₹ 100 each	–	10.00
9.23% Gujarat State Development Loan 2021 Nil (2,500,000) Bonds of ₹ 100 each	–	252.60
9.25% IDBI Bank Limited Nil (17) Bonds of ₹ 1,000,000 each	–	16.91
9.65% Krishna Bhagya Jala Nigam Limited 2022 Nil (730) Bonds of ₹ 1,000,000 each	–	730.00
8.48% LIC Housing Finance Limited 2013 Nil (50) Bonds of ₹ 1,000,000 each	–	49.57
8.73% Madhya Pradesh State Development Loan 2022 Nil (1,500,000) Bonds of ₹ 100 each	–	151.61
8.79% Maharashtra State Development Loan 2021 Nil (2,500,000) Bonds of ₹ 100 each	–	250.35
9.42% National Fertilizers Limited 2016 Nil (100) Bonds of ₹ 1,000,000 each	–	100.00
8.20% National Highways Authority of India 2022 Nil (141,565) Bonds of ₹ 1,000 each	–	144.48
8.30% National Highway Authority of India 2027 Nil (79,000) Bonds of ₹ 1,000 each	–	81.77
9.00% NTPC Limited 2027 Nil (227) Bonds of ₹ 200,000 each	–	45.40
9.35% Power Grid Corporation of India Limited 2018 Nil (100) Bonds of ₹ 1,000,000 each	–	100.60
9.25% Power Grid Corporation of India Limited 2018 Nil (896) Bonds of ₹ 1,250,000 each	–	1,121.95
9.70% Power Finance Corporation Limited 2018 Nil (50) Bonds of ₹ 1,000,000 each	–	50.98
9.36% Power Finance Corporation Limited 2021 Nil (550) Bonds of ₹ 1,000,000 each	–	549.47
9.45% Power Finance Corporation Limited 2026 Nil (195) Bonds of ₹ 1,000,000 each	–	194.71
9.46% Power Finance Corporation Limited 2026 Nil (595) Bonds of ₹ 1,000,000 each	–	600.82
9.61% Power Finance Corporation Limited 2021 Nil (500) Bonds of ₹ 1,000,000 each	–	495.00
8.80% Pondicherry State Development Loan 2022 Nil (800,000) Bonds of ₹ 100 each	–	80.01
9.38% Rural Electrification Corporation Limited 2016 Nil (108) Bonds of ₹ 1,000,000 each	–	108.50
9.48% Rural Electrification Corporation Limited 2021 Nil (887) Bonds of ₹ 1,000,000 each	–	896.10
9.75% Rural Electrification Corporation Limited 2021 Nil (100) Bonds of ₹ 1,000,000 each	–	100.00
9.02% Rajasthan State Development Loan 2021 Nil (1,000,000) Bonds of ₹ 100 each	–	101.24

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
9.23% Rajasthan State Development Loan 2021 Nil (1,000,000) Bonds of ₹ 100 each	–	101.53
9.85% SBI Cards and Payments Services Limited 2019 Nil (400) Bonds of ₹ 1,000,000 each	–	400.00
11.40% SREI Infrastructure Finance Limited 2022 Nil (500) Bonds of ₹ 1,000,000 each	–	500.00
10.20% Tourism Finance Corporation of India Limited 2021 Nil (54) Bonds of ₹ 1,000,000 each	–	54.00
11.80% TATA Iron and Steel Company Perpetual Bonds Nil (500) Bonds of ₹ 1,000,000 each	–	531.25
8.71% Tamilnadu State Development Loan 2022 Nil (3,554,500) Bonds of ₹ 100 each	–	356.18
8.72% Tamilnadu State Development Loan 2022 Nil (1,300,000) Bonds of ₹ 100 each	–	130.06
9.02% Uttar Pradesh State Development Loan 2021 Nil (2,000,000) Bonds of ₹ 100 each	–	200.90
9.04% West Bengal State Development Loan 2021 Nil (500,000) Bonds of ₹ 100 each	–	50.16
9.28% West Bengal State Development Loan 2021 Nil (1,000,000) Bonds of ₹ 100 each	–	101.93
10.85% West Bengal State Electricity Distribution Company Limited 2026 Nil (69) Bonds of ₹ 1,000,000 each	–	69.06
8.60% LIC Housing Finance Limited 2020 Nil (4) Bonds of ₹ 1,000,000 each	–	4.13
ii) Certificate of deposits		
Andhra Bank Limited 2013 2,500 (Nil) Bonds of ₹ 100,000 each	244.51	–
Indusind Bank Limited 2013 5,000 (Nil) Bonds of ₹ 100,000 each	491.75	–
Sicom Limited 1 (Nil) CD of ₹ 500,000,000 each	500.00	–
UCO Bank Limited 2012 Nil (2,500) units of ₹ 100,000 each	–	243.91
Allahabad Bank Limited 2012 Nil (2,500) units of ₹ 100,000 each	–	244.43
iii) Mutual fund		
Reliance Liquid Fund – Treasury Plan – Daily Dividend Option	280.97	–
Total	**16,908.26**	**19,379.99**
Aggregate book value of quoted investments	**16,908.26**	**19,379.99**
Aggregate market value of quoted investments	**17,107.31**	**19,651.50**

Notes forming part of the Financial Statements

(₹ in million)

		2013	2012
17. Inventories			
Raw materials (including goods-in-transit of ₹ 3,408.22 million (₹ 2,775.64 million))		5,779.37	8,930.06
Goods-in-process		2,939.08	1,300.61
Finished goods		4,698.54	4,861.07
Stores and spares		1,324.86	1,406.75
	Total	**14,741.86**	**16,498.50**
Details of inventories under broad heads			
Raw materials			
H.R. Coils		946.99	902.51
H.R. Plates		676.00	2,967.19
M.S. Slabs		474.22	1,915.39
Others		273.92	369.33
Goods-in-transit		3,408.23	2,775.64
	Total	**5,779.37**	**8,930.06**
Goods-in-process			
Welded pipes		2,099.33	229.57
Coating		8.83	14.94
Plates and Coils		223.79	461.43
Others		607.13	594.68
	Total	**2,939.08**	**1,300.61**
Finished goods			
Welded pipes		3,151.20	3,809.74
M.S. Plates		635.86	907.30
H.R Coils		743.64	120.41
Coating		167.85	23.62
	Total	**4,698.54**	**4,861.07**

(₹ in million)

		2013	2012
18. Trade receivables*			
(Unsecured)			
Over six months			
Considered good		805.79	1,289.06
Considered doubtful		90.65	62.60
Less: Provision for doubtful debts		(90.65)	(62.60)
		805.79	1,289.06
Others considered good		8,965.00	9,638.57
	Total	**9,770.79**	**10,927.63**

*includes receivable from Subsidiaries ₹ 5,667.50 million (₹ 2,760.50 million)

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
19. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
- Current accounts	3,579.04	3,649.09
- Deposits having original maturity period of less than three months	57.14	1,877.65
Cheques on hand	0.98	36.00
Cash on hand	1.75	2.60
Other bank balances		
Balances with banks - Current accounts*	11.48	25.56
Unclaimed dividend accounts	5.30	5.20
Deposits having original maturity period of more than three months but less than twelve months	–	30.76
Margin money deposits	672.94	782.57
Total	**4,328.63**	**6,409.43**

*being balance in Debt Service Reserve account, not available for use by the company

(₹ in million)

	2013	2012
20. Short-term loans and advances		
(Unsecured considered good unless otherwise stated)		
Deposits		
- Related parties (refer note 40)	37.28	37.28
- Others	1.77	12.34
	39.05	**49.62**
Loans and advances to related parties (refer note 40)		
- Subsidiaries	412.27	191.95
- Other parties	3.90	–
	416.17	**191.95**
Other loans and advances		
Advances recoverable in cash or in kind	693.17	421.60
Balances with government authorities - Indirect taxes	1,341.61	2,537.30
Prepaid expense	45.30	49.10
Loans and advances to employees	12.38	27.37
	2,092.46	3,035.36
Less: Provision for doubtful advances	227.54	198.48
Total	**2,320.14**	**3,078.45**

(₹ in million)

	2013	2012
21. Other current assets		
Interest accrued on		
- Loans to subsidiaries	102.39	248.33
- Current investments	295.73	616.13
- Fixed deposits	32.96	45.79
- Others	20.55	17.80
Receivable towards claim	244.51	76.31
Dividend receivable from subsidiaries	220.38	–
Export benefits receivable	749.22	226.43
Assets held for disposal	4.13	8.46
Total	**1,669.88**	**1,239.26**

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
22. Revenue from operations		
Sale of Product		
- Finished goods	56,851.45	49,357.62
- Traded goods	9,790.16	7,252.48
Other operating revenues (refer note 45)	3,959.41	3,931.29
Revenue from operations (gross)	70,601.02	60,541.39
Less: Excise duty	4,279.37	2,844.27
Revenue from operations (net)	**66,321.65**	**57,697.11**
Details of sale of products under broad head		
Finished goods		
Welded pipes	38,144.78	29,227.10
M.S. Plates	8,040.46	14,793.23
H.R. Coils	6,359.21	3,097.70
Coating	3,032.76	460.97
Power	0.15	195.84
Steam	1,096.48	786.56
Others	177.61	796.22
	56,851.45	**49,357.62**
Traded goods		
H.R. Coils	9,790.16	7,252.48
	9,790.16	**7,252.48**

(₹ in million)

	2013	2012
23. Other income		
Interest from		
- Subsidiaries	113.57	269.36
- Current investments	1,219.25	692.64
- Fixed deposits	79.37	133.64
- Others	279.08	124.30
Profit on sale of tangible assets (net)	–	0.10
Dividend Income from		
- Subsidiaries on non-current investment	220.38	–
- Current investment	249.46	405.00
Profit on sale of current investments	331.08	219.87
Profit on sale of non-current investments	234.42	–
Miscellaneous income	277.17	347.13
Total	**3,003.77**	**2,192.04**

Notes forming part of the Financial Statements

(₹ in million)

		2013	2012
24.	**Cost of materials consumed**		
	Inventory at the beginning of the year	6,154.42	3,036.61
	Add: Purchases	37,776.65	40,026.65
		43,931.07	43,063.26
	Less: Inventory at the end of the year	2,371.15	6,154.42
	Total	**41,559.92**	**36,908.84**
	Details of raw materials consumed		
	H.R. Coils	10,247.97	8,260.85
	H.R. Plates	17,628.10	12,470.24
	M.S. Slabs	11,799.08	15,129.09
	Welding and coating materials	1,710.30	842.24
	Others	174.47	206.43
	Total	**41,559.92**	**36,908.84**

(₹ in million)

		2013	2012
25.	**Purchases of traded goods**		
	Purchases of traded goods - H.R. Coils	9,207.69	6,853.50
	Total	**9,207.69**	**6,853.50**

(₹ in million)

		2013	2012
26.	**Changes in inventories of finished goods and goods-in-process**		
	Inventories at the end of the year		
	Goods-in-process	2,939.08	1,300.61
	Finished goods	4,698.54	4,861.07
		7,637.62	6,161.68
	Inventories at the beginning of the year		
	Goods-in-process	1,300.61	508.28
	Finished goods	4,861.07	4,809.84
		6,161.68	5,318.11
	Total	**(1,475.94)**	**(843.56)**

(₹ in million)

		2013	2012
27.	**Employee benefits expense**		
	Salaries, wages and bonus	2,008.84	1,562.24
	Contribution to provident and other funds	93.94	110.23
	Employee compensation expenses (net)	(6.60)	(1.51)
	Staff welfare expenses	100.89	85.14
	Total	**2,197.07**	**1,756.09**

Notes forming part of the Financial Statements

(₹ in million)

	2013	2012
28. Other expenses		
Stores and spares consumed	1,937.48	1,875.35
Coating and other Job charges	3,038.73	1,833.60
Power, fuel and water charges	1,817.00	1,554.16
Freight, material handling and transportation	1,099.22	1,629.53
Excise duty on stocks	235.52	2.24
Rent	85.86	86.75
Rates and taxes	4.60	8.23
Repairs and maintenance		
- Plant and machinery	77.52	150.60
- Buildings	18.41	26.36
- Others	84.91	40.12
Travelling and conveyance expenses	215.68	156.72
Communication expenses	23.44	20.37
Professional and consultancy fees	283.72	253.84
Insurance	96.59	83.02
Directors' sitting fees	1.56	1.02
Printing and stationery	10.56	11.93
Security charges	23.82	21.03
Membership and subscription	25.83	14.51
Vehicle expenses	20.38	17.65
Exchange difference (net)	1,088.64	831.82
Auditors remuneration	8.89	7.36
Product compensation and claims	3.29	649.39
Sales promotion expenses	17.69	30.56
Liquidated damages	73.21	192.97
Commission and discount on sales	564.22	422.28
Provision for doubtful debts and advances (net)	59.72	96.68
Bad debts and advances written off	2.18	1.46
Provision for diminution in the value of non-current investments	0.80	–
Provision for impairment of tangible assets	106.09	–
Loss on sale / discard of tangible assets	8.29	–
Miscellaneous expenses	106.09	117.17
Total	**11,139.96**	**10,136.74**

(₹ in million)

	2013	2012
29. Finance costs		
Interest expense		
- Term loans	204.13	127.56
- Debentures/Bonds	1,999.76	1,602.62
- Working capital	44.00	20.87
- Others	32.18	14.56
Other borrowing costs	708.91	437.29
Exchange difference (net)	–	268.07
Total	**2,988.98**	**2,470.96**

Notes forming part of the Financial Statements

30. Micro, Small and Medium Enterprises

Disclosure of amount due to suppliers under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" as at 31 March is as under:

(₹ in million)

	2013	2012
Principal amount due to suppliers under MSMED Act, 2006	2.40	16.98
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.19	0.22
	2.59	**17.20**
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	31.34	24.85
Interest due and payable to suppliers under MSMED Act, for payments already made	0.31	0.31
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	2.10	1.60

31. Foreign exchange differences

a) Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments of ₹ 1,088.64 million (₹ 831.82 million) and ₹ Nil (₹ 268.07 million) is accounted in other expenses and finance costs respectively other than (b) below.

b) The Companies (Accounting Standards) Amendment Rules 2011 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference loss amounting to ₹ 361.90 million (₹ 695.83 million) to the cost of fixed assets and capital work in progress and exchange difference loss of ₹ 648.88 million (₹ 612.53 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term liabilities. Out of the above, loss of ₹ 373.50 million (₹ 289.56 million) has been adjusted in the current year and loss of ₹ 275.37 million (₹ 322.97 million) has been carried over and disclosed in shareholders funds.

c) The Company has adopted AS-30 as referred to in Note 1 (i) of the Significant Accounting Policies and accordingly loss of ₹ 44.84 million (₹ 178.18 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.

32. Disclosure of derivative instruments and unhedged foreign currency exposure as at balance sheet date

(₹ in million)

	2013		2012	
	Amount Hedged	Amount Unhedged*	Amount Hedged	Amount Unhedged*
a) In respect of Short-term receivables and payables				
i) In respect of Trade receivables				
Existing as on the balance sheet date	–	720.72	–	4,240.79
In respect of future forecasted transactions	631.44	-	904.55	–
ii) In respect of Trade payables				
Existing as on the balance sheet date	4,437.65	13,688.80	9,475.60	10,540.55
In respect of future forecasted transactions	–	–	1,294.63	–
b) In respect of short-term receivables and payables existing as on the balance sheet date				
i) Borrowings	1,813.95	907.73	–	3,569.44
ii) Other liabilities or payables	–	1,606.24	–	1,101.30
iii) Other assets or receivables	–	885.62	–	1,354.48
c) In respect of long-term receivables and payables existing as on the balance sheet date				
i) Borrowings	–	12,581.30	–	12,805.39
ii) Other liabilities or payables	–	1,764.26	–	2,417.44
iii) Other assets or receivables	–	–	–	76.31
d) Other derivative Hedge instruments**	13,872.88	–	10,578.75	–

Note :

*The Net un-hedged short term payables/borrowings as on 31 March 2013 is ₹ 14,596.42 million (₹ 9,616.02 million) resulting in natural hedge against foreign exchange rate fluctuation.

**Other derivative Hedge instruments include Coupon Only Swap for notional Rupee liability of ₹ 5,000 million (₹ 5,000.00 million), Interest Rate Swap for notional foreign currency liability of US$ 163.45 million equivalent to ₹ 8,872.88 million (US$ 90.00 million equivalent to ₹ 4,578.75 million) and Currency Swap for notional Rupee liability of ₹ Nil (₹ 1,000.00 million).

Notes forming part of the Financial Statements

(in million)

Cross Currency Hedges	2013 Amount in Foreign Currency	2012 Amount in Foreign Currency
In respect of short term receivables		
EUR / US$	–	1.50
In respect of short term payables		
EUR / US$	23.12	37.00

33. Contingent liabilities not provided for

(₹ in million)

	2013	2012
Performance guarantees/Bid bond given by banks to company's customers / government authorities etc.	15,630.87	18,948.50
Corporate guarantees given by the company (includes ₹ 11,998.22 million (₹ 6,427.23 million)) for Loans/Liabilities taken by the subsidiaries. Loans /Liabilities outstanding against these guarantees are ₹ 1772.89 million (₹ 3,172.34 million)	18,203.96	12,249.50
Letters of credit outstanding (net of liability provided) for company's sourcing	4,087.02	7,960.46
Claims against the Company not acknowledged as debts	450.54	423.66
Custom duty on pending export obligation against import of Raw Materials	1,387.25	961.18
Disputed direct taxes*	2,009.47	–
Disputed indirect taxes**	100.73	74.29

*Income tax demands mainly include appeals filed by the Company before appellate authorities against disallowances i.e. depreciation/claims/deductions. The management is of the opinion that its tax disputes will be decided in its favour and no material tax liability is likely to be sustained, hence no provision is considered necessary.

**Demand notice received during the year for duty evasion of ₹ 8,609.82 million on account of alleged wrong classification of imported raw materials along with penalty of ₹ 8,609.82 million and penalty of ₹ 205 million on directors and officers of the company. In the opinion of management, without prejudice to overall merits, in any case ₹ 6,706.60 million is cenvatable duty which is revenue neutral and may not result into recoverable demand and accordingly relevant amount of penalty may not sustain. The matter is under dispute with appellate authority and thus whole amount of duty and penalty referred above is not considered as contingent liability.

34. Capital and Other Commitments

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹ 280.26 million (₹ 579.94 million)

b) Other long-term commitments - ₹ 5,250 million (₹ 3,250 million)

c) The company has committed to provide continued need based financial support to subsidiaries / associates.

35. Exceptional Item

Adani Welspun Exploration Limited - "AWEL" (joint venture between Welspun Natural Resources Private Limited -"WNRPL" and Adani Enterprises Limited - "AEL") had two blocks in Thailand L39/489 and Thailand L22/50. After initial seismic studies and carrying out detailed diligence of the drilling prospectivity in the adjacent Blocks, AWEL concluded that it was not prudent to pursue drilling and decided to relinquish these blocks and abandoned the drilling campaign and pay the cost towards unfinished work program. Accordingly, AWEL, has charged off ₹1,537.6 million being the expenditure on abortive exploration activities on the these Blocks. Accordingly, the company has charged off its share (representing 35%) of ₹538.20 million advanced for Thailand project in these financial.

36. 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.

Notes forming part of the Financial Statements

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	2013 (%p.a.)	2012 (%p.a.)
Discount rate (p.a.)	8.25	8.50
Expected return on assets	10.00	7.50
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 Presidents and above retirement age is 62 Years)
Attrition rate	2% up to age 44 and 1% thereafter

II. Expenses recognized in the statement of profit and loss

(₹ in million)

	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2013	2012	2013	2012
Current service cost	77.00	74.91	45.51	54.46
Interest cost	9.15	8.52	3.94	3.89
Expected return on plan assets	(8.25)	(6.74)	–	–
Net actuarial (gain)/loss recognized	(61.89)	(55.22)	(31.56)	(39.60)
Expenses recognized in the statement of profit and loss	16.02	21.47	17.90	18.75

III. Present value of defined benefit obligation and the fair value of assets

(₹ in million)

	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2013	2012	2013	2012
Present value of obligation as at 31 March	119.18	99.54	50.83	46.75
Fair value of plan assets as at 31 March	119.18	99.54	–	–
Liability recognized in the balance sheet	–	–	50.83	46.75

IV. Change in the present value of obligation

(₹ in million)

	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2013	2012	2013	2012
Present value of obligation as at 1 April	99.54	98.37	46.75	46.15
Current service cost	77.00	74.91	45.51	54.46
Interest cost	9.15	8.52	3.94	3.89
Benefits paid	(6.36)	(21.96)	(13.81)	(18.15)
Actuarial (gain)/loss on obligations	(60.16)	(60.30)	(31.56)	(39.60)
Present value of obligation as at 31 March	119.18	99.54	50.83	46.75

Notes forming part of the Financial Statements

V. Change in fair value of plan assets

(₹ in million)

	Gratuity (Funded) 2013	Gratuity (Funded) 2012
Fair value of plan assets as at 1 April	99.54	98.37
Expected return on plan assets	8.25	6.74
Actuarial gain/(loss) on plan assets	16.02	(5.09)
Contributions	(6.36)	21.48
Benefits paid	1.73	(21.96)
Fair value of plan assets as at 31 March	119.18	99.54

Notes:

i) Amount recognized as an expense and included in Note 27 - Employee benefits expense is: Gratuity ₹ 16.02 million (₹ 21.47 million) and Leave Encashment Expense of ₹ 17.90 million (₹ 18.75 million)

ii) "Contribution to provident and other funds" is recognised as an expense in note 27 of the statement of profit and loss.

37. Segment reporting

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

ii) Information about Secondary-Geographical Segment

(₹ in million)

	2013			2012		
	Within India	Outside India	Total	Within India	Outside India	Total
External sales / revenue from operations*	40,555.67	25,765.98	66,321.65	33,209.24	24,487.88	57,697.11
Carrying amount of segment assets	96,210.75	7,796.79	104,007.54	99,624.51	10,698.88	110,323.39
Capital expenditure	1,523.75	–	1,523.75	3,382.64	–	3,382.64

*Sales within India includes deemed exports of ₹ 9,505.57 million (₹ 8,472.66 million)

Notes:

a) Segment revenue in the geographical segments considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India.
- Revenue outside India includes sales to customers located outside India.

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

c) Capital expenditure also includes expenditure incurred on capital work-in-progress and capital advances

38. Payment to Auditors

(₹ in million)

	2013	2012
Audit fee	5.50	4.25
Tax audit fee	1.00	0.75
Taxation matters	1.50	1.00
Other services (Certification fees)	0.78	1.30
Out of pocket expenses	0.11	0.06

Notes forming part of the Financial Statements

39. 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 tenure of lease is generally for eleven months to one twenty months.

(₹ in million)

	2013	2012
Lease rental charges for the year	85.86	86.75
Future lease rental obligations payable (under non-cancelable leases)		
Not Later than one year	58.25	73.55
Later than one year but not later than five years	119.02	256.07
Later than five years	0.27	0.98

40. Related Party Disclosures

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% (100%)
Welspun Natural Resources Private Limited	Oil and Gas Exploration	India	100% (100%)
Welspun Pipes Inc	SPV for Steel Pipes Business	United States of America	100% (100%)
Welspun Tradings Limited	Trading in Steel Products	India	100% (100%)
Welspun Infratech Limited	Infrastructure Development	India	100% (100%)
Welspun Mauritius Holdings Limited	SPV for Steel Pipes Business	Mauritius	89.98% (89.98%)
Welspun Maxsteel Limited	Manufacturer of Sponge Iron	India	87.35% (87.35%)
Welspun Infra Enterprises Limited (w.e.f. 15 March 2013)	Infrastructure Development	India	100%(--)
Indirect Subsidiaries			
Held through Welspun Mauritius Holdings Limited			
Welspun Middle East Pipes Company LLC	Manufacturer of Steel Pipes	Kingdom of Saudi Arabia	50.01% (50.01%)
Welspun Middle East Pipes Coating Company LLC	Coating of Pipes	Kingdom of Saudi Arabia	50.01% (50.01%)
Welspun Middle East DMCC	Marketing Company	Dubai, UAE	100% (100%)
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	United States of America	100% (100%)
Welspun Global Trade LLC	Marketing Company	United States of America	100% (100%)
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100% (100%)
Held through Welspun Infratech Limited			
Welspun Projects Limited	Infrastructure Development	India	61.12% (61.12%)
Welspun Road Projects Private Limited	Infrastructure Development	India	100% (100%)
Welspun Infra Projects Private Limited	Infrastructure Development	India	60% (60%)
ARSS Bus Terminal Private Limited	Infrastructure Development	India	49% (45%)
Held through Welspun Projects Limited			
Anjar Road Private Limited	Infrastructure Development	India	100% (100%)
Welspun BOT Projects Private Limited	Infrastructure Development	India	100% (100%)
MSK Projects (Himmatnagar Bypass) Private Limited	Infrastructure Development	India	100% (100%)
MSK Projects (Kim Mandavi Corridor) Private Limited	Infrastructure Development	India	100% (100%)

Notes forming part of the Financial Statements

40. Related Party Disclosures (Contd.)

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding
Held through Welspun Infra Projects Limited			
Welspun Energy Transportation Private Limited	Infrastructure Development	India	100% (100%)
Welspun Water Infrastructure Private Limited	Infrastructure Development	India	100% (100%)
Associate Companies			
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25% (25%)
Welspun Energy Limited*	Power Generation	India	26% (26%)
Welspun Captive Power Generation Limited (w.e.f 26 December 2012)	Power Generation	India	24% (15%)
Joint Ventures			
Dahej Infrastructure Private Limited (Up to 20 March 2013)	Development of Jetty	India	--- (50%)
Indirect Joint Ventures			
Held through Welspun Natural Resources Private Limited			
Adani Welspun Exploration Limited	Oil and Gas Exploration	India	35% (35%)
Held through Welspun Infra Projects Private Limited			
Leighton Welspun Contractors Private Limited#	Infrastructure Development	India	32.38% (35.00%)
Held through Welspun Projects Limited			
Dewas Bhopal Corridor Limited	Infrastructure Development	India	50% (50%)
Bul MSK Infrastructure Private Limited	Infrastructure Development	India	50% (50%)

Note:

#Welspun Projects Limited acquired 7.50% stake in Leighton Welspun Contractors Private Limited (w.e.f. 28 March 2013) and with this Welspun Infratech Limited together holds 39.88% in Leighton Welspun Contractors Private Limited.

*Direct and Indirect subsidiaries of Welspun Energy Limited (an associate company): Welspun Energy Madhya Pradesh Limited, Welspun Energy Anuppur Private Limited, Welspun Energy UP Private Limited, Welspun Urja India Limited, Welspun Energy Chattisgarh Limited, Welspun Renewables Energy Limited, Welspun Urja Gujarat Private Limited.,Welspun Energy Meghalaya Private Limited, Welspun Energy Jharkhand Private Limited, Welspun Energy Orissa Private Limited, Welspun Energy Resources Private Limited, Welspun Solar Park Private Limited, Welspun Energy Park Private Limited, Welspun Solar Tech Private Limited, Welspun Energy Maharashtra Private Limited, Welspun Energy Rajasthan Private Limited, Solarsys Renewable Energy Private Limited, Welspun Solar Madhya Pradesh Private Limited, Welspun Solar Rajasthan Private Limited, Welspun Solar Punjab Private Limited, Welspun Solar UP Private Limited, Welspun Solar AP Private Limited, Unity Power Private Limited, Northwest Energy Private Limited, Dreisatz Mysolar24 Private Limited, SUIL Hydro Power Private Limited, MI Mysolar24 Private Limited, Solarsys Energy Private Limited, Welspun Solar Kannada 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, Remi Metals Gujarat 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, Welspun Global Brands Limited, Welspun UK Limited, Welspun Marine Logistics Limited

Directors / Key Management Personnel

	Nature of Relationship
B. K. Goenka	Chairman^
R. R. Mandawewala	Director*
Braja Mishra	Managing Director**

^Executive Chairman upto 13 August 2012

*Managing Director upto 26 April 2012

**Appointed w.e.f. 26 April 2012

Notes forming part of the Financial Statements

A. Transactions with related parties for the year

(₹ in million)

	Subsidiaries	Associate/ Joint Venture	Other Related Parties	Key Management Personnel	Total
Sale of goods, services and recoveries	**36,846.43**	**21.72**	**1,678.71**	**–**	**38,546.85**
	16,790.16	151.36	1,379.64	–	18,321.16
Sale of fixed assets	**155.73**	**–**	**4.84**	**–**	**160.57**
	27.97	–	0.48	–	28.44
Interest and other income received	**113.57**	**–**	**0.44**	**–**	**114.01**
	269.36	–	0.41	–	269.77
Dividend received	**220.38**	**–**	**–**	**–**	**220.38**
	–	–	–	–	–
Purchase of goods and services	**125.67**	**238.04**	**71.03**	**–**	**434.75**
	730.04	–	80.88	–	810.93
Purchase of fixed assets	**290.40**	**–**	**–**	**–**	**290.40**
	–	–	–	–	–
Rent and license fees paid	**–**	**–**	**67.72**	**–**	**67.72**
	–	–	72.16	–	72.16
Donations	**–**	**–**	**80.75**	**–**	**80.75**
	–	–	22.65	–	22.65
Reimbursement of expenses paid (Net)	**1,186.77**	**–**	**69.41**	**–**	**1,256.18**
	299.90	–	51.68	–	351.58
Directors remuneration	**–**	**–**	**–**	**154.42**	**154.42**
	–	–	–	31.05	31.05
Loans, advances and deposits given	**4,376.34**	**–**	**–**	**–**	**4,376.34**
	1,509.93	–	72.91	–	1,582.84
Loans, advances and deposits given repaid/adjusted	**2,694.11**	**–**	**–**	**–**	**2,694.11**
	1,357.58	–	–	–	1,357.58
Investment in shares	**3,334.02**	**799.56**	**–**	**–**	**4,133.57**
	9,007.27	260.01	–	–	9,267.28
Investment in Optionally Convertible Debentures	**1,398.90**	**–**	**–**	**–**	**1,398.90**
	1,500.00	–	–	–	1,500.00
Sale of shares	**–**	**–**	**0.06**	**–**	**0.06**
	0.13	–	–	–	0.13
Share application money given	**2,581.03**	**8.00**	**–**	**–**	**2,589.03**
	2,733.55	2,594.77	215.00	–	5,543.32
Share application money given repaid / adjusted	**4,777.68**	**881.21**	**–**	**–**	**5,658.89**
	437.63	2,003.40	150.00	–	2,591.03

Notes forming part of the Financial Statements

B. Closing balances as at 31 March 2013

(₹ in million)

	Subsidiaries	Associate/ Joint Venture	Other Related Parties	Key Management Personnel	Total
Loans, advances and deposits given	**2,031.22**	**–**	**350.78**	**–**	**2,382.00**
	1,381.53	–	388.38	–	1,769.91
Corporate guarantees given	**11,998.22**	**6,204.28**	**1.46**	**–**	**18,203.96**
	6,427.23	4,999.30	822.97	–	12,249.50
Investments in shares	**14,220.04**	**1,110.15**	**0.77**	**–**	**15,330.96**
	11,531.03	267.82	0.77	–	11,799.62
Investment in optionally convertible debentures	**4,228.90**	**–**	**–**	**–**	**4,228.90**
	2,830.00	–	–	–	2,830.00
Share application money	**610.59**	**21.55**	**–**	**–**	**632.14**
	2,807.24	699.76	195.00	–	3,702.00
Trade receivables	**5,667.50**	**0.00**	**27.06**	**–**	**5,694.56**
	2,760.50	–	14.54	–	2,775.03
Interest receivable	**102.39**	**–**	**–**	**–**	**102.39**
	175.04	–	–	–	175.04
Trade payables* [₹ 2,374 (₹ 2,374)]	**1.48**	**26.94**	**19.85**	**–**	**48.26**
	–	0.00	3.20	–	3.20
Dividend receivable	**220.38**	**–**	**–**	**–**	**220.38**
	–	–	–	–	–

*Denotes figures less than ₹ 10,000.

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 ₹ 26,642.57 million (₹ 8,701.43 million), Welspun Tubular LLC ₹ 9,842.28 million (₹ 7,703.42 million)

ii Sale of fixed assets - Welspun Tubular LLC ₹ 153.08 million (₹ 27.97 million)

iii Interest and other income includes - Interest received from Welspun Natural Resources Private Limited ₹ 111.77 million (₹ 73.29 million), Interest received from Welspun Infratech Limited ₹ Nil (₹ 196.07 million)

iv Dividend received - Welspun Pipes Inc - ₹ 220.38 million (₹ Nil)

v Purchase of goods and services - Welspun Tubular LLC ₹ 124.05 million (₹ 561.94 million), Welspun Projects Limited ₹ Nil (₹ 167.34 million), Welspun Steel Limited ₹ 7.89 million (₹ 24.73 million), Welspun Logistics Limited ₹ 54.74 million (₹ 50.20 million), Welspun Tradings Limited ₹ 1.06 million (₹ 0.76 million), Welspun Captive Power Generation Limited ₹ 238.04 million (₹ Nil)

vi Purchase of fixed assets - Welspun Projects Limited ₹ 290.34 million (₹ Nil)

vii Rent paid - Welspun Realty Private Limited ₹ 58.99 million (₹ 65.03 million)

viii Donation paid - Welspun Foundation for Health and Knowledge ₹ 80.75 million (₹ 22.65 million) (meant for Corporate Social Responsibility activities)

ix Reimbursement of expenses (net) - Welspun India Limited ₹ Nil (₹ 42.66 million), Welspun Tubular LLC ₹ Nil (₹ 281.13 million), Welspun Tradings Limited ₹ 1,186.56 million (₹ Nil).

x Loans, advances and deposits given - Welspun Natural Resources Private Limited ₹ 1,333.36. million (₹ 424.45 million), Welspun Maxsteel Limited ₹ Nil (₹ 1,085.48 million), Welspun Pipes Inc ₹ 271.43 million (₹ Nil), Welspun Tradings Limited ₹ 2,721.72 million (₹ Nil)

xi Loans, advances and deposits given repaid / adjusted - Welspun Natural Resources Private Limited ₹ 932.06 million (₹ 272.10 million), Welspun Maxsteel Limited ₹ Nil (₹ 1,085.48 million), Welspun Tradings Limited ₹ 1,762.05 million (₹ Nil)

Notes forming part of the Financial Statements

xii Investment in shares of - Welspun Maxsteel Limited ₹ 37.40 million (₹ 8,042.17 million), Welspun Infratech Limited ₹ Nil (₹ 920 million) converted out of Optionally Convertible Debentures, Welspun Mauritius Holdings Limited ₹ 3,296.62 million (₹ 0.10 million), Investment in Optionally Convertible Debentures issued by Welspun Infratech Limited ₹ 1,398.90 million (₹ 1,500 million), Welspun Energy Limited - ₹ 699.76 million (₹ 260.01 million)

xiii Sale of investments in Dahej Infrastructure Private Limited to Welspun Marine Logistics Limited - ₹ 0.06 million (₹ Nil)

xiv Share application money given - Welspun Energy Limited ₹ Nil (₹ 2,594.77 million), Welspun Infratech Limited ₹ 706.56 million (₹ 1,126.55 million), Welspun Mauritius Holdings Limited ₹ 1837.07 million (₹ 1,513.40 million), Welspun Natural Resources Private Limited ₹ Nil (₹ 45 million)

xv Share application money given includes repaid / adjusted by - Welspun Energy Limited ₹ 699.76 million (₹ 2,003.40 million), Welspun Infratech Limited ₹ 1,421.66 million (₹ 411.35 million), Welspun Natural Resources Private Limited ₹ Nil (₹ 45 million), Welspun Mauritius Holding Limited ₹ 3,296.62 million (₹ Nil)

Disclosure of Closing balances as at 31 March 2013

i Loans, advances and deposits - Welspun Logistics Limited ₹ 52.40 million (₹ 52.40 million), Welspun Realty Private Limited ₹ 284.48 million (₹ 320.48 million), Welspun Natural Resources Private Limited ₹ 1,583.57 million (₹ 1,116.32 million), Welspun Pipes Inc ₹ 271.43 million (₹ Nil)

ii Guarantees and collaterals given - Welspun Pipes Inc ₹ 1,628.55 million (₹ 4,070 million), Welspun Urja Private Limited ₹ 1,709.30 million (₹ 1,709.30 million), Welspun Middle East Pipes Company LLC ₹ 5,357.31 million (₹ 2,035 million), Welspun Energy Limited ₹ 1,270 million (₹ 1,270 million), Adani Welspun Exploration Limited ₹ 2,624.98 million (₹ 1,470 million), Welspun Tradings Limited ₹ 4,668.51 million (₹ Nil)

iii Investments held - Welspun Infratech Limited ₹ 1,920.85 million (₹ 1,920.85 million), Welspun Maxsteel Limited ₹ 8,079.57 million (₹ 8,042.17 million), Welspun Pipes Inc. ₹ 0.44 million (₹ 645.94 million), Welspun Mauritius Holdings Limited ₹ 3,981.36 million (₹ 684.74 million), Welspun Infratech Limited - Optionally Convertible Debentures ₹ 4,228.90 million (₹ 2,830 million)

iv Share application money given - Welspun Energy Limited ₹ Nil (₹ 699.76 million), Welspun Infratech Limited ₹ 0.10 million (₹ 715.20 million), Welspun Pipes Limited ₹ 556.64 million (₹ 578.64 million), Welspun Mauritius Holdings Limited ₹ 53.85 million (₹ 1,513.40 million), Welspun Captive Power Generation Limited ₹ 21.55 million (₹ 195.00 million)

v Trade receivables - Welspun Tubular LLC ₹ 214.06 million (₹ 1,140.97 million), Welspun Tradings Limited ₹ 5,031.14 million (₹ 1,555.82 million).

vi Interest receivable from Welspun Natural Resources Private Limited - ₹ 100.59 million (₹ 65.96 million)

vii Trade payables - Welspun India Limited ₹ 19.35 million (₹ 0.63 million), Welspun Retail Limited ₹ 0.47 million (₹ 2.57 million), Welspun Captive power Generation Limited ₹ 26.93 million (₹ Nil)

viii Dividend receivable - Welspun Pipes INC. - ₹ 220.38 million (₹ Nil)

vii Directors Remuneration

(₹ in million)

Name	Relation	2013	2012
B. K. Goenka	Chairman^	15.58	11.78
R. R. Mandawewala	Director*	0.83	10.00
Braja Mishra	Managing Director**	138.01	–
M. L. Mittal	Executive Director Finance^^	–	5.60
Asim Chakraborty	Whole Time Director#	–	3.67
	Total	**154.42**	**31.05**

^Executive Chairman upto 13 August 2012
*Managing Director upto 26 April 2012 **Appointed w.e.f. 26 April 2012
^^Resigned w.e.f 30 September 2011 #Resigned from Directorship w.e.f. 4 October 2011

Notes forming part of the Financial Statements

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

(₹ in million)

	Balance as on 31 March		Maximum amount outstanding during the year	
	2013	2012	2013	2012
Loans and advances in the nature of loans to subsidiaries:				
- Welspun Natural Resources Private Limited	1583.57	1116.32	1955.74	1283.61
- Welspun Plastic Private Limited	35.38	–	35.38	–
– Welspun Pipes Inc	271.43	–	271.43	–

42. Conversion and Issue of Optionally Convertible Debentures (OCD) by Welspun Infratech Limited

During the year, Welspun Infratech Limited (a wholly owned subsidiary of the company) has further allotted 13,989 (15,000) OCDs of ₹ 100,000 each amounting to ₹ 1,398.90 million (₹ 1,500 million). The tenure of OCDs is five years and carries interest @ 11% p.a. from April 2015 onwards and are redeemable at a premium of 5%. 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.

43. Net dividend remitted in foreign exchange

Year of remittance (ending on)	2013	2012
Period to which it relates	2011 - 2012	2010 - 2011
Number of non-resident shareholders	23	27
Number of equity shares held on which dividend was due	22,119,265	22,123,395
Amount remitted (₹ in million)	11.06	44.24

44. Earnings Per Share (EPS)

	2013	2012
I) Profit after tax for diluted EPS (₹ in million)	530.86	649.38
II) Weighted average number of equity shares for EPS computation		
a) For Basic EPS (Nos)	231,836,824	219,028,187
b) For Diluted EPS (Nos)*	231,836,824	219,028,187
III) EPS on Face Value of ₹ 5 each		
Basic and Diluted (₹)*	2.29	2.96

*Foreign currency convertible bonds, Compulsory convertible debentures and Employee stock options plan are anti-dilutive and ignored in the calculation of diluted earnings per share.

45. Other operating revenues

(₹ in million)

	2013	2012
Scrap sales	1,262.78	1,308.44
Value added tax incentive	1,359.68	670.30
Export benefits	977.02	480.50
Excess provisions written back	–	1,135.91
Others	359.93	336.14
Total	**3,959.41**	**3,931.29**

Notes forming part of the Financial Statements

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

(₹ in million)

	2013			2012		
	Chairman	Managing Director*	Whole Time Directors	Executive Chairman	Managing Director	Whole Time Directors
Salaries and Allowances	3.71	131.34	–	10.00	10.00	9.01
Commission	11.87	–	–	1.78	–	–
Perquisites / Contribution to Provident Fund	–	7.50	–	–	–	0.26
Total	**15.58**	**138.84**	**–**	**11.78**	**10.00**	**9.27**

*Remuneration paid to Managing Director has turned out to be in excess of the limits specified u/s 198 read with Schedule XIII of the Companies Act, 1956 by ₹ 78.67 million (₹Nil) due to inadequate profit during the year. The approval of Company's application to the Central Government for excess remuneration is awaited.

47. Value of raw materials consumed

	2013		2012	
	₹ in million	% of Consumption	₹ in million	% of Consumption
Imported	33,873.23	81.50	28,145.94	76.26
Indigenous	7,686.69	18.50	8,762.90	23.74
Total	**41,559.92**	**100.00**	**36,908.84**	**100.00**

48. Value of stores and spares consumed

	2013		2012	
	₹ in million	% of Consumption	₹ in million	% of Consumption
Imported	228.47	11.79	201.06	10.72
Indigenous	1,709.01	88.21	1,674.29	89.28
Total	**1,937.48**	**100.00**	**1,875.35**	**100.00**

49. Value of imports on CIF basis in respect of

(₹ in million)

	2013	2012
Raw materials	28,884.68	32,854.05
Capital goods	51.36	2,286.95
Stores and spares	295.61	567.70
Traded goods	9,296.01	6,826.59
Coal	576.93	778.24

50. Expenditure in foreign currency

(₹ in million)

	2013	2012
Freight, material handling and transportation expenses	534.90	1,102.64
Membership and other fees	8.12	17.52
Sales commission (net)	521.37	320.35
Finance cost (including bank charges)	1,339.96	745.74
Professional and consultancy fees	75.88	153.77
Coating and other Job work charges	2,533.62	1,583.59
Others	98.54	80.91

Notes forming part of the Financial Statements

51. Earnings in foreign exchange

(₹ in million)

	2013	2012
FOB value of exports (including goods-in-transit)	20,993.22	25,243.00
Job work and other charges	5,808.89	1,053.84

52. 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) up to 20 March 2013	Jointly Controlled Company	India	50%

Company's Share of Interest in Dahej Infrastructure Private Limited

(₹ in million)

	2013	2012
Assets	–	0.85
Liabilities	–	0.85
Income	–	–
Expense	–	6.25

53. The company had collected VAT of ₹ 368.75 million on sales in earlier years which was not paid to VAT authorities and shown as liabilities, claiming it within VAT incentive limit and VAT authorities disputed the sanctioned claim. During the year, claim of the company is accepted in assessment order of earlier years by VAT authorities; hence the VAT collected is accounted as income and reported under other operating revenues.

54. The company has been getting export/domestic orders and executing those orders through one of its subsidiaries. The realisation, income/benefits/claims, or expenses relating to such transactions i.e. risks and reward of these transactions are all on company's account, hence the said subsidiary is allowed to retain a small percentage as profit of turnover.

55. Miscellaneous expenses include donation of ₹ 0.05 million paid during the year to a political party named "Bharatiya Janata Party".

56. The international transactions with Associated Enterprises (AE's) are at arm's length price as per the independent accountants report for the year ended 31 March 2012. Further, the Finance Bill, 2012 had sought to bring in certain class of domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April 2012. The Management is of the opinion that its international transactions with AE's and the specified domestic transactions for the year are at arm's length price and will not have any impact on the amount of tax expense and provision of taxation in these financials.

57. Previous years figure have been regrouped / reclassified wherever necessary to correspond with current years classifications / disclosures.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Cash flow statement for the year ended 31 March

(₹ in million)

		2013	2012
A)	**Cash flow from operating activities**		
	Profit before tax (after exceptional item)	**879.64**	**763.07**
	Adjustments for		
	Depreciation and amortisation expense	2,289.91	1,843.52
	Interest expense	2,280.07	1,765.60
	Interest income	(1,691.27)	(1,219.94)
	(Profit)/Loss on sale/discard of fixed assets (net)	8.29	(0.10)
	Provision for impairment of tangible assets	106.09	–
	Profit on sale of investments (net)	(331.08)	(219.87)
	Dividend income	(469.83)	(405.00)
	Provision for doubtful debts and advances (net)	57.11	96.02
	Provision for diminution in value of non-current investments	0.80	
	Employee compensation expenses (net)	(6.60)	(1.51)
	Exchange adjustments (net)	(235.50)	1,331.96
	Operating profit before working capital changes	**2,887.62**	**3,953.75**
	Adjustments for		
	Trade and other receivables	1,341.41	(2,470.29)
	Inventories	1,756.65	(3,342.15)
	Trade and other payables	(6,349.55)	10,379.61
	Cash generated from operations	**(363.87)**	**8,520.91**
	Direct taxes paid (net of refunds)	(147.44)	(253.06)
	Net cash from/(used in) operating activities (A)	**(511.31)**	**8,267.86**
B)	**Cash flow from investing activities**		
	Purchase of fixed assets (including capital work-in-progress)	(1,309.20)	(2,598.43)
	Sale of fixed assets (net)	7.45	28.20
	Purchase of long-term investments		
	- Subsidiaries	–	(9,587.29)
	- Others	(1,233.25)	(260.01)
	Sale of long-term investments - Subsidiaries	–	0.13
	Sale of long-term investments - Joint Venture	0.06	–
	Sale / (Purchase) of current investments (net)	2,802.75	(6,268.94)
	(Increase)/decrease in share application money given to		
	- Subsidiaries	(610.59)	(2,250.92)
	- Others	(21.55)	(396.36)
	Loans given to subsidiaries	(502.63)	(1,509.93)
	Loans given repaid by subsidiaries	–	1,357.58
	Dividend received	249.46	405.00
	Interest received	2,167.68	543.19
	Net cash from/(used in) investing activities (B)	**1,550.18**	**(20,537.78)**
C)	**Cash flow from financing activities**		
	Proceeds from issue of equity shares (including securities premium) (Refer note 2)	10.27	5,079.47
	Proceeds from issue of debentures (net of issue expenses)	3,371.60	7,883.75
	Redemption of debentures	(1,700.00)	–
	Repurchase of foreign currency convertible bonds	(3,484.94)	–
	Proceeds from long-term borrowings	5,498.00	–
	Repayment of long-term borrowings	(2,611.70)	(16.69)
	Increase/(decrease) in short-term borrowings (net)	(1,750.25)	1,549.17
	Interest paid	(2,320.18)	(1,506.01)
	Dividend paid (including corporate dividend tax)	(132.47)	(475.07)
	Net cash from/(used in) financing activities (C)	**(3,119.67)**	**12,514.65**
	Net changes in cash and bank balances (A+B+C)	**(2,080.80)**	**244.73**
	Cash and bank balances at the beginning of the year	6,409.43	6,164.70
	Cash and bank balances at the end of the year	**4,328.63**	**6,409.43**

Note: 1. Cash and bank balances at the end of the year include unrealised loss of ₹ 8.76 million (Unrealized profit of ₹ 29.11 million) which is on account of realignment of current account/fixed deposits held in foreign currency.

2. During the year, conversion of compulsorily convertible debentures of ₹ 7,883.75 million into equity shares and allotment of equity shares against share application money of ₹ 3,702.00 million by subsidiaries / associates is not considered in the above statement being non-cash transaction.
3. Cash and bank balances include ₹ 689.72 million (₹ 844.09 million) which is not available for use by the company.
4. Previous year figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

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 Maxsteel 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.	Welspun Projects Ltd.	MSK Projects (Himmat-nagar) Bypass) Pvt. Ltd.	MSK Projects (KIM Mandavi Corridor) Pvt. Ltd.	Welspun Infra Projects Pvt. Ltd.	Welspun Energy Transpor-tation Pvt. Ltd.	Welspun Water Infra-structure Pvt. Ltd.	ARSS Bus Terminal Pvt. Ltd.	Welspun Bot Project Pvt. Ltd.	Anjar Road Pvt. Ltd.	Welspun Mauritius Holdings Ltd.	Welspun Middle East DMCC	Welspun Middle East Pipes Coatings Co. LIC	Welspun Middle East Pipes Company LIC	Welspun Infra Enter-prises Ltd.[1]
Financial Year of the Subsidiary ended on	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**	**31st March 2013**
Shares of the Subsidiary Company held on the above Date and Extent of Holding																								
(i) Equity shares	18,75,000 equity shares of ₹10 each	----	113,622,058 equity shares of ₹10 each	1,001 Common Stock of US$ 1 par value each	----	----	50,000 equity shares of ₹10 each	50,13,402 equity shares of ₹10 each	4,86,39,899 equity shares of ₹10 each	----	----	----	----	----	----	----	----	----	----	1,02,089 equity shares of US$ 1 each	----	----	----	50,000 equity shares of ₹10 each
(ii) Preference Stock	----	----	3,740,000 Preference Shares of ₹10 each	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	80,009,968 Preference Shares of US$ 1 each	----	----	----	----
(ii) Extent of holding / Control	100%	100%	87.35%	100%	100%	100%	100%	100%	100%	100%	61.12%	100%	100%	60%	100%	100%	45%	100%	100%	89.98%	100%	50.01%	50.01%	100.00%
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 2013 (₹ million)																								
(ii) Not dealt with in the accounts of the Company for the year ended 31 March 2013 (₹ million)	(0.14)	(0.02)	(1,752.74)	25.13	276.68	9.72	–	63.97	–	–	33.39	1.91	(3.56)	–	–	–	–	–	–	(234.46)	(9.18)	0.20	90.47	0.00
Net aggregate amount of Profit/(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.	–	(0.21)	(763.62)	92.44	2,192.76	5.62	–	27.58	–	–	13.12	5.01	5.94	–	–	–	–	–	–	28.98	(10.94)	(93.21)	(70.41)	0.00

(1) Became Subsidiary w.e.f. 15 March 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Independent Auditors' Report

To,
The Board of Directors of
Welspun Corp Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Welspun Corp Limited** ("the Company"), its subsidiaries, jointly controlled entities and associate companies (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We did not audit the financial statements of certain subsidiaries and jointly controlled entities of the Group whose financial statements reflect revenue of ₹ 66,516 Million and total assets of ₹ 63,186 Million for the year then ended. These financial statements have been audited by other auditors. Our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities is based solely on the reports of such other auditors which have been furnished to us.

6. The financial statements of an associate have been audited by other auditor whose report has been furnished to us. The profit of such associate considered for consolidation is ₹ Nil.

7. The financial statements of two subsidiaries and two jointly controlled entities with Group's share of revenue of ₹ 369 Million and total assets of ₹ 2,994 Million and Group's share of ₹ 38 Million in the loss of two associates have been consolidated based on the management accounts and therefore unaudited.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors on the financial statements / consolidated financial statements of the subsidiaries, jointly controlled entities and associate companies, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

10. We draw attention to:

    (a) Note 45 relating to remuneration paid/ provided in respect of Managing Director of the Company, which turned out to be in excess of the limits prescribed under Section 198 read with Schedule XIII to the Act, due to inadequate profit, hence is subject to the approval of the Central Government.

    (b) In respect of an Indian subsidiary:

    i) Note 35(c) the expansion project of sponge iron being put on hold due to pending regulatory approvals and non availability of key raw material (Natural Gas) at economical rates. Accordingly, project related expenses ₹ 493.99 Million incurred during the year are expensed in the statement of profit and loss as exceptional items.

    ii) Note 43(a) operations of the said subsidiary adversely affected due to non availability of allocated key raw material (Natural Gas) at economical rates

    iii) Note 43 (b) revaluation of major fixed assets of subsidiary by ₹ 6,564.12 Million based on the valuation report issued by a registered valuer.

    iv) Note 43(c) no adjustments made for arbitration award for forfeiture of capital advance of ₹ 1,476.00 Million and other claims of ₹ 57.15 Million, as the said subsidiary is exploring various options, subject to legal opinion, to challenge the award.

    Our opinion is not qualified in respect of these matters.

For **MGB & Co**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077
Mumbai, 30 May 2013

Consolidated Balance Sheet as at 31 March

(₹ in million)

	Notes	2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,314.74	1,138.91
Reserves and surplus	3	55,262.91	39,793.79
		56,577.65	**40,932.70**
Compulsorily convertible debentures	2 (e)	–	7,883.75
Minority interest		3,546.03	3,432.72
Non-current liabilities			
Long-term borrowings	4	49,530.77	39,714.21
Deferred tax liabilities (net)	5 (a)	5,599.91	5,036.11
Other long-term liabilities	6	2,271.00	3,405.39
Long-term provisions	7	250.72	244.22
		57,652.40	**48,399.92**
Current liabilities			
Short-term borrowings	8	2,043.41	7,773.27
Trade payables	9	30,379.65	32,923.01
Other current liabilities	10	17,370.54	14,885.24
Short-term provisions	11	1,343.93	1,812.25
		51,137.52	**57,393.77**
	Total	**168,913.59**	**158,042.86**
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		64,197.10	52,581.13
- Intangible assets		233.31	281.20
- Build, Operate and Transfer (BOT)		5,127.33	4,491.38
- Intangible assets under development		188.62	80.47
- Goodwill on consolidation		10,655.83	9,887.86
- Capital work-in-progress		5,275.84	6,190.89
Non-current investments	13	1,177.63	354.63
Deferred tax Assets (net)	5 (b)	88.30	65.98
Long-term loans and advances	14	4,452.08	5,132.17
Other non-current assets	15	327.90	357.06
		91,723.94	**79,422.76**
Current assets			
Current investments	16	17,493.59	19,430.62
Inventories	17	25,668.82	25,632.42
Trade receivables	18	17,614.02	15,259.93
Cash and bank balances	19	7,043.74	10,255.37
Short-term loans and advances	20	5,500.23	5,809.50
Other current assets	21	3,869.24	2,232.26
		77,189.64	**78,620.10**
	Total	**168,913.59**	**158,042.86**

Notes forming part of the consolidated financial statements **1 - 46**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March

(₹ in million)

	Notes	2013	2012
Revenue			
Revenue from operations (gross)	22	113,956.77	93,447.32
Less: Excise duty		5,256.27	3,681.56
Revenue from operations (net)		**108,700.50**	**89,765.76**
Other income	23	3,110.40	2,675.84
	Total	**111,810.90**	**92,441.60**
Expenditure			
Cost of materials consumed	24	71,100.56	61,247.38
Purchases of traded goods	25	144.06	378.37
Changes in inventories of finished goods, work/goods in process	26	501.46	(2,714.65)
Employee benefit expenses	27	6,074.79	4,875.68
Other expenses	28	23,701.00	17,408.42
	Total	**101,521.87**	**81,195.20**
Profit before finance costs, depreciation/amortization and tax		**10,289.04**	**11,246.40**
Less: Depreciation and amortization expense	12	4,761.21	3,515.23
Finance costs	29	4,930.77	3,999.24
Profit before exceptional items and tax		**597.06**	**3,731.92**
Less: Exceptional Items	35	1,090.87	–
Profit / (Loss) before tax		**(493.81)**	**3,731.92**
Less: Tax expense			
- Current tax - current year		4.83	1,224.61
- Earlier years		42.36	31.45
- MAT credit entitlement		(133.99)	(44.91)
- Deferred tax		477.11	291.62
Profit / (Loss) after tax before minority interest and share of results of associates		**(884.12)**	**2,229.15**
Add / (Less) : Share of profit/(loss) from associates		(37.96)	14.38
Add / (Less) : Minority interest		218.85	141.90
Profit / (Loss) for the Year		**(703.23)**	**2,385.43**
Earnings per share of ₹ 5 each fully paid-up (in ₹)	40		
- Basic		(3.03)	10.89
- Diluted		(3.03)	9.71

Notes forming part of the consolidated financial statements **1 - 46**

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Notes forming part of the Consolidated Financial Statements

Note 1: Corporate Information

Welspun Corp Limited (hereinafter referred to as “the Parent Company” or “the Company”) together with its subsidiaries, associates and jointly controlled entities (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, Gas based Sponge Iron (Direct Reduced Iron - DRI and Hot Briquetted Iron - HBI), Infrastructure, Oil and Gas exploration, Energy and Power Generation.

Significant Accounting Policies

I Basis of Consolidation

a) The Consolidated Financial Statements (CFS) of the 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” issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner 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. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group Financial Statements. 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) CFS are prepared to the extent possible using uniform accounting policies for transactions and other events in similar circumstances except for policy differences for which no adjustments made in the accounts are disclosed as under :-

i) In case of three subsidiaries, the liability on account of retirement benefits is provided on estimated basis as per local law instead of actuarial basis. The liability represents 16.54 % of the total employee benefits liability of the Group as at the year end.

ii) In case of a subsidiary, inventories are valued on first in first out (FIFO) basis. Such inventory represents 0.58% of total inventories of the Group as at the year end.

iii) In case of a subsidiary, tangible fixed assets are depreciated on written down value method representing 0.43% of total tangible fixed assets of the Group as at the year end.

iv) In case of a subsidiary, ancillary costs for arrangement of borrowings are amortized over the period of borrowings instead of expensed when incurred. Unamortized balance as at 31 March 2013 is ₹ 60.38 million.

d) The CFS includes the Financial Statements of the Parent Company and the 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% (100%)
Welspun Natural Resources Private Limited	Oil and Gas Exploration	India	100% (100%)
Welspun Pipes Inc	SPV for Steel Pipes Business	USA	100% (100%)
Welspun Tradings Limited	Trading in Steel Products	India	100% (100%)
Welspun Infratech Limited	Infrastructure Development	India	100% (100%)
Welspun Infra Enterprises Limited (w.e.f 15 March 2013)	SPV for Steel Pipe Business	India	100% (--)
Welspun Mauritius Holdings Limited	SPV for Steel Pipes Business	Mauritius	89.98% (89.98%)
Welspun Maxsteel Limited	Manufacturer of Sponge Iron	India	87.35% (87.35%)
Indirect Subsidiaries			
Held through Welspun Mauritius Holdings Limited			
Welspun Middle East Pipes Company LLC	Manufacturer of Steel Pipes	Kingdom of Saudi Arabia	50.01% (50.01%)
Welspun Middle East Pipes Coating Company LLC	Coating of Pipes	Kingdom of Saudi Arabia	50.01% (50.01%)
Welspun Middle East DMCC	Marketing Company	Dubai, UAE	100% (100%)

Notes forming part of the Consolidated Financial Statements

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	USA	100% (100%)
Welspun Global Trade LLC	Marketing Company	USA	100% (100%)
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100% (100%)
Held through Welspun Infratech Limited			
Welspun Projects Limited	Infrastructure Development	India	61.12% (61.12%)
Welspun Road Projects Private Limited	Infrastructure Development	India	100% (100%)
Welspun Infra Projects Private Limited	Infrastructure Development	India	60% (60%)
ARSS Bus Terminal Private Limited	Infrastructure Development	India	49% (45%)
Held through Welspun Projects Limited			
MSK Projects (Himmatnagar Bypass) Private Limited	Infrastructure Development	India	100% (100%)
MSK Projects (Kim Mandavi Corridor) Private Limited	Infrastructure Development	India	100% (100%)
Welspun BOT Projects Private Limited	Infrastructure Development	India	100% (100%)
Anjar Road Private Limited	Infrastructure Development	India	100% (100%)
Held through Welspun Infra Projects Limited			
Welspun Water Infrastructure Private Limited	Infrastructure Development	India	100% (100%)
Welspun Energy Transportation Private Limited	Infrastructure Development	India	100% (100%)

e) **Associates**

The Group has adopted and accounted for Investment in the following Associates in this CFS using the "Equity Method" as per AS-23 issued by ICAI.

Name of the Company	Nature of Business	Country of Incorporation	Extent of Holding
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25% (25%)
Welspun Energy Limited*	Power Generation	India	26% (26%)
Welspun Captive Power Generation Limited (w.e.f. 26 December 2012)	Power Generation	India	24% (15%)

*Direct and Indirect subsidiaries of Welspun Energy Limited - (an associate company): Welspun Energy Madhya Pradesh Limited, Welspun Energy Anuppur Private Limited , Welspun Energy UP Private Limited , Welspun Urja India Limited, Welspun Energy Chhattisgarh Limited, Welspun Renewable Energy Limited, Welspun Urja Gujarat Private Limited, Welspun Energy Meghalaya Private Limited, Welspun Energy Jharkhand Private Limited, Welspun Energy Orissa Private Limited, Welspun Energy Resources Private Limited, Welspun Solar Park Private Limited, Welspun Energy Park Private Limited, Welspun Solar Tech Private Limited, Welspun Energy Maharashtra Private Limited, Welspun Energy Rajasthan Private Limited , Solarsys Renewable Energy Private Limited, Welspun Solar Madhya Pradesh Private Limited, Welspun Solar Rajasthan Private Limited, Welspun Solar Punjab Private Limited, Welspun Solar UP Private Limited, Welspun Solar AP Private Limited, Unity Power Private Limited, Northwest Energy Private Limited, Dreisatz Mysolar24 Private Limited, SUIL Hydro Power Private Limited, MI Mysolar24 Private Limited, Solarsys Energy Private Limited, Welspun Solar Kannada Private Limited.

f) **Joint Ventures**

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 issued by ICAI.

Name of the Enterprise	Nature of Business	Country of Incorporation	Extent of Holding
Direct Joint Venture			
Dahej Infrastructure Private Limited (upto 20 March 2013)	Development of Jetty	India	-- (50%)
Indirect Joint Ventures			
Held through Welspun Natural Resources Private Limited			
Adani Welspun Exploration Limited	Oil and Gas Exploration	India	35% (35%)
Held through Welspun Infra Projects Private Limited			
Leighton Welspun Contractors Private Limited	Infrastructure Development	India	32.38% (35%)
Held through Welspun Projects Limited			
Dewas Bhopal Corridor Limited	Infrastructure Development	India	50% (50%)
Bul MSK Infrastructure Private Limited	Infrastructure Development	India	50% (50%)
Leighton Welspun Contractors Private Limited (w.e.f. 28 March 2013)	Infrastructure Development	India	7.5% (----)

g) **Use of estimates**

The preparation of the financial statements 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. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The examples of such estimates include the useful life of the tangible and intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plan etc. Actual results could differ from those estimates and in such case the difference is recognised in the period when known or materialised.

II Tangible and intangible assets

a) Tangible assets are stated at original cost (net of tax/duty credit availed) less accumulated depreciation, amortisation and impairment losses except freehold land which is carried at cost. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of revenue) and pre-operative expenses including borrowing costs incurred during pre-operational period.

b) Projects under which tangible assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses. In case of a Joint venture related to oil and gas business, 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.

c) Build, Operate and Transfer Project Expenditure - Project Roads pertains to the costs incurred by the Group for construction of roads under the concession agreement entered into between the Group and the respective Authority. These agreements encompass the construction, operation and maintenance of the highway on a Build, Operate and Transfer basis.

d) Intangible assets are carried at cost, net off accumulated amortization and impairment loss, if any.

III 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.

IV Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of tangible and intangible assets to determine whether there is any indication of 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 the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

V Depreciation/Amortization on tangible and intangible assets

a) Depreciation on tangible 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 Group has adopted a policy of depreciating both computers and mobile phones based on the useful life of the assets i.e. 4 years and 3 years respectively. 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 taken by the Group / Expert.

c) "Intangible assets are amortized on a straight-line basis over its expected useful life as estimated by the management.

Intangible Assets i.e. BOT Cost (Toll Collection right) is amortized over the period of concession, using revenue based amortization. Under this methodology, the Carrying value is amortized in the proportion of actual toll revenue for the year to projected revenue for the balance toll period, to reflect the pattern in which the assets’ economic benefits will be consumed. At each Balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortization of toll collection rights is changed prospectively to reflect any change in the estimates."

d) Leasehold improvements are amortized over the period of lease.

e) In case of revalued assets, depreciation will be provided over the residual life of the assets and the difference between the depreciation on revalued amount and the depreciation with respect to historical cost will be recouped out of revaluation reserve.

Notes forming part of the Consolidated Financial Statements

f) Goodwill arising out of acquisition is amortized over a period of three years from the year of acquisition. Goodwill on consolidation is not amortized. However, the same is tested for impairment as at reporting date.

VI Investments

Investments, which are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are valued at cost less provision for diminution other than temporary, in the value of such investments. Current investments are valued at lower of cost and fair value.

VII Revenue Recognition

a) Sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Export sales are recognised on the basis of date of bill of lading. Gross sales include excise duty and adjustments for price variations, exclude sales tax/value added tax.

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

c) Revenue from services is recognized when on completion of service.

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

e) Interest income is recognized at the agreed rate on time proportion basis.

f) **Revenue recognition-Infrastructure business**

A) Revenue from Engineering, Procurement and Construction (EPC) Contracts

i) When the outcome of the construction contract can be estimated reliably contract revenue and contract cost associated with the construction contract are recognised as revenue and expense respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of the contract is the proportion that the contract cost incurred for the work performed up to the reporting date bears to the estimated total contract cost. An expected loss on a construction contract is recognised as an expense immediately.

ii) Determination of revenue under the percentage of completion method necessarily involves making estimates by the Group, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

iii) A variation is included in contract revenue when it is probable that the customer will approve the variation and amount can be measured reliably.

iv) A claim is included in contract revenue when negotiations with customer have reached an advance stage such that it is probable that the customer will accept the claim and amount can be measured reliably.

v) Unbilled costs are carried as construction work in progress which includes installation at sites and enabling works and is valued at cost.

B) Revenue from toll collection

Toll revenue from operations of project toll roads is recognised on the basis of actual toll collection.

C) Advances and progress payments and retention

i) Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

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

iii) Amounts retained by the customers until the satisfactory completion of the contracts are recognized 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 the value of bank guarantees is disclosed as contingent liability.

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:

a) Steel products business

i) Raw materials, stores and spares – Moving weighted average basis.

ii) Goods-in-process – Cost of materials plus labour and other production overheads.

iii) Finished goods – Cost of materials plus labour, production overheads and excise duty on such goods.

b) Infrastructure business

i) Raw materials is valued on First-in-First-out (FIFO) basis. [Refer Note 1, I (c)]

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

IX Foreign currency transactions

A) Accounting of transactions

i) Transactions foreign currency are accounted at the exchange rate prevailing on the date of such transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Non-monetary items are carried at cost.

ii) Gains or losses arising on remittance / translations at the year- end are credited / debited to the statement of profit and loss except treatment as per amendment to AS-11 effective till 31 March 2020 [Refer Note 31(b)].

iii) Premium / discount on derivative 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 same rate at which assets are converted.

ii) Revenues and expenses at yearly average rates (except 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) Derivative instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group 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 statement of Profit and Loss upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

X Employee benefits

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss 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 statement of profit and loss 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 except in case of few overseas subsidiaries, liability for leave encashment and gratuity is provided on estimated basis. Actuarial gains and losses in respect of post employment and other long-term benefits recognized in the statement of profit and loss. In case of three subsidiaries, the liability on account of retirement benefits is provided on estimated basis [Refer Note 1, I (c)(i)].

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

XI Employee stock options scheme

In respect of employee stock options granted pursuant to the 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.

XII 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

Notes forming part of the Consolidated Financial Statements

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.

XIII Leases

a) Finance lease

Assets acquired under finance lease are capitalised and the corresponding lease liability is recognized at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognized with the asset under lease.

b) 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/revenue under operating leases are recognized as an expense/income on accrual basis in accordance with the respective lease agreements.

XIV Government grants and subsidies - Infrastructure business

Grants and subsidies from the government are recognized when there is reasonable assurance that (a) the Group will comply with the conditions attached to them, and (b) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is reduced from the cost of the asset. Grants which are given as equity support are disclosed as promoter contribution under the head Capital Reserve.

XV Provisions, contingent liabilities and contingent assets

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. A provision is made when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent assets are not recognized or disclosed in the financial statements

XVI Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

(₹ in million)

		2013	2012
2.	**Share capital**		
	Authorised		
	304,000,000 (304,000,000) Equity Shares of ₹ 5/- each	1,520.00	1,520.00
	98,000,000 (98,000,000) Preference Shares of ₹ 10/- each	980.00	980.00
	Total	**2,500.00**	**2,500.00**
	Issued, subscribed and paid up		
	262,948,299 (227,781,035) Equity Shares of ₹ 5/- each fully paid up	1,314.74	1,138.91
	Total	**1,314.74**	**1,138.91**

Notes forming part of the Consolidated Financial Statements

a) Reconciliation of the number of shares outstanding

	2013		2012	
	Number of Equity Shares	₹ in million	Number of Equity Shares	₹ in million
At the beginning of the year	227,781,035	1,138.91	204,668,910	1,023.34
– By way of Global Depository Receipts (GDR)	–	–	23,026,000	115.13
– By way of Conversion of Compulsory Convertible Debentures (CCD)	35,038,889	175.19	–	–
– Equity shares allotted on exercise of Employees Stock Options	128,375	0.64	86,125	0.43
Outstanding at the end of the year	**262,948,299**	**1,314.74**	**227,781,035**	**1,138.91**

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have voting rights in respect of shares represented by the GDR's till the shares are held by the custodian [Refer note 2(e)]. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shareholders holding more than 5% shares of the company

Name of Shareholders	2013		2012	
	Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
J P Morgan Chase Bank, NA ADR Account (Custodian and against which GDR have been issued to Insight Solutions Limited)	23,026,000	8.76	23,026,000	10.11
Granele Limited	35,038,889	13.33	–	–
Life Insurance Corporation of India Limited & its Schemes	19,283,580	7.33	19,277,980	8.46
Welspun Wintex Limited	13,336,576	5.07	13,336,576	5.85
Welspun Mercantile Limited	13,877,701	5.28	12,377,701	5.43
Welspun Fintrade Limited	18,955,791	7.21	15,148,340	6.65
Krishiraj Trading Limited	26,907,692	10.23	26,805,403	11.77

d) 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. Employee benefits expense include credit of ₹ 6.60 million (₹ 1.51 million) on account of options lapsed during the year.

During the year, 128,375 equity shares of ₹ 5 each fully paid up were issued at a price of ₹ 80.00. Discount allowed aggregating to ₹ 3.43 million (₹ 2.27 million) in respect of shares allotted pursuant to the Employee Stock Options Scheme is credited to Securities Premium Account as per guidelines of Securities and Exchange Board of India.

Notes Forming Part Of The Consolidated Financial Statements

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

	Granted during 2006-07	Granted during 2009-10
Exercise price	₹ 80.00	₹ 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	375,250	32,875
Options exercised during the year	128,375	–
Options lapsed during the year	246,875	–
Options outstanding as at 31 March 2013	–	32,875

e) Compulsorily Convertible Debentures (CCD)

During the previous financial year, the Company has raised US$ 178.01 million (Equivalent INR 7,883.75 million) by way of issue of unsecured CCD carrying a coupon of 5% (Five) annually until issue of Equity Shares upon conversion of the CCD. Since the holders of CCD have not opted for conversion during the period of 18 month from the date of issue of the said CCD, the CCD got converted on 18 February 2013 into 35,038,889 equity shares of ₹ 5 each fully paid up at a conversion price of ₹ 225 per share.

f) Global Depository Receipts (GDR)

During the previous year, the Company has raised US$ 115.00 million (Equivalent INR 5,180.85 million) by way of issue of 23,026,000 equity shares of ₹ 5 each fully paid up at a premium of ₹ 220 each (equivalent 23,026 Non Voting GDR each of US$ 4,994.45 each representing 1000 equity shares of par value of ₹ 5 each). The entire proceeds have been invested in short-term securities as at 31 March 2013.

(₹ in million)

	2013	2012
3. Reserves and surplus		
Capital reserve		
As per last balance sheet	1,057.26	1,057.26
	1,057.26	**1,057.26**
Capital reserve on consolidation	**152.90**	**152.90**
Securities premium		
As per last balance sheet	17,252.74	12,332.32
Add/(Less) : Received during the year	8,053.37	5,072.08
Discount on issue of shares under employees stock option scheme	3.43	2.27
Premium on redemption of foreign currency convertible bonds	11.70	(45.75)
Utilized towards share/debenture issue expenses	(56.40)	(108.17)
	25,264.84	**17,252.74**
Debenture redemption reserve		
As per last balance sheet	1,464.29	1,107.14
Add: Appropriated during the year	(321.92)	357.14
	1,142.36	**1,464.29**
Cash subsidy [Refer Note 30 (2)]	**1,265.38**	**–**
Revaluation reserve [Refer Note 43(b)]	**6,564.12**	**–**
Employees stock options outstanding	**0.73**	**10.77**
Hedging reserve account [Refer Note 31(c)]	**(44.84)**	**(178.18)**
Foreign currency monetary item translation difference account	**(275.37)**	**(322.97)**
Foreign currency translation reserve	**680.94**	**363.88**
General Reserve		
As per last balance sheet	1,696.11	1,631.11
Less: Loss on dilution [Refer Note 35 (b)]	(3.19)	–
Add: Appropriated during the year	56.27	65.00
	1,749.20	**1,696.11**
Surplus in the statement of Profit and Loss		
As per last balance sheet	18,296.99	16,466.07
Profit / (Loss) for the year	(703.23)	2,385.43
Less: Appropriations		
General reserve	56.27	65.00
Debenture redemption reserve	(321.92)	357.14
Proposed dividend on equity shares	131.47	113.89
Tax on proposed dividend	22.34	18.48
Dividend on equity shares of earlier year	0.20	–
Total appropriations	**(111.63)**	**554.51**
Net surplus in the Statement of Profit and Loss	**17,705.40**	**18,296.99**
Total	**55,262.91**	**39,793.79**

(₹ in million)

	Non-current		Current	
	2013	2012	2013	2012
4. Long-term borrowings				
Secured				
Redeemable non-convertible debentures	13,428.00	10,000.00	–	1,700.00
Non-convertible bonds - City of Little Rocks, Arkansas, Series 2007-A	482.05	472.71	22.35	19.76
External commercial borrowings	7,188.08	5,174.13	2,721.68	2,577.38
Term loans from banks	19,745.91	13,074.15	1,366.33	1,606.00
Term loan from financial institution	513.96	–	65.15	–
Other loans	27.73	–	6.04	–
Unsecured				
Foreign currency convertible bonds	4,424.23	7,631.25	–	–
Term loans from banks	–	88.08	–	–
Inter-corporate deposit	3,110.31	2,690.72	–	–
Deferred sales tax loan	610.49	583.17	16.69	16.69
Total	**49,530.77**	**39,714.21**	**4,198.24**	**5,919.83**

a) 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.

No. of Debentures	Face value (₹)	Redemption date	Rate of interest (p.a.)	Amount (₹ in million)
5000	1,000,000	September 2025	9.55%	5,000
5000	1,000,000	August 2025	9.55%	5,000
900	1,000,000	November 2020	11.00%	900
328	1,000,000	September 2019	11.15%	328
2200	1,000,000	August 2019	11.15%	2,200
			Total	**13,428**

b) **External commercial borrowings (ECB)** is secured by first charge ranking pari passu by way of mortgage/hypothecation of entire immovable and movable tangible 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. The ECB comprises of USD 163.45 million (USD 140 million) and JPY 677.65 million (JPY 1015.20 million) and carries interest of LIBOR plus 1.25% to 4.50%.

The ECB is repayable as follows:

Repayment schedule	USD (million)	Amount (₹ in million)	JPY (million)	Amount (₹ in million)
April 2013	46.55	2,526.97	337.55	194.71
April 2014	46.90	2,545.97	340.10	196.18
April 2015	2.70	146.57	–	–
October 2015	2.70	146.57	–	–
April 2016	4.00	217.14	–	–
October 2016	14.00	759.99	–	–
April 2017	4.00	217.14	–	–
October 2017	14.00	759.99	–	–
April 2018	4.00	217.14	–	–
October 2018	14.00	759.99	–	–
April 2019	5.30	287.71	–	–
October 2019	5.30	287.71	–	–
In case of Joint venture				
October 2016 to January 2018	11.90	645.99	–	–
Total	**175.35**	**9,518.87**	**677.65**	**390.89**

Notes forming part of the Consolidated Financial Statements

c) Term loan from bank

i) **In case of Parent Company:** Term loan of ₹ 1,614.98 million (Nil) from bank is secured by first charge ranking pari passu by way of mortgage/hypothecation of entire movable and immovable tangible assets of the Company and second charge over the entire current assets of the company both, present and future. The loan carries interest of LIBOR plus 5.00%. The loan is repayable in 18 equal quarterly instalments after a moratorium of 30 months from the date of first disbursement i.e. 15 November 2012

ii) **In case of subsidiary engaged in the business of Steel Products in USA:** Term loan of ₹ 4,737.45 million (₹ 2,195. 51 million) from bank carries interest ranging LIBOR plus 2.71 % to 4.46%. The loan is repayable from June 2014 till November 2018 (Repayment due within 12 months is ₹ 604.46 million)

iii) **In case of a subsidiary engaged in the manufacturing of sponge iron:** Term loan of ₹ 8,710.00 million (₹ 6,700.86 million) have been restructured w.e.f 1 June 2012 as per the restructuring scheme approved by the term lenders. As per the terms of the scheme, the Interest Liabilities on the term loans w.e.f 1 June 2012 till 30 September 2014 will be converted into Funded Interest Term Loan (FITL) of ₹ 797.98 million (Nil) carrying interest @ 11.00 % p.a. During this period, Interest on FITL will be serviced on a monthly basis @ 11.00 % p.a from 1 June 2012 till 30 September 2014. Subsequently, the Term loan and the Funded Interest Term Loan will be repaid in 30 Quarterly ballooning Installment commencing from 31 December 2014 till 31 March 2022 alongwith Interest servicing @ BBR + 3.25 % p.a (present effective 13.75% p.a.)

iv) **In case of subsidiary engaged in the business of Infrastructure:** Term loan of ₹ 2,250.00 million (₹ 2,250.00 million) from bank carries interest of 12.31% p.a to be reset annually on April 28 every year. The entire loan is repayable in one installment at maturity after 5 years (in April 2016) from date of drawdown. Further, term loans of ₹ 3,001.83 million (₹ 3,533.78 million) taken mainly for Build Operate and Transfer (BOT) Assets from bank carries interest ranging 10.40% to 14.50% p.a (Repayment due within 12 months is ₹ 761.87 million).

d) Term Loan from Financial Institution:

In case of subsidiary engaged in the business of Steel Products in Kingdom of Saudi Arabia : Term loan of ₹ 579.11 million (Nil) from Financial Institution. The loan is repayable from June 2013 till October 2018 (Repayment due within 12 months is ₹ 65.15 million).

e) Foreign currency convertible bonds (FCCB)

i) During the financial year 2009 - 2010, the Company had raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1500 4.5% FCCB of US$ 100,000 each. The Bond holders have an option to convert outstanding bonds (US$ 81.50 million) into 13,045,433 equity shares of ₹ 5 each fully paid up at an initial conversion price of ₹ 300 per share with a fixed rate of exchange on conversion of ₹ 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 for issue of the Bonds (“Offering Circular”). Further, the Company has an option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

ii) Premium payable on redemption of FCCB aggregating to credit of ₹ 11.70 million (debit of ₹ 45.75 million) has been adjusted against securities premium as per Section 78 of the Companies Act, 1956. In the event, Bond holders exercise the conversion option, the amount of premium utilized from securities premium will be suitably adjusted in respective years.

iii) During the year, the company has repurchased 685 4.5% FCCB of US$ 100,000 each aggregating to US$ 68.50 million at a discount gain of US$ 4.00 million (equivalent ₹ 216.70 million) arising on repurchase of FCCB is shown under "Other income".

iv) Part of the net proceeds received from the issue of FCCB has been utilized as per objects 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 US$ 0.55 million equivalent INR 30.09 million (US$ 17.04 million equivalent INR 866.91 million) have been invested in short term deposits/current account with a bank abroad and ₹ Nil (₹ 1.46 million) lying in current account with a bank in India.

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
5. (a) Deferred tax liabilities (net)		
Deferred tax liabilities		
Fiscal allowance on fixed assets	7,132.83	6,264.04
Others	93.63	104.79
	7,226.47	6,368.83
Deferred tax assets		
Employee benefits	18.51	16.79
Other disallowances	737.27	651.41
Unabsorbed fiscal allowances	568.90	664.51
Fiscal allowance on fixed assets	301.87	–
	1,626.56	1,332.72
Total 5 (a)	**5,599.91**	**5,036.11**
(b) Deferred tax assets (net)		
Deferred tax assets		
Fiscal allowance on fixed assets	66.09	46.03
Other disallowances	22.21	19.95
Total 5 (b)	**88.30**	**65.98**

(₹ in million)

	2013	2012
6. Other long-term liabilities		
Liability towards claims	1,764.26	2,417.44
Trade advances and deposits	479.64	987.95
Other liabilities	27.10	–
Total	**2,271.00**	**3,405.39**

(₹ in million)

	2013	2012
7. Long-term provisions		
Employee benefits	167.24	149.04
Premium payable on redemption of FCCB	83.48	95.18
Total	**250.72**	**244.22**

(₹ in million)

	2013	2012
8. Short-term borrowings		
Secured		
Working capital loans from banks		
- Foreign currency	–	992.06
- Rupee	2,043.41	2,460.85
Short-term loan from banks		
- Foreign currency	–	1,119.25
Short-term loan from other parties	–	1,200.90
Unsecured		
Short-term loans from banks	–	2,000.21
Total	**2,043.41**	**7,773.27**

Notes forming part of the Consolidated Financial Statements

(₹ in million)

		2013	2012
9.	**Trade payables**		
	Acceptances	21,286.94	23,879.69
	Others	9,092.71	9,043.32
	Total	**30,379.65**	**32,923.01**

(₹ in million)

		2013	2012
10.	**Other current liabilities**		
	Current maturities of long term borrowings (Refer note 4)	4,198.24	5,919.83
	Interest accrued but not due on borrowings	880.64	906.56
	Interest accrued and due on borrowings	4.69	–
	Unclaimed dividend	5.30	5.20
	Share application money pending allotment	52.45	52.45
	Other payables		
	Creditors for		
	- Capital goods	179.76	175.54
	- Expenses	1,974.32	1,183.75
	Trade advances and deposits	8,143.64	5,438.49
	Statutory dues	799.82	804.38
	Liability towards claims	815.22	254.38
	Others	316.45	144.65
	Total	**17,370.54**	**14,885.24**

(₹ in million)

		2013	2012
11.	**Short-term provisions**		
	Employee benefits	155.39	52.08
	Others for		
	Warranty	1.41	–
	Litigation	79.79	92.65
	Liquidated damages	460.52	572.07
	Mark to market losses on derivative contracts	336.51	547.00
	Proposed equity dividend	131.47	113.89
	Tax on proposed equity dividend	22.34	18.48
	Taxation (Net of advances)	156.49	416.09
	Total	**1,343.93**	**1,812.25**

Notes forming part of the Consolidated Financial Statements

Note 12 - Fixed assets

(₹ in million)

	Gross Block						Depreciation/Amortization							Net Block	
	As at 01 April 2012	Acquired on Acquisition	Additions	Addition Due to Revaluation	Foreign Currency Fluctuations	Deductions	Ast at 31 March 2013	Upto 01 April 2012	Acquired on Acquisition	For the Year	Foreign Currency Fluctuations	Deductions	Impairment upto 31 March 2013	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
a) Tangible assets																
Land - Freehold	465.12	–	189.07	428.71	16.31	1.47	1,097.75	–	–	–	–	–	–	–	1,097.75	465.12
Land - Leasehold	2,195.58	–	103.67	2,568.29	77.16	–	4,944.69	202.32	–	87.08	8.96	–	–	298.37	4,646.33	1,993.26
Buildings	8,695.65	14.06	1,275.16	441.86	242.14	5.39	10,663.48	910.00	4.86	330.52	18.27	2.15	–	1,261.49	9,402.00	7,785.66
Plant and Machinery	52,268.50	189.13	4,821.04	5,014.77	756.14	598.51	62,451.07	10,860.32	82.22	3,443.56	130.37	332.25	105.59	14,289.82	48,160.45	41,407.33
Construction Assets	237.26	–	1.81	–	–	0.18	238.90	113.22	–	17.08	–	–	–	130.30	108.60	124.04
Office and other Equipments	857.68	11.78	69.53	–	26.39	11.37	954.02	346.10	8.48	98.62	9.34	6.96	–	455.57	498.45	511.59
Vehicles	377.81	5.84	24.16	–	3.53	19.23	392.11	242.51	4.87	36.79	1.64	14.73	0.51	271.58	120.53	135.31
Furniture and Fixtures	213.31	0.86	40.97	–	3.46	7.67	250.93	79.97	0.60	31.22	1.59	4.07	–	109.31	141.61	133.34
Leasehold Improvements	40.23	2.39	0.08	–	–	10.78	31.92	14.73	1.98	4.46	–	10.64	–	10.54	21.38	25.50
Total (a)	**65,351.16**	**224.05**	**6,525.49**	**8,453.64**	**1,125.12**	**654.59**	**81,024.87**	**12,769.17**	**103.00**	**4,049.33**	**170.17**	**370.80**	**106.09**	**16,826.97**	**64,197.10**	**52,581.13**
b) Intangible assets																
Goodwill	153.99	–	–	–	9.27	–	163.26	146.84	–	3.34	9.27	–	–	159.44	3.82	7.16
Goodwill on Consolidation	9,887.86	–	790.91	–	–	22.94	10,655.83	–	–	–	–	–	–	–	10,655.83	9,887.86
Software	491.57	3.95	51.96	–	–	1.38	546.09	217.52	3.14	97.04	–	1.10	–	316.60	229.49	274.04
Build, Operate and Transfer (BOT)	4,800.84	–	1,265.38	–	–	12.21	6,054.00	309.46	–	617.22	–	–	–	926.67	5,127.33	4,491.38
Total (b)	**15,334.26**	**3.95**	**2,108.25**	**–**	**9.27**	**36.53**	**17,419.19**	**673.82**	**3.14**	**717.59**	**9.27**	**1.10**	**–**	**1,402.72**	**16,016.47**	**14,660.44**
Total (a + b)	**80,685.42**	**227.99**	**8,633.75**	**8,453.64**	**1,134.38**	**691.13**	**98,444.05**	**13,442.99**	**106.14**	**4,766.92**	**179.44**	**371.90**	**106.09**	**18,229.69**	**80,213.57**	**67,241.57**
Previous year	50,486.51	6,337.54	22,420.90	–	1,633.62	193.16	80,685.41	8,793.74	956.20	3,533.16	198.19	80.46	42.16	13,442.99	67,241.57	
Capital work-in-progress															**5,275.84**	**6,190.89**
Intangible assets under development	**80.47**	**–**	**108.15**	**–**	**–**	**–**	**188.62**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**188.62**	**80.47**

Notes

1) Gross block of Plant and Machinery includes ₹ 63.49 million (₹ 63.49 million) in respect of expenditure on capital asset, ownership of which does not vest with the company.
2) Depreciation and amortisation expense for the year includes ₹ 5.71 million (₹ 17.93 million) transferred to Pre-operative expenses.
3) For details of exchange difference capitalized/decapitalized as per amended AS 11, refer Note 31 (b).
4) Capital work-in-progress includes pre-operative expenses ₹ 2,616.28 million (₹ 3,597.21 million).
5) Pre-operative expenses of ₹ 52.60 million (₹ 249.45 million) in respect of projects have been capitalized during the year.
6) Borrowing costs (net) transferred to fixed assets/capital work-in-progress is ₹ 355.91 million (₹ 749.58 million).
7) In case of a subsidiary engaged in manufacturing of sponge iron, leasehold land aggregating to ₹ 398.41 million (gross block) acquired under Scheme of Arrangement is yet to be transferred in the name of company.
8) In case of a subsidiary engaged in manufacturing of sponge iron, building includes ₹ 54.43 million (gross block) being contribution for construction of kharland bunds (structure), ownership of which vests with the state government authorities.
9) In case of a subsidiary engaged in manufacturing of sponge iron, building includes ₹ 29.47 million (gross block) being contribution for construction of Diversion Road , ownership of which vests with the state government authorities.

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
13. Non-current investments		
(Valued at cost unless stated otherwise)		
A. Trade investments - Unquoted		
Associates		
Red Lebondal Limited (Extent of holding 25%)		
450 (450) Equity Shares of Euro 1 each	0.03	0.03
Add: Accumulated Share of Profit/(Loss)	0.14	(3.04)
Add: Share of Profit/(Loss) for the year	–	3.18
Less: Provision for diminution in value of Investment	(0.17)	–
Welspun Energy Limited (Extent of holding 26%)		
60,493,342 (17,515,300) equity shares of ₹ 10 each	910.85	262.74
Add: Goodwill	–	–
Add: Accumulated Share of Profit/(Loss)	8.47	(2.73)
Add: Share of Profit/(Loss) for the year	(37.96)	11.20
Welspun Captive Power Generation Limited		
2,938,427 (5,000) equity shares of ₹ 10 each	29.41	0.05
16,976,573 (Nil) preference shares of ₹ 10 each fully paid up	169.86	–
Investment in Joint Ventures	28.38	13.82
B. Other investments		
i) Quoted		
- Equity Shares#	30.03	30.03
- Depository Receipts	34.77	34.77
ii) Unquoted		
- Equity Shares	1.64	1.61
Less: Provision for diminution in the value of unquoted investments	(0.85)	(0.07)
Investment in Government Securities		
Indira Vikas Patra * [₹ 500 (500)]	0.00	0.00
Three (Three) Bonds of ₹ 10,00,000 Sardar Sarovar Narmada Nigam Limited	3.00	3.00
National Saving certificate	0.03	0.02
Total	**1,177.63**	**354.63**
(All the above shares and securities are fully paid up)		
*Denotes figures less than ₹ 10,000.		
# Diminution in value of Long-Term Investment of ₹ 16.15 million is not provided for, considering the same to be temporary in nature.		
Aggregate book value of quoted investments	64.80	64.80
Aggregate book value of unquoted investments	1,113.85	289.89
Aggregate market value of quoted investments	53.95	48.22
Aggregate provision for diminution in value of unquoted investments	(1.02)	(0.07)

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
14. Long-term loans and advances		
(Unsecured considered good, unless otherwise stated)		
Capital advances	1,715.11	1,975.80
Less: Provision for doubtful advances	2.96	2.14
	1,712.15	**1,973.66**
Deposits		
- Related Parties	309.60	351.10
- Others	279.48	370.49
Less: Provision for doubtful deposits	9.46	9.43
	579.62	**712.16**
Loans and advances to related parties		
Share application money	21.55	894.76
Other loans and advances	32.69	30.64
	54.24	**925.40**
Other loans and advances		
Advances recoverable in cash or Kind	1,221.03	1,024.20
Prepaid expense	62.65	5.07
Loan to employees	0.08	0.36
Balances with government authorities		
- Direct tax (net)	502.63	413.28
- Indirect tax	114.05	6.40
Minimum alternative tax credit entitlement	205.63	71.64
	2,106.07	**1,520.95**
Total	**4,452.08**	**5,132.17**

(₹ in million)

	2013	2012
15. Other non-current assets		
(Unsecured considered good unless otherwise stated)		
Long term trade receivables (including trade receivables on deferred credit terms)	291.70	256.04
Interest receivable	3.55	2.72
Margin money deposits	32.23	21.93
Receivable towards claim	–	76.31
Others	0.42	0.06
Total	**327.90**	**357.06**

(₹ in million)

	2013	2012
16. Current Investments		
(Valued at lower of cost and fair value, unless stated otherwise)		
A. Quoted		
i) Bonds	15,391.02	18,891.65
ii) Certificate of deposits	1,236.27	488.34
iii) Mutual funds	280.97	–
B. Unquoted		
i) Bonds	585.33	50.64
Total	**17,493.59**	**19,430.62**
Aggregate Book Value of Quoted Investments	16,908.26	19,379.99
Aggregate Book Value of Unquoted Investments	585.33	50.64
Aggregate Market Value of Quoted Investments	17,107.31	19,702.14

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
17. Inventories		
(As taken, valued and certified by management)		
Raw materials [includes Goods in transit ₹ 3,408.23 million (₹ 2,775.64 million)]	13,872.33	13,377.51
Work/Goods in process	3,299.48	1,638.87
Finished Goods	6,340.35	8,527.48
Stores and Spares	2,156.66	2,088.57
Total	**25,668.82**	**25,632.42**

(₹ in million)

	2013	2012
18. Trade receivables		
(Unsecured and considered good, unless otherwise stated)		
Over six months		
Considered good	1,903.32	1,970.57
Considered doubtful	131.50	91.51
Others		
Considered good	15,710.70	13,289.35
Considered doubtful	8.01	8.01
	17,753.53	**15,359.44**
Less: Provision for doubtful debts	139.51	99.52
Total	**17,614.02**	**15,259.93**

(₹ in million)

	2013	2012
19. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
- Current Accounts	5,728.51	6,651.23
- Deposits having original maturity period of less than three months	376.54	1,877.80
Cheques on hand	1.18	36.20
Cash on hand	22.61	18.42
Other bank balances		
Deposits having original maturity period of more than three months but less than twelve months	143.01	687.35
Deposits having original maturity period of more than twelve months	–	0.18
Margin money deposits	642.33	837.01
Unclaimed dividend accounts	5.30	5.20
Balances with banks - Current accounts*	11.48	25.56
Balances with escrow account/restricted cash in banks	112.78	116.43
Total	**7,043.74**	**10,255.37**

*being balance in Debt Service Reserve Account, not available for use by the Group.

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
20. Short-term loans and advances		
(Unsecured considered good unless otherwise stated)		
Deposits		
- Related Parties	37.28	37.28
- Others	89.88	101.74
Inter-corporate deposits	356.37	350.00
Other loans and advances		
Advances recoverable in cash or kind	1,430.01	1,868.91
Balance with government authorities		
- Direct tax (net)	251.09	11.39
- Indirect tax	3,358.39	3,482.14
Prepaid expenses	213.45	114.38
Loans and advances to employees	17.62	42.14
	5,270.57	**5,518.96**
Less: Provision for doubtful advances	253.86	198.48
Total	**5,500.23**	**5,809.50**

(₹ in million)

	2013	2012
21. Other current assets		
Interest accrued on		
- Current Investments	303.50	695.54
- Fixed Deposits	33.61	45.79
- Others	34.65	19.54
Receivable towards claim	400.58	76.31
Export benefits receivable	887.69	245.88
Assets held for disposal	19.49	9.61
Unbilled work-in-progress	2,129.32	1,114.56
Unamortized ancillary borrowing costs	60.38	25.03
Total	**3,869.24**	**2,232.26**

(₹ in million)

	2013	2012
22. Revenue from operations		
Revenue from		
Sale of products	98,854.20	80,047.91
Traded goods	62.04	19.34
Sale of services	196.82	479.40
Civil contracts	7,643.49	7,789.97
Toll collection	728.96	693.81
Other operating revenues (Refer Note 41)	6,471.26	4,416.89
Revenue from operations (gross)	**113,956.77**	**93,447.32**
Less: Excise duty	5,256.27	3,681.56
Revenue from operations (net)	**108,700.50**	**89,765.76**

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
23. Other income		
Interest from		
- Current Investments	1,262.67	746.92
- Fixed Deposits	250.09	330.30
- Others	406.93	262.05
Dividend income	277.23	445.11
Profit on sale of Investments	368.00	239.87
Profit on sale of tangible assets (net)	1.22	0.10
Gas transportation refund	2.44	133.14
Miscellaneous income	541.82	518.35
Total	**3,110.40**	**2,675.84**

(₹ in million)

	2013	2012
24. Cost of material consumed		
Inventory at the beginning of the year	10,601.87	6,289.95
Add: On acquisitions	–	3,148.66
Purchases (net)	70,962.79	62,410.64
	81,564.66	**71,849.25**
Less: Inventory at the end of the year	10,464.10	10,601.87
Total	**71,100.56**	**61,247.38**

(₹ in million)

	2013	2012
25. Purchases of traded goods		
Purchases of traded goods	144.06	378.37
Total	**144.06**	**378.37**

(₹ in million)

	2013	2012
26. Changes in Inventories of finished goods, work/goods in process		
Inventories at the end of the year		
Work / goods-in-process	3,518.76	1,833.10
Finished Goods	6,340.35	8,527.48
	9,859.11	**10,360.58**
Inventories at the beginning of the year		
Work / goods-in-process	1,833.10	1,197.02
Finished Goods	8,527.48	5,835.24
Add: On acquisitions	–	613.67
	10,360.58	**7,645.93**
Total	**501.46**	**(2,714.65)**

(₹ in million)

	2013	2012
27. Employee benefit expenses		
Salaries, Wages and Bonus	5,584.13	4,508.41
Contribution to Provident and other funds	187.16	130.20
Employee compensation expenses	(6.60)	(1.51)
Staff Welfare Expenses	310.10	238.59
Total	**6,074.79**	**4,875.68**

(₹ in million)

	2013	2012
28. Other expenses		
Store and spares consumed	2,522.97	2,375.99
Coating and other job charges	4,313.66	1,440.32
Power, fuel and water charges	2,382.29	1,923.68
Freight, material handling and transportation	5,615.26	3,504.95
Excise duty on (increase)/decrease on stock	270.09	(9.25)
Construction costs		
- Sub-contract costs	1,105.02	1,234.42
- Plant hire costs	729.42	560.70
- Tools and equipment	141.64	80.61
- Temporary site installations	54.48	160.14
- Labour charges	181.38	170.97
Rent	564.32	397.43
Rates and taxes	743.99	689.62
Repairs and maintenance		
- Plant and machinery	274.37	342.89
- Buildings	40.75	48.10
- Others	253.85	169.21
Travelling and conveyance expenses	458.14	370.26
Communication expenses	59.96	40.15
Professional and consultancy fees	560.47	540.81
Insurance	328.91	242.71
Directors' sitting fees	1.91	1.11
Printing and stationery	45.99	32.78
Security charges	49.45	34.66
Membership and subscription	29.97	19.37
Vehicle expenses	24.84	20.34
Exchange difference (net)	1,272.90	1,247.66
Provision for diminution in value of investment	0.94	–
Loss on sale / discard of tangible assets	19.83	12.12
Provision for impairment of tangible assets	106.09	–
Auditors remuneration	8.89	7.36
Product compensation and claims	3.29	649.39
Sales promotion expenses	91.88	50.25
Liquidated damages	73.21	192.97
Commission and discounts on sales	740.79	426.64
Provision for doubtful debts and advances (net)	101.07	96.68
Bad debts and advances written off	183.04	1.46
Miscellaneous expenses	345.93	331.93
Total	**23,701.00**	**17,408.42**

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
29. Finance costs		
Interest expense		
- Term loans	1,556.25	1,157.19
- Debentures/bonds	1,999.76	1,602.62
- Working capital	186.57	268.65
- Others	81.76	43.41
Other borrowing costs	1,106.42	657.72
Exchange difference (net)	–	269.64
Total	**4,930.77**	**3,999.24**

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

1) The Group has undertaken various projects on Build, Operate and Transfer - BOT basis as per concession agreements with the Government authorities. In respect of such projects, the construction costs including interest 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 :

(₹ in million)

Build, Operate and Transfer -BOT Project	Contract Ownership	Concessional Period	Amortization	
			2013	2012
Jalandhar Bus Terminal Project	Punjab Infrastructure Development Board	8 Years, 5 Months and 2 days	27.99	24.14
Ludhiana Bus Terminal Project	Punjab Infrastructure Development Board	10 Years, 3 Months	21.92	17.92
Hoshangabad–Harda–Khandwa Road Project#	Madhya Pradesh Road Development Authority	15 years	316.71	24.02
Raisen–Rahatgarh Road Project	Madhya Pradesh Road Development Authority	15 years	163.29	17.35
Kim Mandvi Corridor Project#	Gujarat State Road Development Corporation Limited	20 Years	15.44	9.83
Himmatnagar bypass Project	Gujarat State Road Development Corporation	15 years	5.68	6.72
Dewas Bhopal Corridor Project	Madhya Pradesh Road Development Authority	25 Years	59.15	41.71
Kon-Sawle-Turade Road Project	Public Works Department, Maharashtra	15 Years	7.04	7.15

#Hitherto up to 31st March 2012 expenditure incurred on above Build, Operate & Transfer projects, was amortized / written off after reducing the "Cash Subsidy" received from the total cost on the basis of projected toll revenue over the period of concession. Based on the expert opinion received , the Group has changed the policy and the said BOT Expenditure is amortized / written off without deducting the Cash Subsidy received retrospectively, Had there been no change in the method of amortization, the amount of amortization and loss for the year would have been lower by ₹ 423.81 million and reserves and surplus would have been higher to that extent.

2) Cash Subsidy of ₹1,265.38 Million received in the earlier years from Madhya Pradesh Road Development Corporation and Gujarat State Road Development Corporation for the Build, Operate and Transfer (BOT) Project has been shown as Capital Reserve under 'Reserves and Surplus' in respect of subsidiary in the business of infrastructure. Till previous year this has been matter of qualification in its audit report. However in light of expert opinion obtained by the said subsidiary and change in accounting policy on amortization, it has complied with Accounting Standard 12 (Accounting for Government Grants) and Schedule XIV and the subsidy being in nature of promoter contribution is disclosed as capital receipt under reserve and surplus.

31 Foreign exchange differences

a) Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments amounting to ₹ 1,272.90 million (₹ 1,247.66 million) and ₹ Nil (₹ 269.64 million) is accounted in other expenses and finance costs respectively other than (b) below.

b) The Companies (Accounting Standards) Amendment Rules 2011 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 11 May 2011 (as amended on 29 December 2011 and further clarification dated 9 August 2012) issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference loss amounting to ₹ 361.90 million (₹ 695.83 million) to the cost of fixed assets and capital work in progress and exchange difference loss of ₹ 648.88 million (₹ 612.53 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term liabilities. Out of the above, loss of ₹ 373.50 million (₹ 289.56 million) has been adjusted in the current year and loss of ₹ 275.37 million (₹ 322.97 million) has been carried over and disclosed in shareholders funds.

c) The Group has early adopted AS-30 and accordingly loss of ₹ 44.84 million (₹ 178.18 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.

32 Operating lease

i) 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.

(₹ in million)

	2013	2012
Lease rental charges for the year	564.32	397.43
Future lease rental obligations payable (under non-cancellable leases)		
Not later than one year	164.03	138.55
Later than one year but not later than five years	299.74	394.83
Later than five years	24.25	5.34

ii) In case of a subsidiary engaged in the manufacturing of sponge iron, provides mini bulk carriers and barges on hire basis regularly. Income from hire charges is ₹ 149.58 million (₹ 77.75 million).

33 a) Contingent liabilities not provided for

(₹ in million)

	2013	2012
Performance guarantees/Bid bond given by banks to Group's customers / government authorities etc.#	22,681.74	25,383.00
Corporate guarantees given by the Group	3,580.76	4,352.28
Bills discounted	681.54	886.74
Letters of credit outstanding (net of liability provided) for Group's sourcing	4,439.96	8,612.76
Claims against the Group not acknowledged as debts#	2,096.47	539.39
Custom duty on pending export obligation against import of Raw Materials and Machineries	1,387.25	961.18
Disputed direct taxes#*	4,065.53	–
Disputed indirect taxes#^	1,324.51	1,191.43

#include share of joint ventures (Refer note 39)

*Income tax demands mainly include appeals filed by the Group before appellate authorities against disallowances i.e. depreciation/claims/deductions. The management is of the opinion that its tax disputes will be decided in its favour and no material tax liability is likely to be sustained, hence no provision is considered necessary.

i) ^Demand notice received during the year for duty evasion of ₹ 8,609.82 million on account of alleged wrong classification of imported raw materials along with penalty of ₹ 8,609.82 million and penalty of ₹ 205 million on directors and officers of the company. In the opinion of management, without prejudice to overall merits, in any case ₹ 6,706.60 million is cenvatable duty which is revenue neutral and may not result into recoverable demand and accordingly relevant amount of penalty may not sustain. The matter is under dispute with appellate authority and thus whole amount of duty and penalty referred above is not considered as contingent liability.

ii) In the case of a subsidiary engaged in the manufacturing of sponge iron, show cause notices amounting to ₹ 2,913.78 million (₹ 2,203.03 million) are received alleging wrong availment of custom duty and utilization of input credit on import of raw material. The said subsidiary has replied to all these notices and does not expect any monetary liability on the basis of opinion obtained. However this duty is cenvatable, hence revenue neutral and not shown above under contingent liability.

b) In case of a subsidiary engaged in the manufacturing of sponge iron, the lenders have the right to recompense the reliefs / sacrifices / waivers extended by the respective lenders as per the prevailing RBI guidelines.

Notes forming part of the Consolidated Financial Statements

c) Capital and other commitments#

i) Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹ 1,187.95 million (₹ 12,557.84 million).

ii) Other long-term commitments is ₹ 5,345.75 million (₹ 3,562.26 million).

iii) The Group has committed to provide continued financial support to subsidiaries/associates based on the requirement from time to time.

iv) In case of a subsidiary engaged in the manufacturing of sponge iron, long term contract for purchase of raw materials to ensure uninterrupted supply of raw material, however does not have any financial commitment

v) In case of a subsidiary engaged in the manufacturing of sponge iron, as per the terms of the restructuring package, the Group is also liable to issue Zero Coupon Optionally Convertible Debentures (ZCOCD) to the term lenders to the extent of present value of sacrifice amount outstanding as at 31 March 2013 i.e. ₹ 145.88 Million in favour of the term loans lenders.

include share of joint ventures (Refer note 39)

34 Taxation

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

ii) In case of a subsidiary engaged in the manufacturing of sponge iron, there was Search and Seizure action by Income Tax Department on 13 October 2010. Later, on the basis of records and enquiries from officers/staff, the said subsidiary through affidavit of directors disowned the income offered in the statement u/s 132(4) of the Income Tax Act, 1961 pertaining to income of ₹ 320 million for the financial year ended 31 March 2010 and capital expenses of ₹ 50 million during the period ended 30 September 2011. Hence the relevant declaration u/s 132 (4) of income has not been given effect in its books of account. However, required provision for tax considering the declaration of income u/s. 132 (4) is made in the relevant year and the above referred income is offered to tax and assessed during the year.

iii) The international transactions with Associated Enterprises (AE's) are at arm's length price as per the independent accountants report for the year ended 31 March 2012. Further, the Finance Bill, 2012 had sought to bring in certain class of indian domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April 2012. The Management is of the opinion that its international transactions with AE's and the specified domestic transactions for the year are at arm's length price and will not have any impact on the amount of tax expense and provision of taxation in these financials.

35 Exceptional items

a. Adani Welspun Exploration Ltd, a Joint venture company has charged off ₹ 1,547.70 million (₹ Nil) being the expenditure on abortive exploration activities on the relinquishment of Thailand Blocks being geologically impracticable and techno economically not feasible. In view of the above the Group has charged off its share (representing 35%) of ₹ 541.70 million (₹ Nil) funded on Thailand project.

b. In case of subsidiary in the business of Infrastructure, ₹ 55.18 Million is charged to statement of profit and loss and ₹ 3.19 million adjusted in general reserve on dilution of stake in one of its joint venture.

c. In case of subsidiary in the business of sponge iron, the expansion of the existing Sponge Iron facility, setting up Integrated Steel Melting Shop and Captive Power Plant are temporarily put on hold due to regulatory approvals from Maharashtra Coastal Zone and non availability of Natural Gas (key Raw Material). Accordingly, ₹ 493.99 million being project related expenses have been charged off in the financials.

36 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 and Gas based Sponge Iron (Direct Reduced Iron - DRI and Hot Briquetted Iron - HBI).

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 (upto 20 March 2013).

a) **Primary segments (business segments):**

(₹ in million)

	2013 Steel Products	2013 Infrastructure	2013 Others	2013 Total
Net sales/income from operations				
Segment revenue	99,788.45	9,229.68	–	109,018.13
Less: Inter segment revenue	317.63	–	–	317.63
Total external revenue	99,470.83	9,229.68	–	**108,700.50**
Segment results before exceptional items	2,510.52	(92.26)	(0.83)	**2,417.43**
Exceptional Items	493.99	55.18	541.70	1,090.87
Segment results after exceptional items	2,016.53	(147.44)	(542.53)	**1,326.56**
Finance costs				4,930.77
Unallocated Income net of unallocated (expenditure)				3,110.40
Profit / (Loss) before tax (PBT)				**(493.81)**
Tax expense				390.31
Profit / (Loss) after taxes (PAT) before minority interest and share of profit / (loss) from associates				**(884.12)**
Share of profit/ (loss) from associates				(37.96)
Minority interest				(218.85)
Profit / (Loss) after tax (PAT)				**(703.23)**
Other information				
Segment assets	120,209.24	20,227.29	2,458.60	**142,895.14**
Unallocated corporate assets				**26,018.45**
Total assets				**168,913.59**
Segment liabilities	41,021.18	5,035.52	165.27	**46,221.96**
Unallocated corporate liabilities				**66,113.98**
Total liabilities				**112,335.94**
Capital expenditure (including capital advances)	4,229.89	2,904.37	431.08	**7,565.33**
Depreciation / amortization (included in segment expenses)	3,898.13	863.05	0.04	**4,761.21**

(₹ in million)

	2012 Steel Products	2012 Infrastructure	2012 Others	2012 Total
Net sales/income from operations				
Segment revenue	80,847.97	8,969.95		89,817.92
Less: Inter segment revenue	52.16	–		52.16
Total external revenue	80,795.81	8,969.95		**89,765.76**
Segment results	4,299.88	762.18	(6.73)	**5,055.33**
Finance costs				3,999.24
Unallocated income net of unallocated (expenditure)				2,675.84
Profit before tax (PBT)				**3,731.92**
Tax expense				1,502.77
Profit after taxes (PAT) before minority interest and share of profit / (Loss) from associates				**2,229.15**
Share of profit/ (loss) from associates				14.38
Minority interest				141.90
Profit after tax (PAT)				**2,385.43**

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2012 Steel Products	2012 Infrastructure	2012 Others	2012 Total
Other information				
Segment assets	108,321.57	16,890.92	1,956.60	**127,169.09**
Unallocated corporate assets				**30,873.77**
Total assets				**158,042.86**
Segment liabilities	41,369.65	4,424.52	102.20	**45,896.37**
Unallocated corporate liabilities				**71,213.80**
Total liabilities				**117,110.17**
Capital expenditure (including capital advances)	10,692.74	1,426.82	461.27	**12,580.82**
Depreciation / amortization (included in segment expenses)	3,130.54	384.66	0.03	**3,515.23**

b) Secondary segments (geographical segments):

(₹ in million)

	2013			2012		
	India	Outside India	Total	India	Outside India	Total
Revenue from operations	39,611.05	69,089.47	108,700.50	43,626.40	46,139.36	89,765.76
Carrying amount of segment assets	127,049.48	41,864.10	168,913.59	127,482.13	30,560.73	158,042.86
Capital expenditure	2,692.21	4,873.13	7,565.33	10,621.59	1,959.24	12,580.82

37 Related Party Disclosures

a) **List of Parties where control exists:** The list of Subsidiaries is disclosed in Note 1, I (d) above.

b) **Joint Ventures**

The list of joint ventures is disclosed in note 1 I(f) above

c) **Associates**

Red Lebondal Limited, Welspun Energy Limited and Welspun Captive Power Generation Limited

d) **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 Global Brands Limited,Welspun UK Limited, Welspun Marine Logistics Private Limited, Welspun Developers and Infrastructure Private Limited,Welspun Infra Development and Management Private Limited, Welspun Wintex Private limited,Welspun Fin Trade Private Limited,Welspun Mercantile Limited.

Directors / Key Management Personnel

Name	Nature of Relationship
B. K. Goenka	Chairman^
R. R. Mandawewala	Director*
Braja Mishra	Managing Director**

^Executive Chairman upto 13 August 2012

*Managing Director upto 26 April 2012

**Appointed w.e.f. 26 April 2012

Notes forming part of the Consolidated Financial Statements

Transactions with related parties for the year ended 31 March 2013

(₹ in million)

	Joint Venture^	Associates	Other Related Parties	Key Management Personnel	Total
Sale of goods, services and recoveries	**–**	**425.47**	**1,846.60**	**–**	**2,272.07**
	96.50	2.90	3,058.41	–	3,157.81
Sale of fixed assets	**–**	**–**	**4.84**	**–**	**4.84**
	–	–	0.48	–	0.48
Other income	**–**	**–**	**11.98**	**–**	**11.98**
	–	–	17.98	–	17.98
Purchase of goods and services	**–**	**241.23**	**236.28**	**–**	**477.51**
	–	–	325.00	–	325.00
Rent and license fees paid	**–**	**–**	**85.48**	**–**	**85.48**
	–	–	76.12	–	76.12
Donations	**–**	**–**	**80.75**	**–**	**80.75**
	–	–	22.65	–	22.65
Reimbursement of expenses (net)	**–**	**0.01**	**69.41**	**–**	**69.42**
	–	–	51.68	–	51.68
Directors remuneration	**–**	**–**	**–**	**156.22**	**156.22**
	–	–	–	33.55	33.55
Loans, advances and deposits given	**–**	**–**	**–**	**–**	**–**
	–	–	72.91	–	72.91
Loans, advances and deposits received	**–**	**–**	**13.50**	**–**	**13.50**
	–	–	10.29	–	10.29
Loans, advances and deposits received repaid	**–**	**–**	**9.87**	**–**	**9.87**
	–	–	58.95	–	58.95
Investment in shares	**–**	**799.56**	**0.10**	**–**	**799.66**
	–	260.01	–	–	260.01
Sale of equity shares	**–**	**–**	**0.16**	**–**	**0.16**
	–	–	0.13	–	0.13
Share application money given	**–**	**8.00**	**–**	**–**	**8.00**
	–	2,594.77	215.00	–	2,809.77
Share application money repaid / adjusted	**–**	**881.21**	**–**	**–**	**881.21**
		2,003.40	150.78	–	2,154.18

Balances with related parties for the year ended 31 March 2013

(₹ in million)

	Joint Venture^	Associates	Other Related Parties	Key Management Personnel	Total
Loans and advances, deposits given	**–**	**–**	**346.88**	**–**	**346.88**
	–	–	391.61	–	391.61
Corporate guarantees given	**2,624.98**	**3,579.30**	**1.46**	**–**	**6,205.75**
	1,470.00	3,529.30	822.97	–	5,822.27
Investments in shares	**–**	**1,110.15**	**0.77**	**–**	**1,110.92**
	–	267.82	0.77	–	268.59
Share application money	**–**	**21.55**	**–**	**–**	**21.55**
	–	699.76	195.00	–	894.76
Trade receivables	**–**	**67.00**	**67.03**	**–**	**134.03**
	–	–	515.34	–	515.34
Trade payables	**–**	**26.93**	**118.85**	**–**	**145.78**
*[₹ Nil (1187)]	0.00	–	9.54	–	9.54

* Denotes figures less than ₹ 10,000. ^ Transactions with joint venture has been reported at full value.

Notes forming part of the Consolidated Financial Statements

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 and recoveries - Welspun India Limited ₹ 1,269.28 million (₹ 1,022.46 million), Welspun Steel Limited ₹ 550.56 million (₹ 418.62 million), Remi Metals Gujarat Limited ₹ 22.68 million (₹ 696.65 million), Welspun Captive Power Generation Limited ₹ 418.18 million (₹ 902.32 million)

ii) Sale of fixed assets – Welspun India Limited ₹ 4.37 million (Nil), Welspun Steel Limited ₹ 0.47 million (₹ 0.48 million).

iii) Other income – Remi Metals Gujarat Limited ₹ 11.29 million (₹ 17.98 million).

iv) Purchase of goods and services - Welspun Steel Limited ₹ 165.80 million (₹ 261.96 million), Welspun Logistics Limited ₹ 61.78 million (₹ 56.82 million),Welspun Captive Power Generation Limited ₹ 241.23 million (₹ Nil)

v) Rent and license fee paid – Welspun Realty Private Limited ₹ 76.66 million (₹ 67.55 million), Vipuna Trading Limited ₹ 5.64 million (₹ 4.42 million)

vi) Donation paid – Welspun Foundation for Health and Knowledge ₹ 80.75 million (₹ 22.65 million) (meant for corporate social responsibility activities).

vii) Reimbursement of expenses (net) - Welspun India Limited ₹ 51.37 (₹ 42.66 million), Welspun Steel Limited ₹ Nil (₹ 7.63 million), Welspun Syntex Limited ₹ 13.10 million (₹ Nil).

viii) Loans, advances and deposits given - Welspun Captive Power Generation Limited ₹ Nil (₹ 22.76 million), Welspun Steel Limited ₹ Nil (₹ 43.04 million).

ix) Loans and advances received from Welspun India Limited ₹ 13.50 million (₹ 9 million), Welspun Captive Power Generation Limited ₹ Nil (₹ 1.29 million).

x) Loans and advances received repaid to Welspun India Limited ₹ 9.87 million (₹ 23.95 million), Welspun Captive Power Generation Limited ₹ Nil (₹ 35 million).

xi) Investment in equity shares of – Welspun Energy Limited ₹ 648.11 million (₹ 260.01 million),Welspun Captive Power Generation Limited ₹ 151.45 million (₹ Nil).

xii) Sale of investments - Welspun Constructions Private Limited ₹ Nil (₹ 0.13 million) and Dahej Infrastructure Private Limited ₹ 0.06 million (₹ Nil) to other related parties, Welspun Infra Development and Management Private Limited ₹ 0.10 million (₹ Nil) to other related parties.

xiii) Share application money given to Welspun Energy Limited ₹ Nil (₹ 2,594.77 million), Welspun Captive power Generation Limited ₹ 8 million (₹ 215 million).

xiv) Share application money given includes repaid / adjusted by Welspun Energy Limited ₹ 699.76 million (₹ 2,003.40 million), Welspun Captive Power Generation Limited ₹ 181.45 million (₹ 150 million).

xv) Details of remuneration paid to key management personnels are disclosed at note 45 below.

Closing balances as at 31 March 2013

i) Loans, advances and deposits given- Welspun Realty Private Limited ₹ 284.48 million (₹ 320.48 million), Welspun Logistics Limited ₹ 52.40 million (₹ 52.40 million).

ii) Guarantees and collaterals given – Welspun Captive Power Generation Limited ₹ 600 million (₹ 600 million), Welspun Urja Gujarat Private Limited ₹ 1,709.30 million (₹ 1,709.30 million), Welspun Energy Limited ₹ 1,270 million (₹ 1,270 million), Northwest Energy Private Limited ₹ Nil (₹ 550 million), Adani Welspun Exploration Limited ₹ 2,624.98 million (₹ 1,470 million)

iii) Investments held – Welspun Enterprises (Cyprus) Limited ₹ 0.77 million (₹ 0.77 million),Welspun Energy Limited ₹ 910.85 million (₹ 262.74 million), Welspun Captive Power Generation Limited ₹ 199.27 million (₹ 0.05 million)

iv) Advances outstanding - Welspun India Limited ₹ Nil (₹ 3.24 million).

v) Share application money outstanding – Welspun Energy limited ₹ Nil (₹ 699.76 million), Welspun Captive power Generation Limited ₹ 21.55 million (₹ 195 million).

vi) Trade receivables – Remi Metals Gujarat Limited ₹ 11.23 million (₹ 380.49 million), Welspun Captive Power Generation Limited ₹ 67 million (₹ 119.82 million), Welspun India Limited ₹ 15.24 million (₹ 15.04 million), Welspun Steel Limited ₹ 40.15 million (₹ Nil).

vii) Trade payables – Welspun Retail Limited ₹ 0.47 million (₹ 2.57 million), Welspun Steel Limited ₹ 21.19 million (₹ 6.96 million), Welspun Captive Power Generation Limited ₹ 26.93 million (₹ Nil),Welspun India Limited ₹ 41.62 million (₹ Nil), Welspun Anjar SEZ Limited ₹ 50.18 million (₹ Nil).

Notes forming part of the Consolidated Financial Statements

38 Disclosure in accordance with Accounting Standard 7 (Revised) 'Construction Contracts'

(₹ in million)

	2013	2012
Contract revenue	33,371.07	26,738.12
Contract cost Incurred	28,297.11	22,615.01
Recognized Profit/Loss	5,073.95	4,640.33
Advances received	994.11	883.63
Retention money	632.74	572.12
Gross amount due from customers for contract work	1,391.88	1,471.92

39 The Group has the following joint ventures as on 31 March 2013 and its percentage holding is given below

Name of the Joint Ventures	Percentage (%) Holding	
	2013	2012
Direct Joint Venture		
Dahej Infrastructure Private Limited (upto 20 March 2013)	–	50.00%
Through Welspun Natural Resources Private Limited		
Adani Welspun Exploration Limited	35.00%	35.00%
Through Welspun Projects Limited		
Dewas Bhopal Corridor Limited	50.00%	50.00%
BUL MSK Infrastructure Private Limited	50.00%	50.00%
Through Welspun Infratech Limited		
Leighton Welspun Contractors Private Limited (increased from 35% to 39.88% w.e.f. 28 March 2013)	39.88%	35.00%

The proportionate share of assets, liabilities, income, expenditure, contingent liabilities, other commitments and capital commitment of the joint ventures companies included in the consolidated financial statements are given below:

(₹ in million)

	2013	2012
Assets		
Net block (including capital work-in-progress)	5,085.46	4,351.85
Non-current investments	28.43	13.84
Deferred tax assets (Net)	127.43	82.41
Long-term loans and advances	1,243.43	684.41
Other non-current assets	327.50	280.71
Inventories	93.51	68.25
Trade receivables	1,146.22	867.24
Cash and bank balances	423.20	927.69
Short-term loans and advances	573.61	496.30
Other current assets	2,079.12	920.33

(₹ in million)

	2013	2012
Liabilities		
Reserves and surplus	2,180.30	631.32
Long-term borrowings	2,232.81	1,927.14
Long-term provisions	36.81	506.19
Deferred tax liabilities (net)	–	35.04
Short-term borrowings	121.57	815.71
Trade payables	2,714.12	1,706.63
Other current liabilities	1,796.69	836.85
Short-term provisions	125.96	47.15

Notes forming part of the Consolidated Financial Statements

(₹ in million)

	2013	2012
Revenue		
Revenue	5,863.16	5,963.40
Other income	191.83	69.56
Expenditure		
Cost of materials consumed	1.56	10.62
Employee benefits expense	762.30	706.32
Other expenses	4,630.42	4,395.23
Profit before finance costs, depreciation/amortization and tax	**660.71**	**920.79**
Finance costs	298.30	313.47
Depreciation and amortization expense	245.10	203.36
Profit/(Loss) before exceptional item and tax	**117.31**	**403.96**
Exceptional item	541.70	–
Profit / (Loss) before tax	**(424.39)**	**403.96**
Tax expense	45.09	128.88
Profit / (Loss) after tax	**(469.48)**	**275.09**
Contingent liabilities	6,165.43	5,104.64
Other commitments	95.75	312.26
Capital commitments	93.17	76.48

40 Earnings Per Share (EPS)

(₹ in million)

	2013	2012
I) **Profit computation for Basic and Diluted EPS**		
Profit after tax (₹ in million)	(703.23)	2,385.43
Add: Interest on Foreign Currency Convertible Bonds (net of tax) (₹ in million)	–	149.98
Add: Interest on Compulsorily Convertible Debentures (net of tax) (₹ in million)	–	165.61
Net profit for Diluted EPS (₹ in million)	(703.23)	2,701.02
II) **Weighted average number of equity shares for EPS computation**		
a) For Basic EPS (Nos.)	231,836,824	219,028,187
b) For Diluted EPS (Nos.)	231,836,824	278,200,370
III) **EPS on Face Value of ₹ 5/- each**		
Basic (₹)	(3.03)	10.89
Diluted (₹)	(3.03)	9.71

*For the current year, foreign currency convertible bonds, Compulsory convertible debentures and Employee stock options plan are anti-dilutive and ignored in the calculation of diluted earnings per share.

41 Other operating revenues

(₹ in million)

	2013	2012
Scrap sales	1,458.61	1,672.44
Value added tax incentive	1,359.68	670.30
Export benefits	981.78	483.77
Insurance claim	1,273.04	–
Income from transfer of business#	648.07	–
Excess provisions written back	–	1,135.91
Others	750.08	454.46
Total	**6,471.26**	**4,416.89**

#During the year, the subsidiary in the business of Infrastructure namely Welspun Projects Limited (WPL) has transferred its indentified EPC work related to Road Projects and Water division to Leighton Welspun Contractors Private Limited (LWIN) for composite consideration of ₹ 1150.35 million. In respect thereof, WPL has received 1,15,03,485 equity shares in the LWIN, of the face value of ₹ 10/- each fully paid up at a premium of ₹ 90/- per share aggregating consideration of ₹ 1,150.35 million. Gain of ₹ 648.07 million (after inter-group elimination of ₹ 431.18 million) arising in respect of the said transfers has been shown as 'income from transfer of business' under the head "Other Operating Revenue".

42 The Group had collected VAT of ₹ 368.75 million on sales in earlier years which was not paid to VAT authorities and shown as liabilities, claiming it within VAT incentive limit and VAT authorities disputed the sanctioned claim. During the year, claim of the Group is accepted in assessment order of earlier years by VAT authorities; hence the VAT collected is accounted as income and reported under other operating revenues.

43 In the case of a subsidiary engaged in manufacturing of sponge iron:

(a) The production and profitability has suffered due to the decreased availability of gas from the gas suppliers at economic rates from May 2011, and eventually become Nil. The problem further compounded by the reduction in natural gas supply from the gas suppliers also and will continue to have impact untill the required gas supply is restored. The special leave petition (SLP) filed by the said subsidiary along with other affected parties in the Supreme Court of India against Government of India for restoration of supply of Gas is still pending. In order to reduce the cost, the Company has initiated project for alternate source of gas supply by installing the Coal Gasifiers, the cost thereof will be significantly lower than present market price of RLNG. Also dependency on RLNG will reduce substantially.

(b) The Group has revalued its Land, Building, Plant and Machinery and Capital Work-in-progress and Gross block as at 31 March 2013 based on the valuation report issued by a registered valuer and restated the net book value by adding therein the addition of ₹ 6,564.12 million to fixed assets.

(c) Capital advances include ₹ 1,476 million given for capital project which is temporary put on hold as supplies not taken. The Supplier terminated contract and matter was referred to arbitrator who has awarded for forfeiture of advance of ₹ 1,476 million and other claims of ₹ 57.15 million. The Group is exploring various options, subject to legal opinion, to challenge award and no adjustments have been made in these financials in respect thereof.

44 Acquisition of 7.5% stake in Leighton Welspun Contractors Private Limited ("LWIN") by Welspun Projects Limited ("WPL") against assignment of EPC rights

During the current year, LWIN has purchased from WPL the EPC business of the Water Division as a going concern by way of a slump sale along with the right to undertake Road Projects. In consideration of the aforesaid transfer, LWIN allotted and issued to WPL 11,503,485 equity shares of ₹ 10 each, fully paid (comprising of 7.5% stake) amounting to ₹ 1,150.35 Million. As a result stake of Group in LWIN is increased to 39.88%.Goodwill arising on consolidation is ₹ 790.91 Million.As per consolidation policy of the Group, unrealized margin to ₹ 431.18 Million has been eliminated.

45 Managerial remuneration

(₹ in million)

Name	Relation	2013	2012
B. K. Goenka	Chairman[1]	17.38	14.28
R. R. Mandawewala	Director*	0.83	10.00
Braja Mishra	Managing Director**	138.01^	–
M. L. Mittal	Executive Director Finance^^	–	5.60
Asim Chakraborty	Whole Time Director[#]	–	3.67
	Total	**156.22**	**33.55**

[1]Executive Chairman upto 13 August 2012; *Managing Director upto 26 April 2012 **Appointed w.e.f. 26 April 2012
^^Resigned w.e.f 30 September 2011 [#]Resigned from Directorship w.e.f. 4 October 2011
^Remuneration paid to Managing Director has turned out to be in excess of the limits specified u/s 198 read with Schedule XIII of the Companies Act, 1956 by ₹ 78.67 million (₹ Nil) due to inadequate profit during the year. The approval of Company's application to the Central Government for excess remuneration is awaited.

46 Comparatives

Previous years figures have been regrouped, reclassified wherever necessary to correspond with current year's classification / disclosures. The CFS is not comparable, in view of subsidiaries incorporated/acquired/divested during the current and previous year.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March

(₹ in million)

		2013	2012
A)	**Cash flow from operating activities**		
	Profit / (Loss) before tax (after exceptional item)	**(493.81)**	**3,731.92**
	Adjustments for:		
	Depreciation and amortization expense	4,761.21	3,515.23
	Interest expense	3,824.34	3,071.88
	Interest income	(1,919.69)	(1,339.27)
	Loss on sale/discard of fixed assets (net)	18.61	12.02
	Impairment of fixed assets	106.09	–
	Profit on sale of investments	(368.00)	(239.87)
	Dividend income	(277.23)	(445.11)
	Income from transfer of business (refer note 41)	(650.15)	–
	Dilution of stake in joint venture (refer note 35 (b))	55.18	–
	Provision for doubtful debts and advances (net)	96.22	96.68
	Provision for diminution in value of non current investments	0.94	–
	Employee compensation expenses (net)	(6.60)	(1.51)
	Exchange adjustments (net)	(825.51)	412.13
	Operating profit before working capital changes	**4,321.60**	**8,814.10**
	Adjustments for:		
	Trade and other receivables	(3,895.57)	4,656.09
	Inventories	(36.40)	(3,360.04)
	Trade and other payables	863.48	5,628.96
	Cash generated from operations	**1,253.11**	**15,739.11**
	Direct taxes paid (net of refunds)	(172.80)	(1,452.64)
	Net cash from operating activities (A)	**1,080.31**	**14,286.48**
B)	**Cash flow from investing activities**		
	Purchase of fixed assets (including capital work-in-progress)	(6,878.34)	(4,985.26)
	Sale of fixed assets	300.62	88.16
	Investment in Subsidiaries	–	(8,119.90)
	Investment in Joint Venture and Associates	36.32	(5,112.40)
	Divestment of stake in Subsidiary	–	0.13
	Divestment of stake in Joint Venture	0.06	–
	Sale/(Purchase) of current investments (net)	2,304.98	(4,788.93)
	(Increase)/decrease in share application money given	(21.55)	(412.29)
	Dividend received	277.23	445.11
	Interest received	2,308.80	831.45
	Net cash used in investing activities (B)	**(1,671.88)**	**(22,053.94)**
C)	**Cash flow from financing activities**		
	Proceeds from issue of equity shares (including securities premium) (Refer note 2)	10.27	5,079.47
	Proceeds from issue of debentures	3,371.60	7,883.75
	Redemption of debentures	(1,700.00)	–
	Prepayment of Foreign currency convertible bonds	(3,484.94)	–
	Proceeds from long-term borrowings (net)	11,926.46	2,250.00
	Repayment of long-term borrowings (net)	(5,048.43)	(4,700.48)
	Increase/(Decrease) in short-term borrowings (net)	(3,744.73)	1,152.09
	Payment from minority shareholders	–	1,000.00
	Dividend paid (including corporate dividend tax)	(132.47)	(475.07)
	Interest paid	(3,845.57)	(2,555.54)
	Net cash from financing activities (C)	**(2,647.82)**	**9,634.21**
	Net changes in cash and bank balances (A+B+C)	**(3,239.40)**	**1,866.75**
	Cash and bank balances at the beginning of the year	10,255.37	7,508.49
	Cash and bank balances taken over on acquisition of subsidiaries and joint venture	27.77	880.13
	Cash and bank balances at the end of the year	**7,043.74**	**10,255.37**

Notes:
1. Cash and bank balances at end of year includes unrealised Loss of ₹ 8.76 million (Unrealised profit of ₹ 29.11 million) which is on account of realignment of current account/fixed deposits held in foreign currency.
2. During the year, conversion of Compulsory Convertible Debentures of ₹ 7883.75 million into equity shares and allotment of equity shares against share application money of ₹ 894.76 million by associates is not considered in the above statement being non-cash transaction.
3. Cash and Bank balances include ₹ 771.89 million (₹ 984.20 million) which is not available for use by the Group.
4. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration Number 101169W

Jeenendra Bhandari
Partner
Membership Number 105077

Mumbai, 30 May 2013

For and on behalf of the Board

B.K.Goenka
Chairman

Braja Mishra
Managing Director

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Statement pursuant to general exemption under Section 212 (8) of the Companies Act,1956, relating to Subsidiary Companies

(₹ in million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Capital and Share Application Money Pending Allotment	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	18.75	167.71	1,895.93	1,709.47	–	–	0.22	0.36	(0.14)	–	India
2	Welspun Plastics Limited	INR	11.29	38.03	85.03	35.71	–	–	(0.02)	–	(0.02)	–	India
3	Welspun Maxsteel Limited	INR	1,338.22	5,694.80	19,940.23	12,937.11	29.91	8,948.37	(2,308.44)	(301.87)	(2,006.58)	–	India
4	Welspun Pipes Inc#	US$	0.54	168.32	2,598.84	7,438.86	5,008.88	–	25.13	–	25.13	–	Delaware (U.S)
5	Welspun Tubular LLC#	US$	–	5,880.44	21,574.52	15,694.08	–	18,699.19	509.03	232.35	276.68	–	Delaware (U.S)
6	Welspun Global Trade LLC#	US$	–	(42.62)	208.55	251.18	–	162.75	9.72	–	9.72	–	Delaware (U.S)
7	Welspun Pipes Limited	INR	557.14	–	629.42	72.28	–	–	–	–	–	–	India
8	Welspun Tradings Limited	INR	50.13	313.95	6,786.01	6,421.92	–	27,470.75	97.62	33.65	63.97	–	India
9	Welspun Infratech Limited	INR	486.50	1,434.45	6,251.54	4,330.59	–	–	–	–	–	–	India
10	Welpsun Road Projects Private Limited	INR	0.10	–	0.82	0.72	–	–	–	–	–	–	India
11	Welspun Projects Limited	INR	400.00	4,451.50	6,015.27	2,856.03	1,692.26	3,751.64	45.72	(8.91)	54.63	–	India
12	MSK Projects Himmatnagar Byepass Private Limited	INR	2.42	37.14	56.87	17.31	–	26.43	3.86	0.73	3.12	–	India
13	MSK Projects Kim Mandavi Corridor Private Limited	INR	67.30	35.47	513.12	410.35	–	34.84	(5.83)	–	(5.83)	–	India
14	Welpsun Infra Projects Private Limited	INR	101.16	2,412.00	546.36	2,820.81	4,787.60	–	–	–	–	–	India
15	Welpsun Energy Transportation Private Limited	INR	0.10	–	0.12	0.02	–	–	–	–	–	–	India
16	Welspun Water Infrastructure Private Limited	INR	0.10	–	0.11	0.01	–	–	–	–	–	–	India
17	ARSS Bus Terminal Private Limited	INR	238.68	–	257.73	19.06	–	–	–	–	–	–	India
18	Welspun BOT Projects Private Limited	INR	0.10	–	0.12	0.02	–	–	–	–	–	–	India
19	Anjar Road Private Limited	INR	0.10	(0.02)	0.10	0.02	–	–	–	–	–	–	India
20	Welspun Mauritius Holdings Limited#	US$	4,403.79	(197.51)	4,209.74	3.47	–	–	(257.49)	3.08	(260.57)	–	Maurtius
21	Welpsun Middle East DMCC#	US$	3.37	(23.85)	2.57	23.06	–	–	(10.20)	–	(10.20)	–	Dubai
22	Welpsun Middle East Pipes Coating Company LLC#	SAR	488.85	(13.49)	2,828.76	2,353.40	–	1,516.30	0.55	0.10	0.45	–	Saudi Arabia
23	Welpsun Middle East Pipes Company LLC#	SAR	1,100.99	456.77	11,634.40	10,076.64	–	9,727.18	237.94	36.89	201.05	–	Saudi Arabia
24	Welspun Infra Enterprises Limited	INR	0.50	–	0.51	0.01	–	–	–	–	–	–	India

#the financial statements of the foreign subsidiaries have been converted into Indian Rupees at the 31st March 2013 exchange rate (1 US$ = ₹ 54.285)

FAQ Section

PIPE SEGMENT

1. What is the current capacity of Pipes in India, US & Saudi? Whether the company is looking for any further expansion?

The current pipe manufacturing capacity is 2.425 million MTPA as explained on page no. 43. This includes the US HSAW capacity of 0.35 million MTPA and the newly commissioned HFIW capacity of 0.175 million MTPA as well as Saudi HSAW capacity of 0.30 million MTPA. The India capacity is 1.60 million MTPA across all plant locations.

During the year, the Company has added 0.175 million MTPA of HFIW in US and the plant has also received the API certification. The 0.05 million MTPA of HSAW capacity extension of the Mandya plant has also been commissioned in FY13. These additions have taken the total worldwide manufacturing capacity to 2.425 million MTPA.

The company is not looking further for any major capacity expansion projects as of now.

2. What is the current utilization level for the Company in India and US and Saudi pipe plants?

The combined utilization levels in India, US, and Saudi facilities was ~ 45% for FY13. The capacity utilization depends on the diameter and thickness of the pipes. The new HFIW facility was commissioned in Q4 FY13, so utilization has been calculated taking that into effect. The plant would take 2-3 years to ramp up and reach optimal utilization level.

3. What is the production and sales volume in pipes for FY 13?

The production of welded pipes was 1,010K MT in FY13 and the sales volume of pipes was 1,018K MT in FY13. This is the first time in the history of the company that it has achieved the 1 mn MT mark in a year.

4. How much was the US Production and Sales during the year? What was the Sales from the US Plant during the year?

During the year, the US plant has produced 205 K MT of spiral welded pipes and small quantity of HFIW pipes post commissioning in the last quarter of FY 13. The utilization level was 58% in spiral pipes , despite fire in the US plant with loss of production of approximately 3 months in the second quarter of FY 13. The sales was 217 KMT of pipes in FY 13. Revenue from the US Plant was Rs. 20,014 million for FY 13.

5. How much was the Saudi Production and Sales during the year? What was the Sales from the Saudi Plant during the year?

The Saudi Plant has produced 175 K MT of spiral welded pipes in FY13 which was 28% higher than the previous year. The Sales was 165 K MT in FY 13. Revenue from the Saudi Plant is Rs. 10,692 million during the year.

PLATE CUM COIL MILL SEGMENT

6. What is the production in the Plate and Coil Mill? What is the total sale of plates during the year (External and Internal)?

The company produced 470 K MT of plates and coils during FY13. The total plate sale during the year was 464 K MT, out of which 343 K MT is external sale and 121 K MT is internal consumption. The company has taken a temporary shutdown at the end of FY 13 due to tough market conditions. The Company will be producing and selling plates on the short run basis if the margins are good on that order.

INFRASTRUCTURE SEGMENT

7. What is the outlook on the infra segment? What is the total Sales in Infra added to WCL during the year?

Welspun's infrastructure business (Welspun Projects Limited & Leighton Welspun Contractors Private Limited) has shown positive EBITDA. As far as the development of the business is concerned, the opportunity size continues to be strong, with Welspun having its footprints across all the core infrastructure sectors. The total Infra business sales for FY13 are ~ Rs. 9,229 million after accounting for the consolidation of Welspun Projects Limited and Leighton Welspun Contractors Private Limited (LWIN). During the year, Welspun Projects Ltd has transferred significant portion of EPC business to LWIN as a strategic move and will be concentrating mainly on the development business. LWIN will be bidding and executing EPC projects across sectors.

ORDER BOOK POSITION

8. What is the current Order Book Position in Pipes and Plates by Value? What is the percentage export and domestic breakup by volume?

The outstanding pipe order book position of the company is Rs. 52,140 million (US$ 955 million) as of 29th May 2013. 80% of pipe orders are from international markets like Americas, Middle East and North Africa, and South East Asia.

9. What are the key export markets for the company?

The key export markets for the company are the markets in North America, Middle East, South East Asia, Africa, and Europe. The company has a well established sales network across the globe with marketing offices in Mumbai and Delhi (India), Dammam (Saudi Arabia), Dubai (UAE), and Houston (USA).

10. What are the new markets in pipes sector, the company is looking at?

With growing popularity of natural gas and major investments taking place, 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 on and securing sizeable market share for line pipes in these regions.

On the Latin America side, we are seeing three markets which are fairly active - Venezuela, Columbia and Argentina. We are also seeing some demand emerging in Mexico which will add further value to the US mill.

The Company has a reasonable existing business in the Far East but we are looking to reinforce our presence and gather more market share in this market.

11. What is the company's view on the domestic Pipe market?

The domestic market is expected to grow at a reasonable pace. Based on the existing pipeline projects, the domestic pipeline requirements is expected to improve in the next few years with significant expenditure plans from major oil & gas pipeline players like GAIL (Gas Authority of India Limited), RGTIL (Reliance Gas Transportation India Limited) and GSPL (Gujarat State Petronet Limited). GAIL plans to invest majorly 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.

DEBT / INVENTORY POSITION

12. What is the Net Debt to Networth ratio for the company?

The Net Debt of the Company stands at Rs. 31,235 million, while the Net Worth of the Company is Rs. 56,578 million as on 31st March 2013. The Net Debt to Networth ratio for the company for FY13 stands at 0.55 : 1 indicating a strong Balance Sheet.

13. What is the current gross and net debt position as at 31st March 2013?

The gross debt (secured & unsecured) is Rs. 55,772 comprising of long term borrowings of Rs. 49,531 million, current portion of long term borrowings of Rs. 4,198 million, and short term borrowings of Rs. 2,043 million as of 31st March 2013. The Net Debt Position for the company is Rs. 31,235 million after taking into account Cash and Liquid Investments of Rs. 24,537 million as on 31st March 2013.

14. What is the Inventory level of the Company? What is the Inventory turnover for the company during the year?

The overall inventory increased marginally by Rs. 36 million to Rs. 25,669 million. The key changes in inventory were increase in raw materials of Rs. 495 million, WIP stock of Rs. 1,660 million and Stores and spares of Rs. 68 million as against decrease in finished goods of Rs. 2,187 million. The inventory turnover days have decreased from 105 days of Net Sales in FY12 to 86 days of Net Sales in FY13.

OTHERS

15. What is the Outlook in terms of business opportunity?

Based on the existing pipeline projects, the global pipeline demand has seen an increase in 2013 in the regions of North America, Latin America and Africa as compared to 2012. The global pipeline demand as per Simdex for the projects starting from 2013 to 2017 is about 673 projects resulting in an opportunity for supplies of more than US$ 356 billion across geographies where US constitutes ~$69 billion. Canada and Iraq provide significant potential in terms of pipe demand in the next few years.

Shale gas provides a huge potential for increase in pipeline demand for the coming years, especially small diameter pipe and is expected to play an important role in shaping North American, European, Australian, and Asian natural oil and gas demand. Pipelines from shale gas fields are being connected to the main trunk lines, thus creating demand potential for pipes in a consistent manner.

16. What is the planned CAPEX for the company for the further expansion plans?

There are no major expansion plans for the company after the 175,000 tons HFIW plant in Little Rock, US for US$ 80 million which is now already commissioned this year. There would be regular maintenance and need based capex during FY14.

17. What are the strategic initiatives taken by the company?

In FY 13 the Company took a strategic decision and has announced the re-organization of the Company to create business focus and enhance shareholder value. The Board of Directors of Welspun Corp Limited in its meeting held on 30th May 2013 decided and approved a reorganization of its business into two distinct and focused listed companies (subject to regulatory necessary approvals):

1) Existing Company (“Welspun Corp Ltd” or “WCL”) to focus solely on the Pipes and Plates business in India and globally; and
2) Demerged or new Company (“Welspun Infra Enterprises Ltd” – being renamed as Welspun Enterprises Ltd (“WEPL”)) focused on DRI (Steel) business, Infrastructure, Oil & Gas exploration and Energy businesses.

The rationale behind this re-organization of business is that each business has a different market perception and return expectations among investors and stakeholders. Historically, stakeholders have expressed concern regarding the complexity of the WCL corporate structure and the challenges of co-mingling what are relatively new long gestation businesses with a well-established, dynamic and diverse pipes business. Historic data also shows that specialized companies with balance sheets tailored to respective business cycles have easier access to capital markets, are better understood by a wider investor and creditor base and have produced higher shareholder returns over the longer run. This move will enhance management focus on the two companies independently and providing each company with greater flexibility to pursue strategic objectives. It will allow both companies to adopt independent capital structures and financial policies appropriate for their operational requirements and strategic objectives. It will provide greater investment choice for shareholders, with direct participation in the future performance of the relatively nascent infrastructure, energy and DRI (Steel) businesses; and will also allow closer alignment between business performance and management incentive plans for each business – driving accountability and management engagement.

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
CCD	Compulsorily Convertible Debentures
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
EEPC	Engineering Export Promotion Council
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
HFIW	High Frequency Induction Welded
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 Limited
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
WEPL	Welspun Enterprises Limited

Note

Note

YEAR	AWARD/RECOGNITION	BESTOWED BY
2011	Top Export for the Year 2010-11 - Gold Trophy	EEPC
2011	Star Performer	GAIL (India) Ltd.
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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FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Welspun Corp Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Unqualified /Matter of Emphasis Note No. 46 of the financial statements, relating to remuneration paid/ provided in respect of Managing Director of the Company, which turned out to be in excess of the limits prescribed under Section 198 read with Schedule XIII to the Act, due to inadequate profit, hence is subject to the approval of the Central Government. The opinion of the Auditors is not qualified in respect of this matter. Note No. 46 of the financial statements states that the approval of Company's application to the Central Government for excess remuneration is awaited. The management is of the opinion that the Auditors' observation read with Notes to Accounts are self-explanatory and therefore do not call for any comment.
4.	Frequency of observation	Appeared for the first time
5.	**For Welspun Corp Limited** **Braja Mishra** **Managing Director** **For Welspun Corp Limited** **Raj Kumar Jain** **Audit Committee Chairman**	**For Welspun Corp Limited** **S. Krishnan** **Chief Financial Officer** **For MGB & Co, Chartered Accountants** **(Statutory Auditors of Welspun Corp Ltd)** **Jeenendra Bhandari** **Partner**